

Infraatil



growing

ANNUAL REPORT 2010



Infratil's goal is a 20% per annum after tax return to its shareholders through capital appreciation and dividends over the long term.

Infratil delivers on its return target by investing in infrastructure businesses which offer the prospect of reinvestment and compound returns. Growth in air travel, energy consumption, and urban mobility require ongoing investment in infrastructure so that facilities can meet demand. To attract the necessary investment capital suitable yields must be offered to investors.

In return, Infratil believes that infrastructure owners must provide good services to their communities at fair prices and the people managing and running the businesses must have the appropriate skills, tools and incentives to perform.

In addition to ensuring good service, expertise is essential for active management of risk.

Financial flexibility is necessary because compound growth comes from having the funds to invest in facilities and services and being in a position to take advantage of opportunities.

An investor who acquired \$100 of shares on 1 April 1994 when Infratil was listed and had subsequently reinvested all dividends and distributions would have had a holding worth \$1,360 as at 31 March 2010.

A compound after tax return of 17.7% per annum over the 16 years.

Over the last year the gain for shareholders was 22.5% per annum as the shares rose in price from \$1.46 to \$1.72 and fully imputed dividends of 6.25 cents per share were paid.

For the year ended 31 March 2010 Infratil had resilient earnings

Earnings Before Interest, Tax, Depreciation, Amortisation and Fair Value Adjustments (EBITDAF) were \$363.3 million up from \$356.7 million.

The Operating Surplus (after interest and tax) was \$90.0 million from \$77.6 million.

The Net Surplus Attributable to Shareholders (after revaluations, realisations and minorities) was \$29.0 million against a loss of \$191.0 million the previous year.

Capital was withdrawn from assets which no longer fit with investment criteria

Assets with a combined book value of \$264 million were sold for \$392 million.

Investments were made to provide a base for long term earnings and value growth

\$193 million was committed to the Group's capital development programme.

A further \$210 million was invested after 31 March 2010 in acquiring 50% of Shell's New Zealand fuels operations.

Financial flexibility was improved

Net debt of Infratil and 100% subsidiaries was reduced to \$830 million from \$1,212 million.

As at 31 March 2010 debt amounted to 45% of total capitalisation.

Dividends

Dividends of 2.50 cents per share (interim) and 3.75 (final) cents per share fully imputed were paid in respect of the year.

A Dividend Reinvestment Plan was instituted. From July, in addition to its NZX listing Infratil will also be listed on the Australian Securities Exchange.

Infratil's Current Investment Programme





Our Directors



D A R Newman Chairman

David Newman has been an independent director of Infratil since 1994 and chairman since 2004. He is chairman of Wellington Airport and Loyalty New Zealand, a director of Infratil Airports Europe, deputy chairman of the board of the Guardians of the New Zealand Superannuation Fund. He is a chartered accountant and was previously chief executive of the Institute of Directors, of which he is a Fellow. Prior to that Mr Newman held senior positions in the oil industry.



M Bogoievski

Marko Bogoievski is chief executive of Infratil and its manager, H.R.L. Morrison & Co. He joined the Infratil board in 2009 and is currently chairman of Aotea Energy Holdings, a director of Infratil Energy Australia and an alternate director of TrustPower and Auckland International Airport. He was previously chief financial officer of Telecom New Zealand responsible for corporate finance, M&A and group strategy. He is a member of the New Zealand Institute of Chartered Accountants.



H R L Morrison

Lloyd Morrison is executive chairman of H.R.L. Morrison & Co, Infratil's manager, and has been on the Infratil board since 2002. He is chairman of Infratil Airports Europe and a director of Auckland International Airport and TrustPower. He established the H.R.L. Morrison Music Trust to support New Zealand music and musicians and the H.R.L. Morrison Arts Trust to support the arts in New Zealand. In 2009 he was made a companion of the New Zealand Order of Merit for services to business.



A Y Muh

Anthony Muh was appointed as an independent director of Infratil in 2007 and resigned in 2010 upon taking up a role as an executive with Infratil's manager H.R.L. Morrison & Co. Coincidental with his resignation Anthony was appointed as an alternate Infratil director to Duncan Saville.

He previously had senior executive roles in funds management in Hong Kong and New Zealand.

He is a member of the New Zealand Institute of Chartered Accountants, a Fellow and director of the Hong Kong Securities Institute and a Fellow of the New Zealand Institute of Financial Professionals.



H J D Rolleston

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



D P Saville

Duncan Saville was appointed a director of Infratil in 1994 and is also a director of H.R.L. Morrison & Co, Infratil's manager. He is a chartered accountant and an experienced non-executive director in the utility sector having been on the boards of a number of water, airport and utility investment companies. He is a Fellow of the Institute of Chartered Accountants in Australia and of the Australian Institute of Directors.



M Tume

Mark Tume joined the Infratil board as an independent director in 2007 and is the chair of the board's Audit and Risk Committee. He is also a director of the New Zealand Refining Company, New Zealand Railways Corporation and is a member of the board of the Guardians of The New Zealand Superannuation Fund.

His professional experience has been in New Zealand banking and funds management.

Our People

Infratil's senior management team comprises the senior management of Infratil's manager, Morrison & Co and the chief executives of the operating businesses.



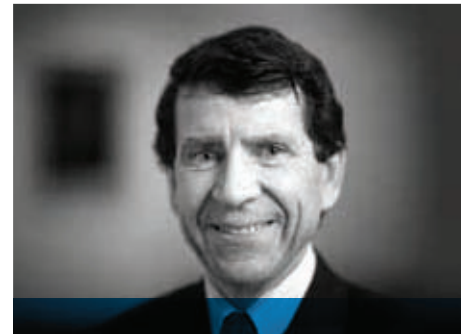
Marko Bogoevski



Lib Petagna



Lloyd Morrison



Bruce Harker



Kevin Baker



Tim Brown



Mark Flesher



Paul Newfield



Paul Ridley-Smith



Mike Bennetts
Aotea Energy



Peter Coman
Infratil Property



Simon Draper
Infratil Energy Australia



Bruce Emson
NZ Bus



Steven Fitzgerald
Wellington Airport / Airports Europe



Darryl Flukes
Infratil Energy Australia



Vince Hawksworth
TrustPower



Miki Szikszai
Snapper

Report of the Chairman and Chief Executive

Infratil's management started last year with four specific goals; to maintain earnings, to withdraw capital from assets no longer a good fit with Infratil's investment criteria, to improve financial flexibility, and to progress the investment programme as a base for long term earnings and value growth.



Good outcomes were achieved on each goal and it was pleasing that the sharemarket responded. Infratil's shares provided a 22.5% per annum after tax return over the year. The share price rose from \$1.46 to \$1.72 and fully imputed dividends of 6.25 cents per share were paid.

We believe that last year's earnings and transactions show that Infratil's businesses are robust, have values which hold up in difficult financial markets, and that Infratil has the ability to complete large-scale development projects.

The level of corporate activity last year was high for Infratil. There were five material asset sales amounting to \$392 million and the significant purchase after 31 March 2010 of Shell's New Zealand fuels business. \$193 million was also committed to internal development programmes and capital expenditure.

Some level of asset sale and reinvestment is normal, but significant changes in the capital markets had an influence on the level of last year's activity. The global financial crisis has changed investors' risk/return priorities and resulted in less willingness to patiently wait on returns. This doesn't mean aversion to committing capital for the long term, but it does mean investors now want to see tangible returns more quickly.

In response to the changing environment Infratil reviewed its investments and businesses asking the question "how long may we have to wait for solid cash returns?". In some instances this has meant concluding that capital should be extracted for alternative use or to repay debt to improve financial flexibility.

The current financial markets environment is generally difficult for shareholders. Ongoing fluctuations in the prices of assets and financial securities naturally results in anxiety and raises questions about intrinsic value. When Infratil made its \$210 million acquisition of the Shell operations it was after careful consideration of whether this was the best possible application of that capital for its shareholders.

Should, for instance, the money have been used buying back Infratil shares as they were (and are) trading at a substantial discount to fair value? In the event investing in the Shell operations was believed to be a better way to increase the value of Infratil for all its shareholders who, in the main, are invested for the long run. Over 90% of those who owned Infratil shares at the beginning of the year still owned the shares at the end. It is regretted that some people sold their shares when the price was low, but growing Infratil's intrinsic value is the best way to drive returns for shareholders into the future.

It is clearly an unusual time for the financial markets as attested by the recent series of asset-price bubbles, and their deflation. Eventually this situation will stabilise, but until then Infratil will remain cautious in its commitments.

There are positives from the turmoil, for instance the Shell transaction when Infratil was able to invest in a market leading business at a price which reflected a low level of competition amongst prospective buyers. It is also apparent going forward that more infrastructure will be privately financed and operated because governments' pockets are empty.

The last decade was a period when governments everywhere were awash with tax revenues and there was relatively "easy" funding for infrastructure and officials. Now, as the UK Treasury Chief Secretary said in a recent interview "We are moving from an age of plenty to an age of austerity in the public finances....choice lies between the unpalatable and the disastrous".

Australia has embraced private provision of infrastructure and while New Zealand has been slower getting started greater government willingness to work with the private sector can be expected if the alternative is communities with inadequate or substandard facilities.

However, it should be noted that not all infrastructure suits Infratil's goals and approach. In simple terms Infratil's infrastructure businesses (airports, energy, public transport) take price/margin and demand risk. If demand or prices rise there is the prospect of higher returns, and vice versa.

Report of the Chairman and Chief Executive





Construction of Wellington Airport's International Terminal

Other forms of infrastructure investment are more akin to ownership of leased property with owners receiving fees/rent for making a facility available, eg. a school, hospital, prison, etc. In these situations investors' income may be relatively unaffected by demand for the facility/service. But in taking less risk the reasonable expectation will be that returns are also lower.

Infratil's businesses are exposed to some demand/price risk and expect some corresponding lift in returns but they are not unbounded in their risk/return horizons. Relative to most businesses they operate in lower risk and lower return sectors. The goal of management is to optimise that balance while still generating relatively high total returns to shareholders.

A key feature of achieving that balance is to ensure that customers and communities reasonable expectations are met by the relevant business. Sometimes the rules are explicit in the shape of regulation, sometimes they are unwritten. Wellington Airport is a good example. It is highly regulated as regards safety and noise, while operating in a more light-handed economic regulatory environment covering its dealings with airlines and air travellers. This is

clearly understood, the Airport must continue to develop its facilities and services to ensure airlines can operate efficiently and are not discouraged by price and the Airport must provide a gateway the people of the region are proud of. At present a new international departure terminal is under construction which will ensure international air services can continue to grow while the building's style is intended to convey a message about Wellington's special character.

Returning to the issue of Infratil's approach to investment and how its management goes about seeking to generate good risk-adjusted returns for shareholders. In a recently published book by the Financial Markets Editor of the UK Financial Times, John Authers lists his views about what has caused poor investment decisions in many Western countries over the last decade. They provide an interesting counterpoint to Infratil's model.

Problem one (in Authers's opinion) is how the separation of management from ownership has allowed over-paid managers to be incentivised to take too much risk. While Infratil's managers are remunerated under a formula which means their income rises and falls with the share price, **management jointly own close to 10% of Infratil and are highly interested in ensuring risks are very well managed.**

Problem two, the herd mentality, "it is better for the reputation to fail conventionally than to succeed unconventionally" (J M Keynes), the tendency of investors to buy and sell together disregarding underlying value.

Infratil is a long term investor targeting an absolute rate of return for its shareholders irrespective of the performance of the market. The purchase of the Shell fuel operations is an example of a counter-cyclical investment.

Problem three, too much complexity and reliance on computer models. **Infratil employs people with long experience in its businesses. It stays focused in sectors it knows** and much of its investing is undertaken through subsidiaries adding new capacity to existing operations.

Problem four, moral hazard, the view that government provides a safety net. Yeah right.

Problem five, the failure of banks to stick to the business of banking. While Infratil has excellent relations with its bankers and its banks are amongst the world's best rated, **most of Infratil and its subsidiaries' debt funding is via long term bonds.**

Report of the Chairman and Chief Executive



OUTLOOK

In May 2009 Infratil gave guidance on its FY2010 result and the exercise was repeated this year. Both 2009/10 and 2010/11 are discussed below.

The nature of Infratil's businesses creates confidence and makes guidance possible; even in volatile markets. However environments constantly change and assessments are made more difficult as Infratil operates across multiple sectors in several different countries. Events such as volcanic eruptions reducing European air travel and rainfall affecting New Zealand hydro power generation are not forecastable.

Guidance is provided to improve transparency and highlight the key assumptions supporting managements' decision making. Deviations from guidance can and will occur, and we will discuss performance and our outlook as the year progresses.

Actual FY2010 earnings and investment, while good, were slightly less than indicated. Asset sales meant lower income and Infratil Energy Australia (IEA) incurred unforecast costs (explained on page 28 of this Annual Report) and TrustPower's generation was reduced by dry weather in its hydro catchments. Capital expenditure and operating cash flow were also less than originally forecast due to uneven growth of the Australian energy operations and fluctuating working capital needs.

Year Ended 31 March 2010 \$Millions	2010 Outlook	2010 Actual
Earnings EBITDAF	\$375 – \$400	\$363
Net Interest	(\$155 – \$165)	(\$159)
Operating Cash Flow	\$170 – \$200	\$127
Investment Capex	\$230 - \$250	\$193

2011 earnings are expected to rise by between 7% and 18%. Capital investment is forecast to more than double, reflecting the \$210 million Shell investment. While interest costs will be higher due to the debt assumed to fund the Shell purchase operating cash flows are also expected to improve.

Year Ended 31 March 2011 \$Millions	2011 Outlook	2010 Actual
Earnings EBITDAF	\$390 - \$430	\$363
Net Interest	(\$170 - \$180)	(\$159)
Operating Cash Flow	\$140 - \$180	\$127
Investment Capex	\$400 - \$460	\$193

2011 AND BEYOND

Infratil is well placed to continue to deliver for its shareholders. The global financial crisis and strained government finances means that there will be more private provision of infrastructure and higher returns will be required to attract capital.

While the last couple of years have been difficult for investors, the financial markets fluctuations are essentially just part of a normal credit cycle and will inevitably play out. The New Zealand and Australian economies are in better shape than most and Infratil's businesses are well positioned to maintain growth and increased returns.

The Shell investment illustrates the advantages of being able to transact when others cannot. Infratil was able to undertake that transaction because it had financial capability, expertise and credibility with capital providers such as the banks, the New Zealand Superannuation Fund and its own share and bond holders.

The board and management thank Infratil's investors for their ongoing support and intend to ensure it is warranted.



Marko Bogoievski
Chief Executive



David Newman
Chairman

Building Community Relationships

Infratil's businesses provide facilities and services integral to the wellbeing of their communities.

It is crucial for the long term success of Infratil's businesses that they build good relations with their customers and communities. This means providing good services, value for money and displaying integrity and openness. It also means helping out and celebrating.

In some instances the goal is also to support our staff by assisting activities important to them. Waka Pacific support of PolyFest and Kidz First is important to the south Auckland community which includes most of the Waka Pacific team.

Infratil businesses support community initiatives which represent excellence and achievement such as Zealandia Karori Wildlife Sanctuary, the Auckland Art Festival, Hutt City's Gillies McIndoe Research Institute and Wellington High Performance Aquatic Centre.

Wellington Airport 50th birthday celebrations



Asia Pacific Rim Junior Diving Invitational



Valley Flyer and Gillies McIndoe Research Institute



Computer Access New Zealand Trust, winner of the 2009 Wellington Airport Regional Community Awards



Waka Pacific Kidz First launch



Zealandia The Exhibition



2009 Wild at Heart Spirit Awards



Marine Education Centre

Infratil's Assets

Over the year to 31 March 2010 the main changes to the composition of Infratil's assets came about as a result of the sale of Infratil's interests in Auckland Airport, Energy Developments, Fullers Ferries, Lübeck Airport and a number of bus depots. Sale proceeds amounted to \$392 million.

INFRATIL'S ASSETS

31 March (\$Millions)	Infratil Shareholding	2010	2009
TrustPower	51%	\$1,153	\$1,122
Infratil Energy Australia Group	82-100%*	\$256	\$221
Wellington Airport	66%	\$289	\$286
Infratil Airports Europe	100%	\$138	\$222
NZ Bus	100%	\$214	\$211
Other		\$55	\$309
Total		\$2,105	\$2,371

* Infratil owns 100% of Infratil Energy Australia and 82% of Perth Energy

The 51% shareholding in TrustPower is shown at market value. For 2010 the remaining assets are shown at the book value of their shareholders' funds, excluding deferred tax but including the market value of hedges. In 2009 some of the "Other" assets were shown at their listed values.

No single valuation method will be ideal. For instance Infratil owns 51% of TrustPower's shares and the value of this controlling stake is likely to differ from the market price of the much smaller holdings which trade on the share market. Nevertheless this valuation at least gives an objective measure using observable share market prices.

The value of Infratil's holding in TrustPower rose slightly due to a rise in its share price, the other significant changes reflect two material revaluations. Infratil Airports Europe was written down in value by UK£26 million and Infratil Energy Australia wrote up the value of its generation plant by A\$21 million.

An illustration of the gap which can exist between disclosed values and realisable value was the sale last year of the five assets listed above. The book value of these assets as at 31 March 2009 was \$264 million (they are included under "other" in the table). Their subsequent sale realised \$392 million.

The value of Infratil Energy Australia includes (\$84 million) of electricity-price hedges which will roll off in the normal course of business over the next two years. The negative value of hedges a year earlier was (\$8 million).

Although \$193 million of investments were made over the year by subsidiaries this had little impact on the values recorded by Infratil because the increase in assets has not increased shareholders' funds or the market value of listed shares.

Infratil's purchase of 50% of Shell's New Zealand downstream oil business occurred in April 2010 and is therefore not included in the table.

Infratil and Wholly-Owned Subsidiary Funding

Over the year net bank debt was reduced by \$381 million and the market value of Infratil's equity rose \$238 million. As at 31 March 2010 debt made up 45% of Infratil's funding.

INFRATIL'S FUNDING AND CAPITAL

31 March (\$Millions)	2010	2009
Net Bank Debt	\$82	\$463
Fixed Maturity Bonds	\$509	\$509
Perpetual Bonds	\$239	\$240
Market Value Infratil Equity	\$1,002	\$764
Total	\$1,832	\$1,976

Over the year to 31 March 2010 \$98 million of equity was raised on the exercise, extension or underwrite of the 2004 warrants. Subsequent to 31 March 2010, \$43 million was received as equity on the exercise of the last of the warrants.

As at 31 March 2010 Infratil and wholly owned subsidiaries had bank facilities of \$632 million which, as noted in the table, were drawn to \$82 million. After balance date Infratil also borrowed \$210 million to complete the Shell investment.

Going forward Infratil has a comfortable bank roll-over schedule and no material bond maturities until May 2011. It is likely that an offer to roll these bonds will be prepared. Bond funding is generally a closer fit with Infratil's assets than bank debt given the longer term duration and maturities.

While better than a year ago, the market value of Infratil's equity remains at a significant discount to the value of Infratil's businesses. Further improvements in the market recognition of Infratil's value will come from management continuing to deliver to plan and from measures such as the ASX listing of Infratil and by maintaining good communications with investors and the financial community.

Operating Earnings and Net Surplus

The Net Surplus of \$29 million was a significant improvement on the prior year even after a \$68 million non-cash hedge devaluation.

INFRATIL CONSOLIDATED RESULTS

Year Ended 31 March (\$Millions)	2010	2009
Operating revenue	\$1,836	\$1,734
Earnings (EBITDAF)	\$363	\$357
Net interest	(\$159)	(\$177)
Depreciation & amortisation	(\$114)	(\$102)
Operating Earnings	\$90	\$78
Net (loss)/gain on revaluation of financial derivatives	(\$68)	\$8
Net investment realisations/ (impairments)	\$84	(\$179)
Tax	(\$11)	(\$35)
Minority interests	(\$66)	(\$63)
Net Parent Surplus/(Loss)	\$29	(\$191)
Net operating cash flow	\$127	\$118

EBITDAF (Earnings Before Interest Tax Depreciation Amortisation and Fair value adjustments) increased \$6.6 million over the 2009 level.

Operating Earnings rose due to the increased EBITDAF and lower interest costs, partially offset by increased depreciation and amortisation.

CONTRIBUTIONS TO INFRATIL'S EARNINGS

EBITDAF Year Ended 31 March (\$Millions)	2010	2009
TrustPower	\$274	\$260
Infratil Energy Australia	\$11	\$20
Wellington Airport	\$68	\$65
Infratil Airports Europe	(\$9)	(\$19)
NZ Bus	\$29	\$40
Other, eliminations, etc.	(\$10)	(\$10)
Total	\$363	\$357

Features of the earnings contributions are summarised below.

TRUSTPOWER 51%



TrustPower delivered record earnings despite low New Zealand generation due to weather conditions. The Snowtown wind farm in Australia made its first full year contribution.

INFRATIL ENERGY AUSTRALIA 82-100%



Infratil Energy Australia had good retail earnings offset by difficulties experienced in the wholesale market. The result was consistent with the prior year which was boosted by a one-off gain.

WELLINGTON AIRPORT 66%



Wellington Airport increased earnings through good cost control and higher income from passenger services.

INFRATIL AIRPORTS EUROPE 100%



Infratil Airports Europe loss was reduced due to aggressive cost control.

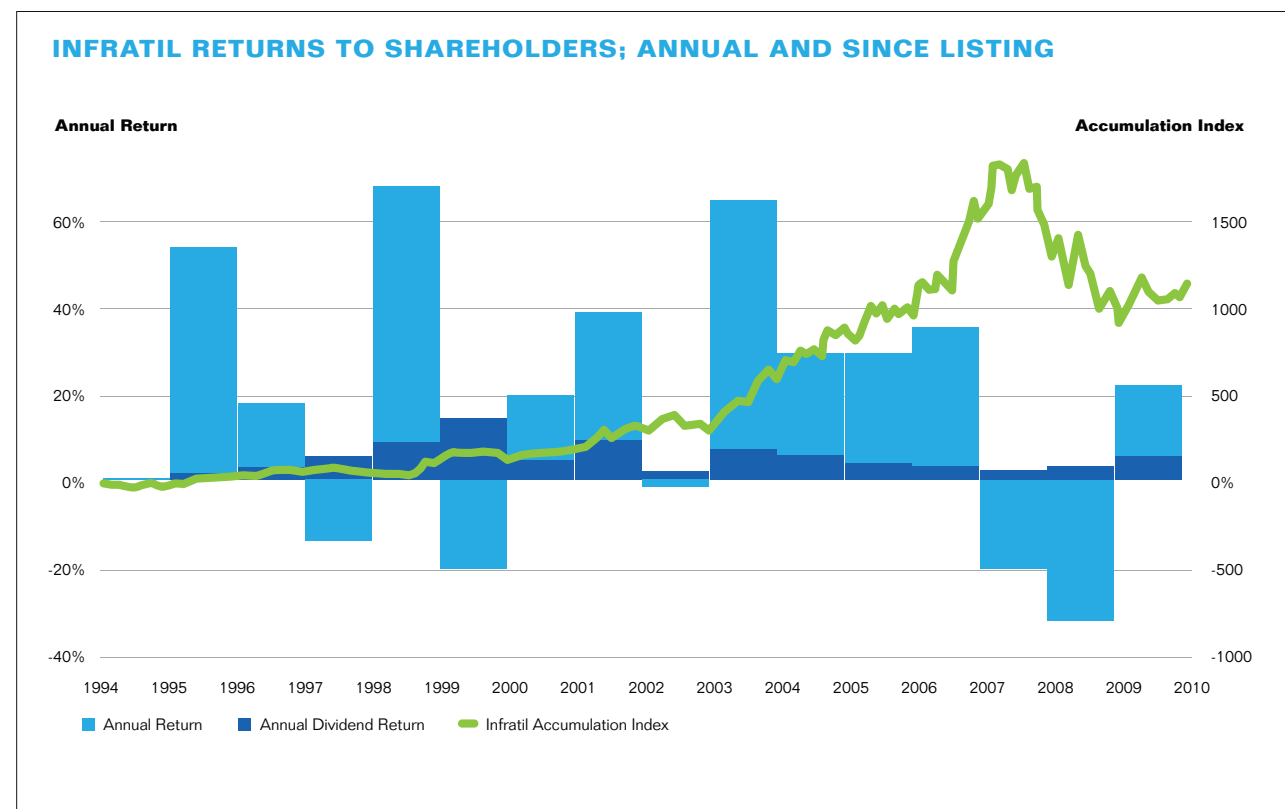
NZ BUS 100%



NZ Bus earnings were down \$6 million as labour costs rose and revenues were flat. The previous year included a contribution from the Fullers Ferries business (sold April 2009).

Returns to Infratil's Shareholders

Over the year to 31 March 2010 the Infratil share price rose to \$1.72 from \$1.46 and dividends of 6.25 cents per share, fully imputed, were paid. The total return was 22.5% per annum after tax.



As at 31 March 2010 Infratil had 28,800 share and bond holders. 93% of shareholders (by value of shares held) who owned shares as at 31 March 2009 still owned those shares a year later. Net buyers of shares over the year included Infratil's management and NZ individuals and institutions. Australian institutions were net sellers.

INFRATIL SHAREHOLDINGS

Year Ended 31 March Million Shares	2010	2009
Utilico	102	102
Morrison & Co	51	46
NZ Institution	132	89
NZ Individual	237	233
Australian	20	30
Other	26	20
Total Shares On Issue	568	520

The sharemarket value of Infratil's equity rose \$238 million to \$1,002 million from \$764 million.

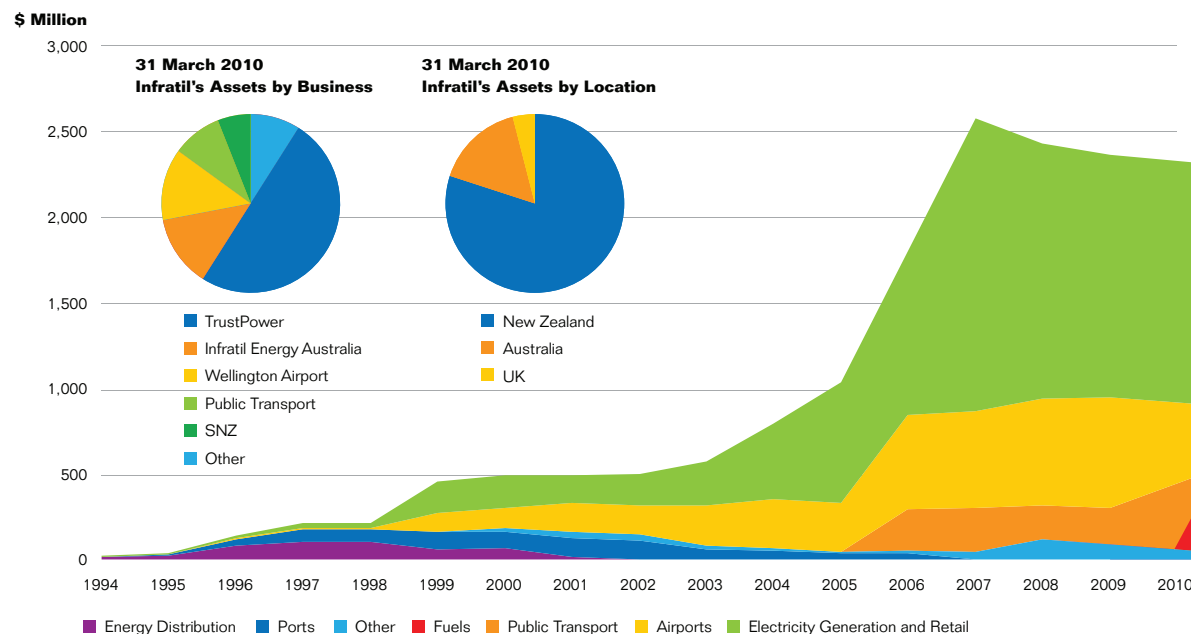
Over the year dividends of \$36 million were paid to Infratil's shareholders while \$98 million of equity was raised from the exercise/extension of warrants and an associated underwriting arrangement. The warrants had been issued at no cost pro-rata to shareholders in 2004. 900,000 shares were repurchased for \$1.5 million.

Infratil is to list on the Australian Stock Exchange in July 2010 and this is expected to increase the number of Australian investors willing and able to buy Infratil's shares.

Growing Returns into the Future

Including the Shell transaction, Infratil and subsidiaries have invested over \$1.5 billion since March 2006. Infratil's future income growth will come from this development and capital allocation activity.

INFRATIL INVESTMENT DEVELOPMENT



\$193 million was invested last year.

In 2010/11 capital expenditure and investment is projected to be over \$400 million (including the investment into the Shell downstream oil business).

Infratil's asset make-up continues to evolve as investments are made where good returns are in prospect, while capital is extracted from businesses and investments which either offer lower returns or have ceased to fit with Infratil's investment criteria.

CAPITAL SPENDING

Year Ended 31 March (\$Millions)	2010	2009	2008	2007
TrustPower	\$29	\$93	\$177	\$187
Infratil Energy Australia	\$116	\$70	\$57	\$99
NZ Airports	\$23	\$38	\$35	\$154
Infratil Airports Europe	\$5	\$21	\$24	\$41
NZ Bus	\$16	\$45	\$44	\$18
Other	\$4	\$8	\$37	\$5
Total	\$193	\$275	\$374	\$504

Risk Management

Long before the global financial crisis put risk management on the front page of the newspaper it was a key priority for Infratil.

Risk management means identifying, assessing and managing uncertainties to limit their financial impact. Most of these functions are intrinsic day to day business operations, but some receive particular focus. For Infratil this mainly means in respect to positions in the financial and energy markets. Insurance cost the Infratil group approximately \$7 million in the year to 31 March 2010 which is not inconsequential but is more in the manner of business as usual.

Financial markets' risk is hedged in the following ways:

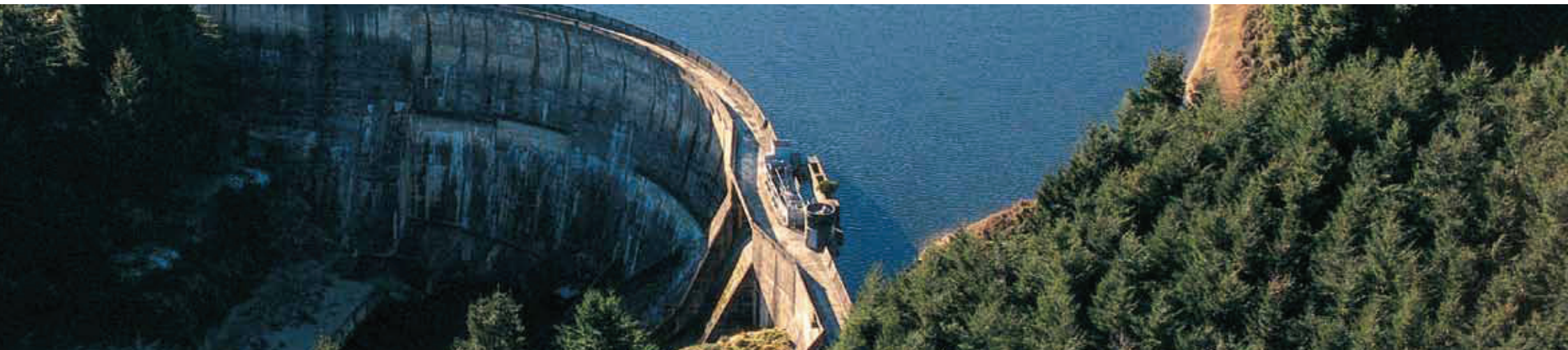
Interest rates on Infratil's debt are mainly fixed so as to ensure that the cost of borrowing is reasonably certain for at least the next one to two years.

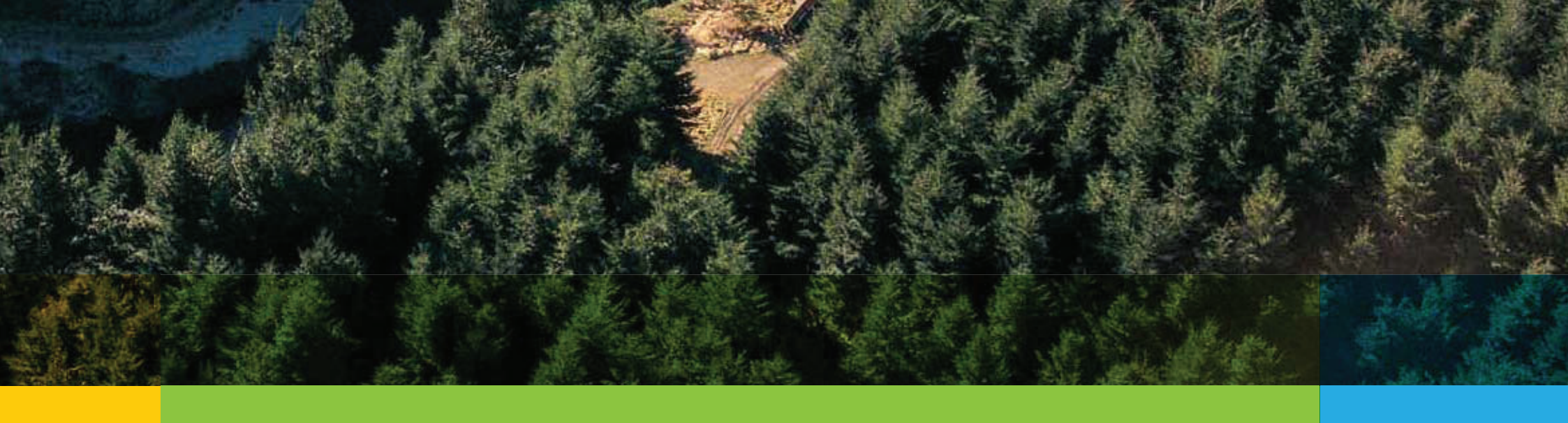
Foreign exchange risk is managed to optimise the price at which currency transactions occur and, at times, to hedge the value of Infratil's offshore assets.

When a future obligation or receipt in a foreign currency is identified it may be pre-purchased/sold for NZ\$. For instance when Infratil sold its stake in Lübeck Airport the receipt of the Euro consideration was to be several months after the transaction was agreed. At the time of the agreement the Euro was very strong against the NZ\$ and to fix this price Infratil entered into an agreement with a bank to exchange the Euro on the future settlement date for a fixed NZ\$ sum. From that point on fluctuations in the value of the NZ\$/Euro exchange rate had no impact on Infratil's NZ\$ receipt from the sale of the airport.

The second form of hedging which Infratil undertakes from time to time is against changes in the value of its overseas assets which would result from a rising NZ\$. As at 31 March 2010 the book value of Infratil's holding in Australia was A\$199 million and in the UK UK£65 million. While the default position is to not hedge falls in the value of these currencies, from time to time if the \$NZ is trading at historic limits hedges are undertaken.

The most crucial financial markets risk comes from the potential of having to refinance or repay debt which falls due at an inconvenient time. To minimise that risk Infratil's funding facilities are with banks with top credit ratings and they have maturity dates staggered to avoid onerous obligations in any one year. Bond debt is preferred to bank





borrowing as it is longer term, including perpetual, and again with maturities staggered to ensure repayments falling due in any one year can be comfortably managed.

The accounting treatment of these various hedges can sometimes be difficult for shareholders to follow. As at 31 March 2010 interest rate hedges had a negative value of \$5.9 million. Forward currency hedges had a positive value of \$1.3 million. These were the market values of the hedges as at balance date. The positive effects of the hedging, i.e. stable interest costs and better exchange rate on foreign currency trades are not explicitly accounted for in the financial statements.

With regards to volatility in Infratil's reported earnings changes in the market value of energy-price hedges are more material than the financial markets hedges.

For the year ended 31 March 2010 TrustPower recorded a gain on their energy price hedges of \$13 million while Infratil Energy Australia had a net cost of \$75 million.

At its simplest, managing energy price risk would mean owning generation which matched the demand of customers. Practically a perfect balance isn't plausible or economically efficient so hedges are required. A cold, dry, still winter could impose high costs on TrustPower if the risk was not well hedged. Cold winters increases electricity demand (for heating) while dry and still weather would reduce hydro and wind generation.

As at 31 March 2010, Infratil Energy Australia had electricity price hedges with a market value of negative \$85 million (the net cost recorded in Infratil's Profit & Loss statement of \$75 million was the change in hedge value over the year not the actual end of year value of the hedges). This could seem negative, in fact it is business as usual. IEA uses a range of hedge contracts to ensure it has a fixed cost for the electricity it buys for on-sale to customers. However, accounting rules require that the obligations to buy are revalued to reflect 31 March market prices, while the agreements to sell are not.

The alternative to having this hedge would have been to buy electricity in the wholesale market at variable spot prices for on-sale to IEA's retail customers at fixed prices. Recently this would have been lucrative, but it would have exposed IEA to the risk of serious financial consequences. The electricity wholesale market in Australia is punctuated by bursts of very high prices, so high in fact that energy retailers which have been exposed to them in the past have largely ceased to trade.

Hedging may mean fluctuations in reported results, but it also means less exposure to real risk.

Shell's New Zealand Downstream Oil Business (Now 50/50 owned by Infratil and The New Zealand Superannuation Fund through Aotea Energy Holdings Limited)

SUPPLY AND INVENTORY



Annual purchases, processing and distribution of 2,500 million litres of crude oil and refined fuels (30% of the NZ total).

Crude and refined fuels are purchased in the international markets and shipped to New Zealand.

Inventory has historically fluctuated between 300 million and 650 million litres.

REFINING AND NATIONAL DISTRIBUTION



17.1% of the New Zealand Refinery Company Limited.

Processing agreement and use of the dedicated pipeline to Auckland and associated storage facilities.

Coastal shipping network which distributes fuels nationally.

STORAGE, TERMINAL AND REGIONAL DISTRIBUTION



Terminal, storage and distribution facilities at 12 sites around NZ.

The only company with facilities at all of the major ports.

RETAIL AND COMMERCIAL SALES



229 petrol station and 95 truck stops. Specialist fuel distribution facilities for commercial users.

Includes industrial, marine, aviation and chemicals business.

25% of Fly Buys, New Zealand's most successful loyalty programme with more than 70% of households active users.

Shell is New Zealand's leading fuel company. It operates an integrated procurement, refining, distribution and sales network. Demand for fuels is stable and projected to grow over the medium term.

On 6 April 2010 a 50/50 joint venture between Infratil and the New Zealand Superannuation Fund acquired 100% of Shell's New Zealand downstream oil business and associated shareholding in the New Zealand Refinery. Total consideration was approximately \$700 million with Infratil and NZ Super investing \$420 million of total equity with the balance of the purchase price funded with debt. The holding company formed to own the acquired assets is Aotea Energy Holdings Limited. In the short term the familiar retail brand will not change while commercial fuel sales are being rebranded as "Greenstone Energy".

The New Zealand fuels market is changing after a long period of domination by four vertically integrated multinationals. Aotea will continue to deliver world-class safety, reliability and quality standards while developing

local capability and a substantial New Zealand integrated energy business.

The transaction is important for Infratil. It is a substantial commitment of capital and there were other potential uses of the funds. Infratil's sale of a number of assets last year and credibility with its banks, shareholders and partners meant it had the capital to undertake this purchase. The transaction took almost a year to conclude, and this enabled a comprehensive due diligence process and detailed transition plans to be prepared.

Periods of economic downturn and industry restructure give rise to opportunities not usually available. Being able to take advantage of this opportunity made the preparation worthwhile.

Now the transaction has been made, what matters is the return for shareholders on the funds invested. Sale volumes have been good since the acquisition, no doubt mainly because of petrol stations' good locations, keen pricing, excellent fuels and good services, but it may also reflect customers preferring to deal with a locally owned company. A large number of jobs have been brought back to New Zealand.

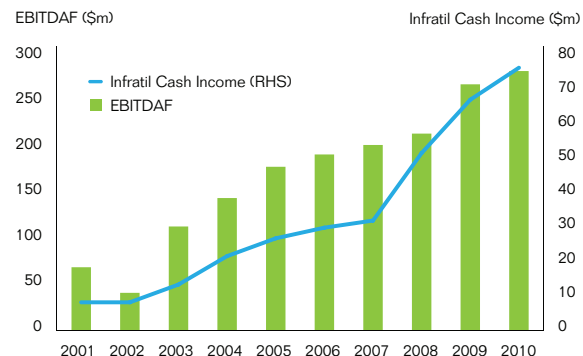
2010/11 is expected to produce a similar financial result to the last year under Shell ownership before taking into account transition costs. Thereafter earnings growth is anticipated once the local orientation and new leadership starts to have an effect.

TrustPower Delivered Record Earnings Despite Dry Weather in New Zealand Reducing Hydro Generation

Infratil received cash dividend income of \$73 million, up from \$65 million the prior year and more than double the level of three years ago.

TrustPower's EBITDAF earnings were \$274 million, almost twice the level of 2004.

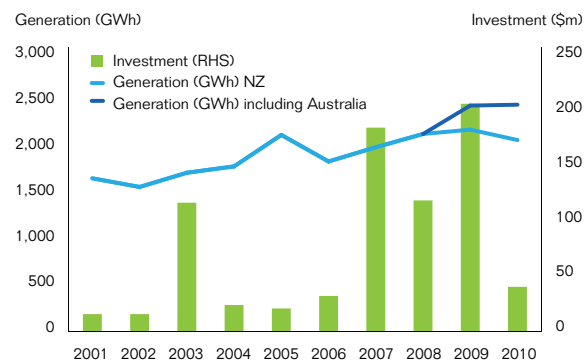
TRUSTPOWER EARNINGS AND DIVIDENDS TO INFRATIL



Behind TrustPower's remarkable increase in earnings over the last decade has been a significant investment in expanding capacity which was incentivized by rising electricity prices.

TrustPower's 2009/10 New Zealand generation of 2,017 GWh was 243 GWh down on the expected long term average. Australian wind production from the first full year of operation at the Snowtown Wind Farm in South Australia was 373 GWh, 4% lower than the expected long term average.

TRUSTPOWER GENERATION AND INVESTMENT

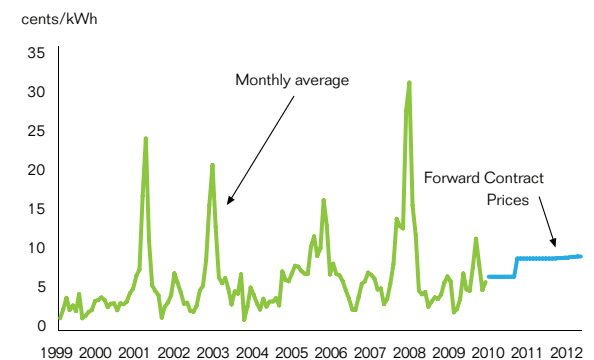


The graph shows TrustPower's actual generation in New Zealand and Australia and its capital spending over the last decade.

Rising prices have incentivised investment which has resulted in increased earnings

In 2010 TrustPower will be starting construction of the Mahinerangi windfarm in Otago. This is consented to 200MW and the 36 MW first stage is projected to cost approximately \$75 million.

NEW ZEALAND ELECTRICITY PRICES



While New Zealand electricity prices have risen over the decade they have been highly volatile. To avoid this risk TrustPower, and most other wholesale market participants, use medium term hedges.

At present the hedge prices are indicating an expectation of electricity prices rising about 1.5 cents per kWh over the next 3 years.

Electricity prices in New Zealand have risen over the last decade because there is no longer abundant cheap gas. Over that period the main source of new generation has been wind and geothermal and this is expected to be the case into the foreseeable future. To break-even these forms of generation require a higher electricity price than coal or gas fired power stations.

Going forward the relative advantage of renewable over thermal will increase with the imposition of a cost on the CO₂ emissions of gas/coal fired generation. From 1 July 2010 the emission charge will add about 0.5 cents per kWh to the cost of gas-fired generation. The emission cost if the Huntly station burns coal is about 1.2 cents per kWh.

This increase in the cost of thermal generation is expected to result in higher electricity prices. Contract prices for 2012 are about 1.5 cents per kWh higher than current market levels. 1.5 cents per kWh is the same as \$15,000 per GWh and on TrustPower's normal New Zealand annual output (about 2,250 GWh) it is worth about \$35 million per annum.

The cost impact on the average household is expected to be about \$1.50 a week.

Although the approach of 1 July 2010, and the start of emission pricing, has renewed calls for the system to be scrapped, this is short sighted. New Zealand is already committed to national emission obligations by the Kyoto

Treaty and as a country is well placed to benefit from global emission pricing.

Emission pricing has meant that new power station construction in New Zealand is now mainly renewable. Over the next two or three years electricity prices are likely to reach about 10 cents per kWh and are then likely to remain relatively fixed for an extended period. As other countries face rising energy prices and the need to replace thermal plant with renewable generation New Zealand's electricity system and consumers will have already made the switch.

TRUSTPOWER GENERATION, CUSTOMERS, RETURNS

Year ended 31 March	2010	2009	2008	2007	2006
Generation GWh	2,390	2,587	2,320	1,950	1,940
Electricity customers	225,000	227,000	222,000	219,000	220,000
Capital investment	\$29m	\$93m	\$177m	\$187m	\$31m
EBITDAF	\$274m	\$261m	\$208m	\$196m	\$186m
Infratil cash income	\$73m	\$65m	\$50m	\$31m	\$29m

Infratil Energy Australia Progresses Towards Becoming a Major Australian Energy Company

Over the last year IEA made significant progress towards its goals but not without challenges. Intrinsically entering new markets entails new risks. The difficulty of navigating pitfalls becomes a barrier to future new entrants and ensures there is value in incumbency. IEA is one of the few companies which entered the deregulating Australian residential energy markets which have survived and reached material scale.

As at 31 March 2010 IEA had 411,000 customers, 99 MW of generation plant and a further 185 MW of plant under construction. It has the capacity to grow substantially.

The evolution of the Australian state energy markets continues, although at different speeds and with different nuances. Victoria has privatised generation and retail and encourages competition. In NSW the state government is still trying to push through its privatisation programme and retail prices are capped at levels which make competitive retailing marginal.

IEA's model entails growing a retail customer base supplied with electricity and gas purchased in the wholesale markets. Ownership of generation or gas is only contemplated when it would be cheaper than the wholesale market alternative. In Australia base-load electricity is in oversupply and investing in such generation provides an unattractive return. However, the market has periods of extreme prices caused by spikes in demand (e.g. when air conditioning is turned on) or loss of supply (e.g. failure of a power station or transmission line or

fluctuations in wind powered generation). To avoid such high-cost periods retailers purchase "insurance" contracts with "fast-start" back-up generators. Infratil has found it attractive to invest in such generators as their income reflects the price of this "insurance" rather than the base energy price.

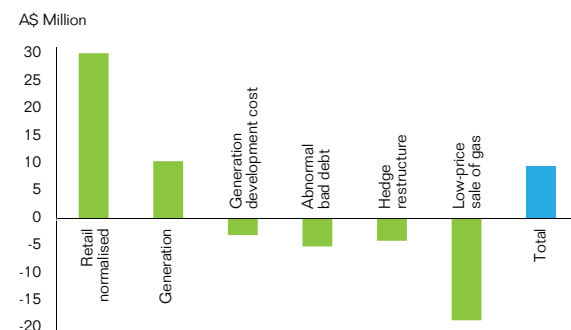
For the year to 31 March 2010 IEA had earnings (before interest, tax, depreciation, amortisation and financial revaluations) of A\$9 million. Prior year earnings were similar before accounting for an A\$11 million one-off gain.

The earnings result contained a mixture of good and disappointing components. Generation earnings were A\$10 million, reduced to A\$7 million after allowing for development costs, which was in line with budget. Energy retailing delivered earnings of A\$29 million, however what would have been a good financial outcome was reduced by one-off costs and a cost from a more persistent problem with gas prices in Victoria.

A\$5 million of exceptional write-offs were required against delinquent accounts. In 2008/9 during a period of very rapid growth IEA gained customers which it should not have. The problem has now been remedied with higher credit standards for new customers.

A cost of approximately A\$20 million was incurred from owning excess gas which had to be sold at very low prices. IEA contracted through to 2012 to buy gas for on-sale to its retail customers in Victoria. The contract obliges IEA to buy a specified amount of gas at a fixed price. Normally IEA would expect to make sufficient margin on the residential sales to offset any losses on the wholesale market disposal of excess contract gas. In the event both wholesale gas prices and retail gas sales were substantially lower than forecast resulting in the net cost. The solution is theoretically simple, have greater flexibility of supply so that purchases match sales and have a higher retail price to reflect the rigidities and pricing of the wholesale market. Practically the implementation of these solutions has taken time and while a remedy is in place for 2012 some persistence of the problem is likely until then.

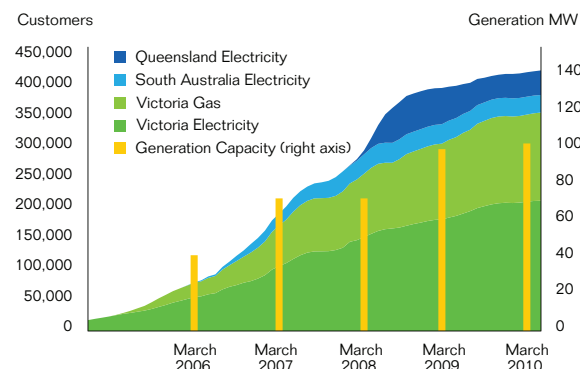
INFRATIL ENERGY AUSTRALIA 2010 EARNINGS CONTRIBUTIONS



While IEA had earnings of only A\$9 million in the year to 31 March 2010 it is notable that earnings would have been significantly higher but for a series of costs which will be removed in future.

In FY2011 earnings are budgeted to be higher. At least A\$9 million of costs should not be repeated and the Port Stanvac and Kwinana power stations are expected to be commissioned and to make a financial contribution.

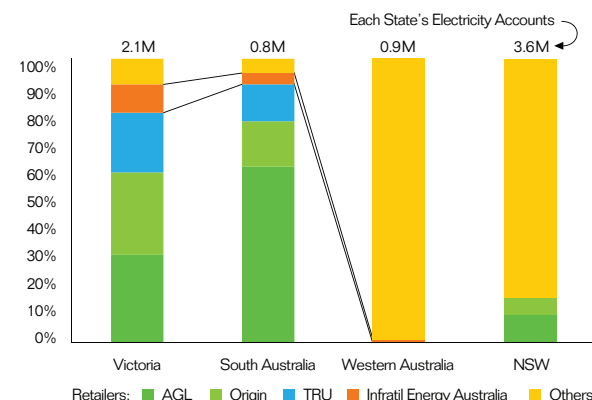
INFRATIL ENERGY AUSTRALIA CUSTOMERS AND GENERATION



The rate of customer growth was lower in FY2010 than achieved in the prior two years, but systems and process were markedly improved and a higher rate of customer gain is forecast for FY2011.

Generation is expected to rise from 99MW to 284MW with the commission of the two new power stations.

AUSTRALIAN STATE ENERGY RETAILERS



About 10% of Victorian householders are customers of IEA, reflecting that market's high level of deregulation, competition and efficiency. It is anticipated that other States will eventually follow the Victorian example.

The medium term goals for IEA are 1,000,000 customers, an expanded portfolio of generation and substantial earnings contribution to Infratil. Significant progress on these goals is anticipated over the next two years.

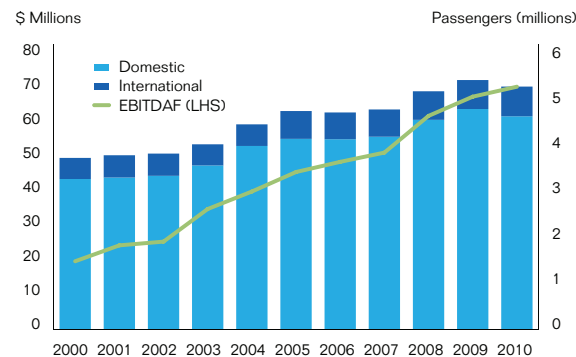
At present IEA's potential is poorly reflected in Infratil's value, but this is expected to improve as its earnings rise.

Year ended 31 March	2010	2009	2008	2007	2006
Generation MW	99MW	99MW	70MW	70MW	40MW
Electricity customers	411,000	386,900	286,00	186,00	77,000
EBITDAF	A\$9m	A\$17m	A\$11m	A\$13m	(A\$2m)
Hedge revaluations	(A\$60m)	(A\$20m)	(A\$8m)	A\$21m	-

Wellington Airport Celebrated 50 Years of Operation and Achieved a Good Financial Outcome

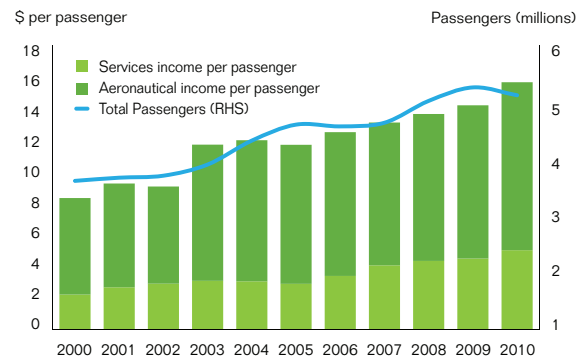
Earning \$68.3 million was a good result in difficult economic and aviation environments.

WELLINGTON PASSENGERS AND EARNINGS



Earnings rose \$2.9 million, due mainly to good cost control and an increase in passenger services income. 150,000 fewer domestic passengers used Wellington Airport than a year prior. International passengers increased 16,000.

WELLINGTON EARNINGS PER PASSENGER



\$25.7 million was earned from passenger services. An average of \$5.03 per passenger, 12% higher than the prior year.

This reflects the ongoing upgrade of facilities, which five years ago yielded earnings of \$2.89 per passenger (\$13.3 million in aggregate).

AN AIRPORT CLOSE TO THE CITY



While aggregate passenger numbers declined to 5,117,906 from 5,256,437 individual markets behaved differently reflecting their particular levels of airline services and competition rather than any overall trend. Traffic with the Australian east coast grew, traffic on domestic trunk services was stable while regional travel was well down.

The arrival of JetStar services on the domestic trunk was the year's main aviation event for Wellington. New Zealand now has three vigorous jet carriers competing on trunk and key Tasman services and the positive response of consumers was evident with airline loadings averaging almost 80%.

Pacific Blue initiated daily services with Sydney resulting in this being the best performing of Wellington's international

routes. 27,000 more people travelled between Wellington and Sydney than the year prior, a 12% increase. All three airlines on this service recorded growth year on year.

In January 2010 the Airport's 2030 Master Plan was published. Over the last twenty years Wellington's traffic has gone from 2.6 million to 5.1 million passengers and approximately the same growth rate is forecast into the future, meaning about 10 million passengers in 2030.

To accommodate this level of traffic the Airport has calculated that approximately \$450 million will need to be invested in facilities. While this is a substantial sum, it is a rate of capital spending which is consistent with the last decade.

Wellington Airport's proximity to the city and site characteristics are apparent from the above photograph which show the Airport's compact area (110 hectares) surrounded by housing with the ends abutted by sea.

The foreground shows the effect of the recent work to extend the runway safety areas. \$31 million was spent adding 112 metres of paved surface to the runway which means it now has 90 metres of safety area at either end. Airfield work is expensive because of the limited land area of the Airport and the constraints of sea and nearby neighbours.

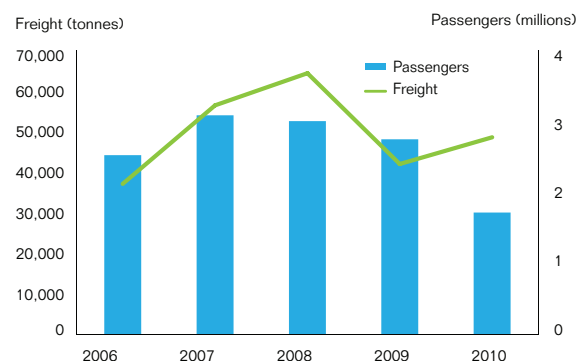
Being "in town" means it is comparatively cheap and easy to travel between Wellington's CBD and Airport. It takes 20-25 minutes by bus at a cost of approximately \$7. It also makes land expensive and valuable in other uses. At the top right of the photograph is the Airport's retail development.

Year ended 31 March	2010	2009	2008	2007	2006
Passengers domestic	4,491,260	4,645,402	4,416,097	4,060,211	4,006,666
Passengers international	626,646	610,996	603,344	575,500	564,900
Aeronautical income	\$55m	\$53m	\$49m	\$42m	\$42m
Pax services income	\$26m	\$24m	\$22m	\$19m	\$16m
Property/other income	\$8m	\$8m	\$8m	\$6m	\$4m
Operating costs	(\$20m)	(\$20m)	(\$18m)	(\$17m)	(\$14m)
EBITDAF	\$68m	\$65m	\$60m	\$50m	\$47m

Infratil Airports Europe

Despite European air travel suffering the impact of recession IEA halved its operating loss to UK£3.6 million.

INFRATIL AIRPORTS EUROPE PASSENGERS & FREIGHT



Lower income was more than offset by rigorous cost control.

Economic down-turn, plus financial crisis, plus volcanic activity is an unfortunate combination of events, but eventually the aviation market will improve care of the long term dynamics which are driving more people to fly more often.

Year ended 31 March	2010	2009	2008	2007	2006
Passengers	1,718,070	2,748,184	3,003,874	3,085,797	2,525,117
Freight (tonnes)	48,582	42,012	64,359	56,455	37,133
Aeronautical income	£12.7m	£17.4m	£22.4m	£20.5m	£15.3m
Pax services income	£6.6m	£8.4m	£8.4m	£7.7m	£5.9m
Property & other income	£4.4m	£3.9m	£6.3m	£6.8m	£2.6m
Operating costs	(£27.4m)	(£36.8m)	(£36.6m)	(£35.0m)	(£14.3m)
EBITDAF	(£3.6m)	(£7.1m)	£0.5m	£0.0m	£1.4m

Passengers were down 26%, excluding the impact of the Lübeck sale.

Freight was up 14% as Kent continued to attract scheduled and one-off traffic.

The cost reduction exercise means the airports are in good shape to weather the current crisis.

Snapper had an Award Winning Year

Snapper is Infratil's smallest investment and is still in its start-up phase. Nevertheless, the last year was one of great accomplishments.



Wellington and Hutt Valley now have one of the world's best low-value payments systems and approximately one third of the people in these areas have a Snapper card. Snapper is in over 200 retail outlets and provides the fare systems on the public transport provided by North Bus, Valley Flyer, GO Wellington and East by West Ferries.



Snapper participated in two trials during the year to illustrate the possibilities of its very flexible payment system which can also perform other functions.

New Zealand 33 (tries to Cory Jane, Ma'a Nonu, Joe Rokocoko) Australia 6. 19 September in Wellington was also a trial of Snapper's flexibility as GO Wellington and Valley Flyer services were half price to Snapper users. In the previous five years there had been only one public transport fare change in Wellington, Snapper and NZ Bus delivered two (one down one up) in one weekend!

Wellington High Performance Aquatics hosted the Fisher & Paykel Asia Pacific Rim Junior Diving Championships in December. All participants received competition ID provided by Snapper and these cards also provided free public transport for the week of the competition and could be used in the Kilbirnie Aquatics Centre coffee shop.

Someone in Wellington for the Rugby World Cup in 2011 will be able to use a Snapper to pay for public transport, taxis, a coffee or newspaper and to gain access to regional facilities.

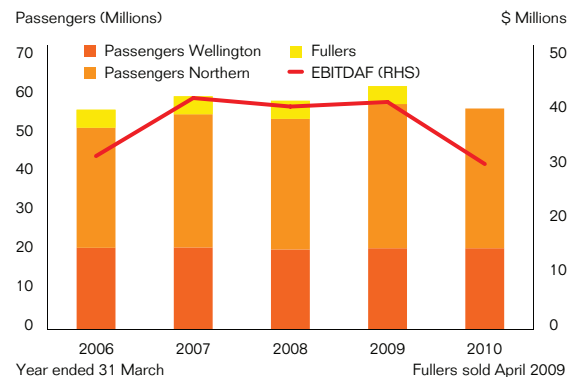
Over the next year Snapper will be supplanting all cardboard based passes on NZ Bus Wellington and Hutt services and Snapper will be introduced onto Auckland buses. Snapper's approach is to incrementally add capabilities which suits the market and ensures costs are kept down.

New Zealand Bus

Earnings of \$29 million were \$6 million lower than the prior year, adjusted for the sale of Fullers Ferries. Revenue was flat while labour costs rose.

Passenger numbers fell 3% in Auckland as industrial action interrupted services. Wellington passenger numbers rose slightly over the prior year.

NZ BUS PASSENGERS & EARNINGS



In both northern and Wellington regions passenger numbers were growing encouragingly at the year's end. In both markets March passenger numbers were up 4% on the same month in 2009. Wellington experienced its third to best month ever.

Wellington's topography means that better bus public transport will reduce congestion faster, cheaper and with less opposition than more roads.

Motorists, pedestrians and bus users are all winners from Wellington City's decision to reconfigure the central city road network.

At present buses are routed along 1,350 metres of road and delayed by up to 14 minutes at peak times when as many as 200 buses an hour use this section of the network.

After the changes almost 800 metres of road will cease to carry commuter buses and will be improved for cars and pedestrians. People on the buses will save an average of 6 minutes crossing central Wellington, 3,000 hours of peoples' time each day.

Wellington Airport to the CBD is the most congested road in New Zealand outside of Auckland. The Dixon/ Manners/Wakefield street changes are a small part of a larger picture, but they signal a willingness to address congestion by doing something other than just building more roads. And it will be fully functioning for RWC.



Past surges in traffic have occurred when fuel prices have spiked. The demand performance at the end of 2009/10 occurred notwithstanding flat petrol prices and is likely to reflect the on-going enhancement to the NZ Bus services.

A key goal now is to ensure capacity stays ahead of demand so that increasing use does not slow services (through increased boarding/alighting) or result in uncomfortable congestion.

Two factors underpin future progress; ongoing improvement to the NZ Bus operations and a regulatory model which encourages regional transport authorities to work with operators. In both areas progress was made in 2009/10.

The former factor was indicated by the passenger growth and stable costs. There were also details such as 78 NZ Bus drivers achieving the National Certificate of Passenger Transport in March 2010.

Signs of the development of a more constructive regulatory environment are happening less conspicuously. The Minister of Transport has given the industry guidelines about the need to develop a model which provides incentives for operators and greater discipline around tax payer and rate payer funding. The industry goal is a model which provides operators such as NZ Bus with enough certainty to justify the investment in providing better services and authorities with good transparency that their funding is working.

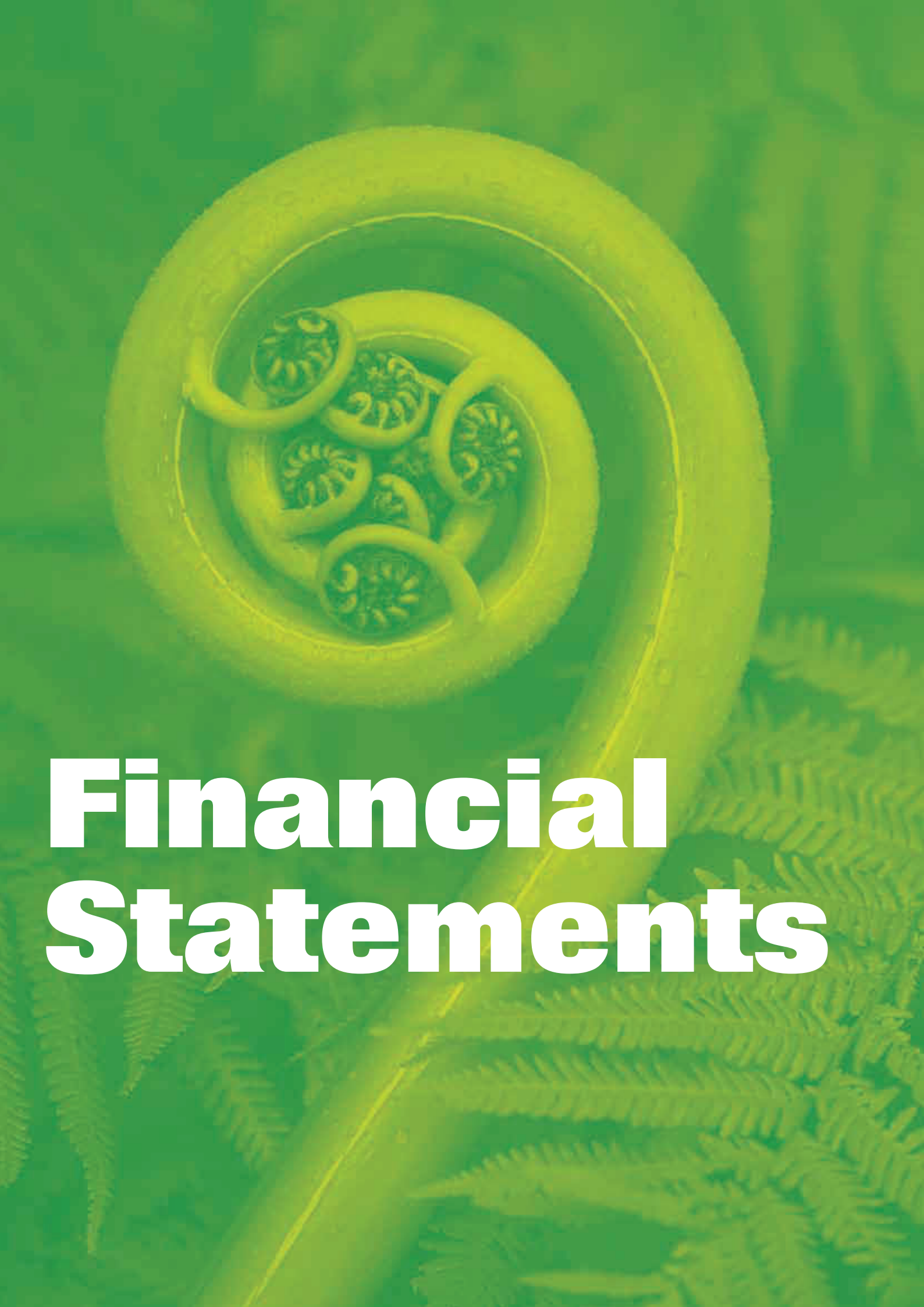
It is apparent that when operators, councils and government agencies work together significant service enhancements

can be brought about, and not necessarily just because of more money. The Wellington City Council decision to enhance the bus route through the city last year will be a significant bonus for bus users and will ultimately save all parties considerable cost.

In addition to the positive, quiet, evolution of the regulatory regime the parallel goal is improved bus priorities on the roads. Nothing will make as much difference to the development and growth of public transport in Auckland and Wellington as buses having road space in which they have priority over other vehicles. Wellington City's re-dedication of Manners Street to users of public transport indicate progress. In Auckland the creation of the Super-City and a single transport agency opens unprecedented opportunities for even more salient progress in this key area in that region.

Year ended 31 March	2010	2009*	2008	2007	2006
Passengers North	34,462,204	39,958,541	36,648,393	37,210,897	34,081,249
Passengers South	20,090,368	20,032,134	19,723,961	20,276,179	20,133,003
Bus Distance (million kilometres)	47.0	46.7	44.6	44.6	-
Buses	1,036	1,072	1,084	1,019	1,032
Passenger Income	\$107m	\$130m	\$119m	\$114m	\$105m
Contract Income	\$83m	\$88m	\$77m	\$75m	\$60m
EBITDAF	\$29.1m	\$40.0m	\$39.2m	\$40.7m	\$30.5m

* In FY2009 Fullers carried 4.4 million passengers and delivered EBITDAF of \$5 million. It was sold for \$40 million in April 2009.



Financial Statements

Statement of Comprehensive Income

For the Year Ended 31 March 2010

	Notes	Consolidated		Parent	
		2010 \$Millions	2009 \$Millions	2010 \$Millions	2009 \$Millions
Operating revenue		1,829.1	1,724.2	17.7	11.4
Dividends		6.8	9.6	36.0	1.1
Total revenue	5	1,835.9	1,733.8	53.7	12.5
Depreciation		90.0	82.5	-	-
Amortisation of intangibles		24.0	19.7	-	-
Employee benefits		197.6	221.3	-	-
Other operating expenses	6	1,275.0	1,155.8	17.8	20.5
Total operating expenditure		1,586.6	1,479.3	17.8	20.5
Operating surplus before financing, investment costs, derivatives, realisations and impairments		249.3	254.5	35.9	(8.0)
Net (loss)/gain on energy, foreign exchange and interest rate derivatives		(67.5)	(24.9)	1.0	(5.8)
Net gain on investment derivatives		-	32.9	-	-
Net investment realisations and (impairments)	5	83.8	(179.4)	(2.4)	(0.4)
Results from operating activities		265.6	83.1	34.5	(14.2)
Interest income		7.9	14.0	109.5	100.0
Interest expense		167.2	190.9	61.2	66.0
Net financing expense		159.3	176.9	(48.3)	(34.0)
Net surplus/(loss) before taxation		106.3	(93.8)	82.8	19.8
Taxation expense	15	11.3	34.6	-	-
Net surplus/(loss) for the year		95.0	(128.4)	82.8	19.8
Net surplus/(loss) attributable to owners of the Company		29.0	(191.0)	82.8	19.8
Net surplus attributable to non-controlling interest		66.0	62.6		
Other comprehensive income, after tax					
Differences arising on translation of foreign operations		(31.1)	14.1	-	-
Effective portion of changes in fair value of cash flow hedges		20.1	(0.4)	-	-
Net change in fair value of cash flow hedges transferred to profit or loss		6.2	(15.5)	-	0.1
Net change in fair value of property, plant & equipment recognised in equity		19.9	236.5	-	-
Net change in fair value of available-for-sale financial assets		79.4	-	-	-
Movement of available-for-sale financial assets transferred to profit or loss		(79.4)	94.1	-	-
Other comprehensive income for the year, net of income tax		15.1	328.8	-	0.1
Total comprehensive income for the year		110.1	200.4	82.8	19.9
Total comprehensive income for the year – owners of the Company		29.2	23.4	82.8	19.9
Total comprehensive income for the year – non controlling interest		80.9	177.0		
Earnings per share					
Basic (cents per share)		5.2	(37.5)		
Diluted (cents per share)		5.2	(36.5)		
Earnings before interest, tax, depreciation, amortisation, fair value movements of financial instruments, investment costs, realisations and impairments (EBITDAF)		363.3	356.7	35.9	(8.0)

The accompanying notes form part of these financial statements.

Statement of Financial Position

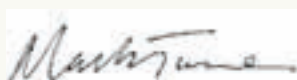
As at 31 March 2010

	Notes	Consolidated		Parent	
		2010 \$Millions	2009 \$Millions	2010 \$Millions	2009 \$Millions
Cash and cash equivalents	10	180.9	251.1	-	1.8
Trade, accounts receivable and prepayments	18	333.4	259.2	6.6	4.8
Derivative financial instruments	18	5.5	22.8	-	-
Inventories	9	15.3	15.4	-	-
Assets held for sale		-	47.7	-	-
Investments	14	-	56.3	-	-
Income tax receivable		-	1.3	-	-
Current assets		535.1	653.8	6.6	6.6
Property, plant and equipment	16	3,556.1	3,475.8	-	-
Investment properties	17	75.9	90.9	-	-
Derivative financial instruments	18	22.5	5.8	-	-
Intangible assets	12	67.1	72.7	-	-
Goodwill	12	242.0	246.3	-	-
Investments	14	9.7	162.4	-	-
Investment in subsidiaries	22	-	-	99.7	99.7
Advances to subsidiaries		-	-	1,224.6	1,080.5
Non current assets		3,973.3	4,053.9	1,324.3	1,180.2
Total assets		4,508.4	4,707.7	1,330.9	1,186.8
Accounts payable, accruals and other liabilities		273.5	252.7	11.3	8.9
Derivative financial instruments	18	60.9	21.3	0.6	0.5
Bank debt	8	302.0	159.1	-	-
Liabilities held for sale		-	3.8	-	-
Income tax payable		10.5	8.7	-	-
Infrastructure bonds	19	0.7	-	0.7	-
Total current liabilities		647.6	445.6	12.6	9.4
Bank debt	8	330.5	960.6	-	-
Other liabilities		13.8	6.9	-	-
Deferred tax	15	339.5	366.7	-	-
Derivative financial instruments	18	49.6	34.1	4.2	5.3
Infrastructure bonds	19	508.1	508.8	508.1	508.8
Perpetual Infratil infrastructure bonds	19	239.3	239.9	239.3	239.9
Wellington International Airport bonds	20	250.0	250.0	-	-
TrustPower bonds	20	398.7	260.7	-	-
Non current liabilities		2,129.5	2,627.7	751.6	754.0
Attributable to owners of the Company		880.7	791.0	566.7	423.4
Non controlling interest in subsidiaries		850.6	843.4	-	-
Total equity		1,731.3	1,634.4	566.7	423.4
Total equity and liabilities		4,508.4	4,707.7	1,330.9	1,186.8
Net tangible assets per share (\$ per share)		\$ 1.0	\$ 0.9		

Approved on behalf of the Board on 17 May 2010



Director



Director

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For The Year Ended 31 March 2010

	Notes	Consolidated		Parent	
		2010 \$Millions	2009 \$Millions	2010 \$Millions	2009 \$Millions
Cash flows from operating activities					
<i>Cash was provided from:</i>					
Receipts from customers		1,751.6	1,688.6	-	-
Dividends		2.4	8.4	-	-
Interest received		7.9	14.0	-	0.4
		1,761.9	1,711.0	-	0.4
<i>Cash was disbursed to:</i>					
Payments to suppliers and employees		(1,424.0)	(1,366.7)	(21.0)	(19.7)
Interest paid		(167.1)	(190.0)	(61.4)	(67.4)
Taxation paid		(43.9)	(36.4)	(1.0)	(1.8)
		(1,635.0)	(1,593.1)	(83.4)	(88.9)
Net cash inflow/(outflow) from operating activities	25	126.9	117.9	(83.4)	(88.5)
Cash flows from investing activities					
<i>Cash was provided from:</i>					
Proceeds from sale of investments		328.4	-	-	-
Proceeds from sale of property, plant and equipment		63.4	-	-	-
Return of security deposits		-	55.4	-	-
Proceeds from investment derivatives		-	72.3	-	-
Advanced from subsidiaries		-	-	20.0	50.2
		391.8	127.7	20.0	50.2
<i>Cash was disbursed to:</i>					
Cash outflow for investments		-	(34.4)	-	-
Lodgement of security deposits		(0.5)	(61.2)	-	-
Purchase of intangible assets		(13.0)	(14.5)	-	-
Interest capitalised on construction of fixed assets		(1.9)	(5.0)	-	-
Capitalisation of customer acquisition costs		(10.6)	(14.1)	-	-
Acquisition of additional shares in subsidiary companies		-	(17.1)	-	-
Purchase of property, plant and equipment		(201.5)	(287.8)	-	-
		(227.5)	(434.1)	-	-
Net cash inflow/(outflow) from investing activities		164.3	(306.4)	20.0	50.2
Cash flows from financing activities					
<i>Cash was provided from:</i>					
Proceeds from issue of shares		98.2	90.5	98.2	90.5
Proceeds from issue of shares to non-controlling shareholders		5.2	2.1	-	-
Bank borrowings		251.0	547.5	-	-
Issue of bonds		137.7	198.5	-	-
		492.1	838.6	98.2	90.5
<i>Cash was disbursed to:</i>					
Repay bank debt		(738.1)	(474.7)	-	-
Repay TrustPower bonds/PIIB buyback		(0.4)	(50.5)	(0.4)	-
Share buyback		-	(24.9)	-	(24.9)
Share buyback of non-wholly owned subsidiary		-	(1.6)	-	-
Dividends paid to non-controlling shareholders in subsidiary companies		(78.8)	(71.2)	-	-
Dividends paid to owners of the Company		(36.2)	(31.3)	(36.2)	(31.3)
		(853.5)	(654.2)	(36.6)	(56.2)
Net cash (outflow)/inflow from financing activities		(361.4)	184.4	61.6	34.3
Net (decrease)/increase in cash		(70.2)	(4.1)	(1.8)	(4.0)
Cash balances at beginning of year		251.1	255.2	1.8	5.8
Cash at end of year		180.9	251.1	-	1.8

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For The Year Ended 31 March 2010

Attributable to equity holders of the Group and Company

Consolidated	Capital \$Millions	Revaluation reserve \$Millions	Foreign currency translation reserve \$Millions	Fair value reserve \$Millions	Hedge/ other reserve \$Millions	Retained earnings \$Millions	Total \$Millions	Non- controlling \$Millions	Total equity \$Millions
Balance as at 1 April 2009	323.0	367.9	(8.8)	-	(4.5)	113.4	791.0	843.4	1,634.4
<i>Total comprehensive income for the year</i>									
Net surplus for the year	-	-	-	-	-	29.0	29.0	66.0	95.0
<i>Other comprehensive income, after tax</i>									
Differences arising on translation of foreign operations	-	-	(35.3)	-	-	4.2	(31.1)	-	(31.1)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	7.8	-	7.8	12.3	20.1
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	6.2	-	6.2	-	6.2
Net change in fair value of property, plant & equipment recognised in equity	-	17.3	-	-	-	-	17.3	2.6	19.9
Net change in fair value of available-for-sale financial assets	-	-	-	79.4	-	-	79.4	-	79.4
Movement of available-for-sale financial assets transferred to profit or loss	-	-	-	(79.4)	-	-	(79.4)	-	(79.4)
Total other comprehensive income	-	17.3	(35.3)	-	14.0	4.2	0.2	14.9	15.1
Total comprehensive income for the year	-	17.3	(35.3)	-	14.0	33.2	29.2	80.9	110.1
<i>Contributions by non-controlling interest</i>									
Outside equity interest arising on establishment of subsidiary	-	-	-	-	-	-	-	5.1	5.1
Total contributions by non-controlling interest	-	-	-	-	-	-	-	5.1	5.1
<i>Contributions by and distributions to owners</i>									
Warrants exercised and partly paid	86.6	-	-	-	-	-	86.6	-	86.6
Shares issued from underwrite of IFTWB warrant exercise	11.6	-	-	-	-	-	11.6	-	11.6
Rights issue proceeds from partly paid shares	-	-	-	-	-	-	-	-	-
Less share buyback	(1.5)	-	-	-	-	-	(1.5)	-	(1.5)
Dividends to equity holders	-	-	-	-	-	(36.2)	(36.2)	(78.8)	(115.0)
Total contributions by and distributions to owners	96.7	-	-	-	-	(36.2)	60.5	(78.8)	(18.3)
Balance at 31 March 2010	419.7	385.2	(44.1)	-	9.5	110.4	880.7	850.6	1,731.3

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For The Year Ended 31 March 2010

Attributable to equity holders of the Group and Company

Consolidated	Capital \$Millions	Revaluation reserve \$Millions	Foreign currency translation reserve \$Millions	Fair value reserve \$Millions	Hedge/ other reserve \$Millions	Retained earnings \$Millions	Total \$Millions	Non- controlling \$Millions	Total equity \$Millions
Balance as at 1 April 2008	257.4	251.7	(20.7)	(94.1)	9.7	329.3	733.3	737.1	1,470.4
Total comprehensive income for the year									
Net surplus/(loss) for the year	-	-	-	-	-	(191.0)	(191.0)	62.6	(128.4)
Other comprehensive income, after tax									
Differences arising on translation of foreign operations	-	-	11.9	-	-	-	11.9	2.2	14.1
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	6.5	-	6.5	(6.9)	(0.4)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	-	-	(15.5)	-	(15.5)	-	(15.5)
Net change in fair value of property, plant & equipment recognised in equity	-	116.2	-	-	(5.2)	6.4	117.4	119.1	236.5
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	-	-	-	-
Movement of available-for-sale financial assets transferred to profit or loss	-	-	-	94.1	-	-	94.1	-	94.1
Total other comprehensive income	-	116.2	11.9	94.1	(14.2)	6.4	214.4	114.4	328.8
Total comprehensive income for the year	-	116.2	11.9	94.1	(14.2)	(184.6)	23.4	177.0	200.4
Contributions by non-controlling interest									
Outside equity interest arising on establishment of subsidiary	-	-	-	-	-	-	-	2.1	2.1
Total contributions by non-controlling interest	-	-	-	-	-	-	-	2.1	2.1
Contributions by and distributions to owners									
Warrants exercised and partly paid	2.5	-	-	-	-	-	2.5	-	2.5
Shares issued from underwrite of IFTWB warrant exercise	-	-	-	-	-	-	-	-	-
Rights issue proceeds from partly paid shares	88.0	-	-	-	-	-	88.0	-	88.0
Less share buyback	(24.9)	-	-	-	-	-	(24.9)	(1.6)	(26.5)
Dividends to equity holders	-	-	-	-	-	(31.3)	(31.3)	(71.2)	(102.5)
Total contributions by and distributions to owners	65.6	-	-	-	-	(31.3)	34.3	(72.8)	(38.5)
Balance at 31 March 2009	323.0	367.9	(8.8)	-	(4.5)	113.4	791.0	843.4	1,634.4

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For The Year Ended 31 March 2010

Attributable to equity holders of the Company

Parent	Capital \$Millions	Revaluation reserve \$Millions	Foreign currency translation reserve \$Millions	Fair value reserve \$Millions	Hedge/ other reserve \$Millions	Retained earnings \$Millions	Total \$Millions	Non- controlling \$Millions	Total equity \$Millions
Balance as at 1 April 2009	315.8	-	-	-	0.1	107.5	423.4	-	423.4
Net surplus/(loss) for the year	-	-	-	-	-	82.8	82.8	-	82.8
Total comprehensive income for the year	-	-	-	-	-	82.8	82.8	-	82.8
Contributions by and distributions to owners									
Warrants exercised and partly paid	86.6	-	-	-	-	-	86.6	-	86.6
Shares issued from underwrite of IFTWB exercise	11.6	-	-	-	-	-	11.6	-	11.6
Rights issue proceeds from partly paid shares	-	-	-	-	-	-	-	-	-
Less share buyback	(1.5)	-	-	-	-	-	(1.5)	-	(1.5)
Dividends to equity holders	-	-	-	-	-	(36.2)	(36.2)	-	(36.2)
Total contributions by and distributions to owners	96.7	-	-	-	-	(36.2)	60.5	-	60.5
Balance at 31 March 2010	412.5	-	-	-	0.1	154.1	566.7	-	566.7
Balance as at 1 April 2008	250.2	-	-	-	-	119.0	369.2	-	369.2
Net surplus/(loss) for the year	-	-	-	-	-	19.8	19.8	-	19.8
Fair value gains	-	-	-	-	0.1	-	0.1	-	0.1
Total comprehensive income for the year	-	-	-	-	0.1	19.8	19.9	-	19.9
Contributions by and distributions to owners									
Warrants exercised and partly paid	2.5	-	-	-	-	-	2.5	-	2.5
Shares issued from underwrite of IFTWB exercise	-	-	-	-	-	-	-	-	-
Rights issue proceeds from partly paid shares	88.0	-	-	-	-	-	88.0	-	88.0
Less share buyback	(24.9)	-	-	-	-	-	(24.9)	-	(24.9)
Dividends to equity holders	-	-	-	-	-	(31.3)	(31.3)	-	(31.3)
Total contributions by and distributions to owners	65.6	-	-	-	-	(31.3)	34.3	-	34.3
Balance at 31 March 2009	315.8	-	-	-	0.1	107.5	423.4	-	423.4

The accompanying notes form part of these financial statements.

Notes To The Financial Statements

For The Year Ended 31 March 2010

(1) ACCOUNTING POLICIES

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

The financial statements comprise statements of the following: comprehensive income; financial position; changes in equity; cash flows; significant accounting policies; and the notes to those statements are contained on pages 47 to 74 of this report. The financial statements are prepared on the basis of historical cost, except certain property, plant and equipment is valued in accordance with accounting policy (C), investment properties are valued in accordance with accounting policy (D), investments are valued in accordance with accounting policy (F), and financial derivatives are valued in accordance with accounting policy (L).

(A) Basis of preparation

Accounting estimates and judgements

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

Valuation of property, plant and equipment

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

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

Valuation of investments

Management performs an assessment of the carrying value of investments at least annually and considers objective evidence for impairment on each investment taking into account observable data on the investment, the fair value, the status or context of capital markets, its own view of investment value, and its long term intentions. Infratil notes the following matters which are specifically considered in terms of objective evidence of impairment of its investments, and of whether there is a

significant or prolonged decline from cost, which should be recorded as an impairment, and taken to profit and loss: any known loss events that have occurred since the initial recognition date of the investments, including evidence of significant adverse technological, market, economic or legal change; its investment horizon and average holding periods for investments, specific initiatives which reflect the strategic or influential nature of its existing investment position and internal valuations; and the state of financial markets. The assessment also requires management to make judgements about the expected future performance and cash flows of the investee.

Accounting for income taxes

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

Goodwill

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

Derivatives

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

Revenue

Management has exercised judgement in determining estimated sales for unbilled revenues at balance date. Specifically, this involves estimates of consumption or sales to customers, turnover for turnover based rents and customer/passenger volumes.

Provision for doubtful debts

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

(B) Basis of preparing consolidated financial statements

Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the Company (the parent entity) and its subsidiaries as defined in NZ IAS-27 'Consolidated and Separate Financial Statements' and equity accounted associates. A list of subsidiaries and associates is shown in note 22. Consistent accounting policies are employed in the preparation and presentation of the Group financial statements. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after remeasurement, the fair values of the identifiable net assets acquired exceeds the costs of acquisition, the deficiency is

Notes to the Financial Statements

For the Year Ended 31 March 2010

credited to profit and loss in the period of acquisition. Intra-group balances and any unrealised income or expenses arising from intra-group transactions are eliminated in preparing the Group financial statements.

Subsidiaries

Subsidiaries are all entities over which the Group has control, that is, the power to govern the financial and operating policies to derive benefits generally accompanying a shareholding of more than one half of the voting rights. The financial statements of subsidiaries are included in the Group financial statements using the purchase method of consolidation.

Associates

Associates are entities in which the Group has significant influence, but not control, over the operating and financial policies. The Group financial statements include the Group's share of the net surplus of associates on an equity accounted basis.

Acquisition during the year

Where an entity becomes part of the Group during the year, the results of the entity are included in the Group results from the date that control or significant influence commenced.

Goodwill arising on acquisition

Goodwill arising on acquisition is allocated to cash-generating units and is not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. In respect of acquisitions prior to 1 April 2006 (the entity's date of transition to IFRS) goodwill is included on the basis of the amount recorded under New Zealand's previous GAAP on transition.

(C) Property, plant and equipment

Property, plant and equipment (PPE) is recorded at cost less accumulated depreciation (or fair value on acquisition), or valuation with valuations undertaken on a systematic basis with no individual asset included at a valuation undertaken more than five years previously. PPE that is revalued, is revalued to its fair value determined by independent valuation, in accordance with NZ IAS 16 'Property, Plant and Equipment'.

Where the assets are of a specialised nature and do not have observable market values in their existing use, depreciated replacement cost is used as the basis of the valuation, as required by NZ IAS 16. Depreciated replacement cost measures net current value as the most efficient, lowest cost which would replace existing assets and offer the same amount of utility in their present use. For non-specialised assets where there is no observable market an income based approach is used.

Land, buildings, leasehold improvements and civil works are generally measured at fair value. Fair value is determined on the basis of periodic independent valuation prepared by valuation experts. The fair values are recognised in the financial statements of the Group, and are reviewed at the end of each reporting period to ensure that the carrying value is not materially different from their fair values. If any material changes in fair value are identified, valuations are performed on a more frequent basis.

Any revaluation increase arising on the revaluation of PPE is credited to the asset revaluation reserve, except to the extent that it reverses a valuation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to the profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising from the revaluation of PPE is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset. Depreciation on revalued PPE is charged to profit or loss. On subsequent sale or retirement of a revalued PPE, the attributable revaluation surplus remaining in the asset revaluation reserve, net of any related deferred taxes, is transferred directly to retained earnings.

Renewable and Non-renewable Generation assets are shown at fair value, based on periodic valuations by independent external valuers, less subsequent depreciation. Any accumulated depreciation at the date of the revaluation is eliminated against

the gross carrying value of the asset, and the net amount is restated to the revalued amount of the asset.

At commencement of the lease term, finance leases are recognised in the statement of financial position at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Subsequently they are stated at cost less accumulated depreciation and impairment.

Cost includes expenditure that is directly attributable to the acquisition of the item including, the cost of all materials, direct labour, resource management consent costs, and an appropriate portion of variable and fixed overheads. Financing costs during the period of construction are capitalised at the interest rate on the financing most closely related to the financing of the asset, where these meet certain time and monetary materiality limits. Costs cease to be capitalised as soon as the asset is ready for productive use. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

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

Buildings and civil works	5-80
Vehicles, plant and equipment	3-20
Renewable generation	12-200
Non-renewable generation assets	30-75
Metering equipment	20
Land - not depreciated	

Other individual assets' remaining useful lives and residual values are assessed during the revaluation process where revalued, or at the reporting date and depreciation is calculated on a basis consistent with those parameters.

(D) Investment property

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

(E) Receivables

Receivables, classified as loans and receivables, are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect the amount due. The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

(F) Investments

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

(G) Other intangible assets***Leasehold intangible assets***

Leasehold intangible assets acquired by the Group are stated at fair value, less accumulated amortisation and any impairment losses. Fair value is calculated with reference to the future estimated present values of cash flows arising from those leases. Amortisation is charged to the profit or loss over the period relating to the remaining lease tenures in proportion to the expiry profile of the leases, of between one and 20 years. Impairment testing is required when there is an indication of impairment.

Intangible customer base assets

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

Computer software

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

(H) Non-current assets held for sale

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

(I) Inventory

Inventory is stated at the lower of cost or net realisable value. The cost of inventories is based on the first-in-first-out principle. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

(J) Leases

Assets acquired under finance leases are capitalised at the lower of fair value or present value of the minimum lease payments, with the corresponding recognition of finance lease liabilities. Operating lease rentals are charged to the profit or loss on a straight line basis over the period of the lease. Lease incentives received are recognised in the profit or loss as an integral part of the total lease expense and spread over the lease term.

(K) Taxation

Income tax comprises both current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognised in respect of the differences between the carrying amounts of assets and liabilities for financial reporting purposes and the carrying amounts used for taxation purposes. The following temporary differences are not provided for: goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Deferred tax is recognised as an expense or income in the profit or loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill.

(L) Derivative financial instruments

The Group is a party to derivative financial instruments as part of its day to day operating activities. When appropriate, it enters into agreements to manage its interest rate, foreign exchange, operating and investment risks.

In accordance with the Group's risk management policies, the Group does not hold or issue derivative financial instruments for speculative purposes. However, certain derivatives do not qualify for hedge accounting and are required to be accounted for at fair value through profit or loss. Derivative financial instruments are recognised initially at fair value at the date they are entered into. Subsequent to initial recognition, derivative financial instruments are stated at fair value at each balance sheet date. The resulting gain or loss is recognised in the profit or loss immediately unless the derivative is designated effective as a hedging instrument, in which event, recognition of any resultant gain or loss depends on the nature of the hedging relationship. The Group identifies certain derivatives as hedges of highly probable forecast transactions to the extent the hedge meets the hedge designation tests. The fair value of derivative financial instruments is classified as a non-current asset or a non-current liability if the remaining maturity of the derivative instrument is more than 12 months and as a current asset or current liability if the remaining maturity of the derivative is less than 12 months. Counterparties to derivative financial instruments are generally major financial institutions and energy companies. The Group has a formal credit approval process based on the expected credit worthiness of counterparties and does not generally request security to support derivative financial instruments entered into.

Hedge accounting

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

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts deferred in equity are recognised in profit or loss in the periods when the hedged item is recognised in profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

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

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a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

Net investment hedge

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

(M) Foreign currency transactions

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

Foreign subsidiaries

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

(N) Goods & Services Tax ("GST") and Value Added Tax ("VAT")

The financial statements have been prepared on a GST/VAT exclusive basis (as applicable) except billed receivables and payables which include GST/VAT (as applicable).

(O) Impairment of assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. Impairment losses are recognised in profit or loss, except for revalued property, plant and equipment assets (refer note C).

(P) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, incentive entitlements, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably. Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal

values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

Infratil Share Schemes and share based payments

Infratil has established the Infratil Executive Redeemable Share Scheme and Staff Share Purchase Scheme (together 'the schemes') as defined in the individual Trust Deeds for each scheme. The Schemes are administered by a trustee, Infratil Trustee Company Limited (the Schemes exclude staff and directors of the manager H.R.L Morrison & Co Limited and directors of Infratil).

Under the Infratil Executive Redeemable Share Scheme the fair value of the employee services received in exchange for the grant of the shares are recognised as an expense, with a corresponding increase in equity, over the vesting period during which employees become unconditionally entitled to the shares. The fair value is measured at grant date by reference to the fair value of the equity instruments granted, taking into account market performance conditions, measured using monte carlo simulation techniques. Non-market vesting conditions are included in the assumptions about the number of shares that are expected to become exercisable. At each balance sheet date, Infratil revises the amount to be recognised as an expense to reflect the expected entitlement from the executive share scheme.

The Staff Share Purchase Scheme was designed to allow certain employees of the Group participating in the Scheme to purchase shares in Infratil Limited at a discount to market price and using interest free loans as required by section DC12 of the Income Tax Act 2007. Under the Staff Share Purchase Scheme, Infratil shares are acquired by participants and held by the Trustee on trust for the participating employees until the applicable restrictive period and conditions have been met.

(Q) Revenue recognition

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

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

(R) Borrowings

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

(S) Cash and cash equivalents

Comprise cash on hand, cash at banks, financial institutions and investments in money market instruments, excluding outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

(T) Financial instruments issued by the Group

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

(U) Provisions

A provision is recognised in the Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(V) Financial guarantees

Where the Company or a Group company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, these are treated as insurance arrangements, and accounted for as such. In this respect, the guarantee is treated as a contingent liability until such time as it becomes probable that the Group entity will be required to make a payment under the guarantee.

(W) Emission rights

The Group receives tradable emission rights from specific energy production levels of certain renewable generation facilities. The future revenue arising from the sale of these emission rights may be a key matter in deciding whether to proceed with construction of the generation facility and is considered to be part of the value of the generation assets recorded in the Statement of Financial Position. Proceeds received on the sale of emission rights are recorded as deferred income in the Statement of Financial Position until the committed energy production levels pertaining to the emission rights sold has been generated.

Emission rights produced are recognised in the Statement of Financial Position if the right has been verified, it is probable that expected future economic benefits will flow to the Group, and the rights can be measured reliably. Emission rights are initially measured at cost. After initial recognition, the emission rights are carried at fair value with any changes taken to profit and loss. Fair value is determined by reference to an active market. If the emission rights cannot be revalued because there is no active market, the emission rights are carried at cost less any subsequent impairment losses.

(X) Segment reporting

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

As at 31 March 2010, the Group is organised into six main business segments:

TrustPower, Wellington Airport, NZ Bus, Infratil Energy Australia, Infratil Airports Europe and Other.

(Y) Earnings per share

Earnings per share is calculated by dividing the operating surplus attributable to the shareholders by the weighted average number of ordinary shares on issue during the period, on a basic and fully diluted basis.

(Z) Adoption status of relevant new financial reporting standards and interpretations

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 April 2009.

- NZ IAS 1 (revised), Presentation of financial statements. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown the Statement of Comprehensive Income.
- NZ IFRS 8, Operating segments. NZ IFRS 8 replaces NZ IAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in the following presentation of segments: TrustPower, Wellington Airport, Infratil Airports Europe, NZ Bus, Infratil Energy Australia and Other. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors, which includes the Chief Executive of Infratil.

- NZ IFRS 7, Financial Instruments. Disclosures (amendment). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 April 2009, but are either not currently relevant for the Group or do not result in material accounting and/or disclosure changes:

- NZ IAS 23 (amendment), Borrowing costs
- NZ IFRS 2 (amendment), Share-based payment
- NZ IAS 32 (amendment), Financial instruments: Disclosure and presentation
- NZ IFRIC 13, Customer loyalty programmes
- NZ IFRIC 15, Agreements for the construction of real estate
- NZ IFRIC 16, Hedges of a net investment in a foreign operation
- NZ IAS 39 (amendment), Financial instruments: Recognition and measurement

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 April 2009 and have not been early adopted:

- NZ IFRS 3 (revised), Business combinations and consequential amendments to NZ IAS 27, Consolidated and separate financial statements, NZ IAS 28, Investments in associates and NZ IAS 31, Interests in joint ventures, effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. This is not currently applicable to the Group
- NZ IFRIC 17, Distributions of non-cash assets to owners, effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group
- NZ IFRIC 18, Transfers of assets from customers, effective for transfers of assets received on or after 1 July 2009. This is not currently applicable to the Group
- IFRS 5 Non-current assets held for sale and discontinued operations (effective for annual periods beginning on or after 1 January 2010. This is not currently applicable to the group).
- IFRS 9 Financial Instruments: Classification and measurement (effective for annual periods beginning on or after 1 January 2013. This is not currently applicable to the group).
- NZ IAS 24 Related party disclosures (effective for annual periods beginning on or after 1 July 2011. This is not currently applicable to the group).
- IAS 38 Intangible assets (effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the group).

(2) DISCONTINUED OPERATIONS

There were no discontinued operations in the current year, or in the prior year.

(3) NATURE OF BUSINESS

The Group owns infrastructure businesses and investments in the United Kingdom, Australia and New Zealand, and owns and operates predominantly infrastructure and utility businesses. The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 97 The Terrace, Wellington, New Zealand.

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(4) BUSINESS DISPOSALS

In April 2009 the Group sold its interest in the Fullers Ferry business for \$40.0 million. In April 2009 the Group sold three commercial properties for a gross sale price of \$23.1 million, with settlement completed in May 2009. The properties in Wiri, Glenfield and Swanson, Auckland were long term operational bus depots for New Zealand Bus. New Zealand Bus, an Infratil subsidiary, has 15 year leases in place for the three properties and the sale price reflected a blended yield of approximately 8.6% on current market rentals. The assets and liabilities relating to this transaction were part of the Other and New Zealand segments.

	2010 \$Millions NZ Bus	2010 \$Millions IFT Property	2009 \$Millions NZ Bus	2009 \$Millions IFT Property
Assets of disposal group classified as held for sale				
Property, plant and equipment	-	-	20.9	19.1
Inventory	-	-	1.9	-
Goodwill	-	-	4.3	-
Other current assets	-	-	1.5	-
Total held for sale assets	-	-	28.6	19.1
Liabilities of disposal group classified as held for sale				
Trade and other payables	-	-	1.1	-
Other current liabilities	-	-	2.7	-
Total held for sale liabilities	-	-	3.8	-

(5) REVENUE

	Consolidated		Parent	
	2010 \$Millions	2009 \$Millions	2010 \$Millions	2009 \$Millions
Trading/operating revenue	1,828.9	1,723.5	-	-
Dividends	6.8	9.6	36.0	1.1
Grant income	0.2	0.7	-	-
Inter-company charges	-	-	17.7	11.4
	1,835.9	1,733.8	53.7	12.5
Investment realisations and revaluations	127.0	18.4	0.2	-
Change in fair value of investment properties	(0.1)	(7.5)	-	-
Investment transaction costs expensed	(2.6)	(0.4)	(2.6)	(0.4)
Impairment of investments	-	(178.5)	-	-
Impairment of property, plant and equipment	(34.4)	(10.4)	-	-
Impairment of goodwill and other intangibles	(6.1)	(1.0)	-	-
	83.8	(179.4)	(2.4)	(0.4)

Investment realisations and revaluations

During the year the Group disposed of investments in Fullers Ferries, certain property assets, Lübeck Airport, Auckland International Airport and Energy Developments resulting in realisation gains of \$127 million.

Impairment of property, plant and equipment

Airport assets are typically revalued at least every five years by independent valuers, with impairment considered at each balance date. The financial performance of Glasgow Prestwick Airport has deteriorated against expectations for the current year, with the Scottish economy remaining in recession and current year passenger and freight performance down significantly compared to the prior year. An updated independent valuation of Glasgow Prestwick as at 31 March 2010 has been obtained and as a result the value of the assets have been impaired by \$34.4 million.

Impairment of goodwill and other intangibles

The impairment of software intangible assets relates to the partial abandonment of a project to replace billing software.

(6) OTHER OPERATING EXPENSES

	2010 \$Millions	2009 \$Millions	2010 \$Millions	2009 \$Millions
<i>Fees paid to group auditors</i>				
Audit fees	0.7	0.7	0.1	0.2
Other assurance services	-	0.1	-	-
Taxation and other services	0.5	0.9	0.1	0.3
Audit fees paid to other auditors	0.3	0.3	-	-
Bad debts written off	11.3	6.6	-	-
Increase in provision for doubtful debts	13.0	2.3	-	-
Directors' fees	2.4	2.3	0.5	0.5
Administration and other	4.2	6.0	4.1	4.0
Management fee (to related party "MCIM")	16.5	18.7	13.0	15.5
<i>Trading operations</i>				
Energy and wholesale costs	520.3	449.7	-	-
Line, distribution and network costs	446.1	382.5	-	-
Other energy business costs	96.8	101.7	-	-
Other transportation business costs	77.8	91.6	-	-
Other airport business costs	85.1	92.4	-	-
Total other operating expenses	1,275.0	1,155.8	17.8	20.5

Other assurance services include services for the audit or review of financial information other than financial statements.

(7) GOVERNMENT GRANTS

Capital based government grants of \$4.5 million (2009 \$5.6 million) are included within accounts payable, accrual and other liabilities in the Statement of Financial Position and credited to operating profit over the useful economic lives of the assets to which they relate. Other grants are credited to the profit and loss account when received.

(8) INTEREST-BEARING LOANS AND BORROWINGS

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

For more information about the Group's exposure to interest rate and foreign currency risk, see note 18.

	Consolidated		Parent	
	2010 \$Millions	2009 \$Millions	2010 \$Millions	2009 \$Millions
<i>Current liabilities</i>				
Unsecured bank loans	223.6	159.1	-	-
Secured bank facilities	78.4	-	-	-
	302.0	159.1	-	-
<i>Non-current liabilities</i>				
Unsecured bank loans	190.5	819.4	-	-
Secured bank facilities	-	1.2	-	-
Redeemable preference shares - secured	140.0	140.0	-	-
	330.5	960.6	-	-
<i>Facilities utilised at reporting date</i>				
Unsecured bank loans	414.1	978.5	-	-
Unsecured guarantees	45.3	34.2	-	-
Secured bank loans	78.4	1.2	-	-
Secured guarantees	6.1	4.4	-	-
Redeemable preference shares - secured	140.0	140.0	-	-
<i>Facilities not utilised at reporting date</i>				
Unsecured bank loans	882.4	457.9	-	-
Secured bank loans	18.3	91.2	-	-
Unsecured bank guarantees	2.5	2.2	-	-

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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.

At year end the Group had unsecured bank debt and guarantee facilities of \$1,344.3 million (2009: \$1,472.8 million), redeemable preference shares (RPS) of \$140 million (2009: \$140 million) and secured bank and guarantee debt facilities of \$102.8 million (2009: \$96.8 million).

The secured and unsecured debt facilities are able to be drawn-down as required subject to the borrower being in compliance with undertakings in respect of those facilities. Interest rates are determined by reference to prevailing money market rates at the time of draw-down plus a margin. Interest rates paid during the year ranged from 2.7% to 5.7% (2009: 3.2% to 9.7%).

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

The Group has issued redeemable preference shares (RPS) which have a fixed interest rate of 7.93% (2009: 8.05%), and which mature in August 2013. The RPS are secured by a specific charge over 48.5 million TrustPower shares held by a subsidiary company and a general security charge over the other assets of that subsidiary company.

A subsidiary company has entered into a fully defeased cross border lease in relation to generation assets with a book value of \$65.5 million (2009: \$65.5 million). The lease liability is not recognised in these financial statements as all obligations have been prepaid to the respective lessors. This lease creates restrictions on the disposal of the asset unless the subsidiary company holding the assets is part of the disposal. The lease expires in January 2018 and is subject to a potential termination payment, up to a maximum value of \$4.9 million (2009 \$5.4 million), in the event that the subsidiary wishes to terminate the lease.

(9) INVENTORIES

	Consolidated		Parent	
	2010 \$Millions	2009 \$Millions	2010 \$Millions	2009 \$Millions
Raw materials and consumables	3.1	3.8	-	-
Finished goods/trading products	12.2	11.6	-	-
Total	15.3	15.4	-	-

(10) CASH AND CASH EQUIVALENTS

	Consolidated		Parent	
	2010 \$Millions	2009 \$Millions	2010 \$Millions	2009 \$Millions
Call deposits	100.5	230.0	-	1.8
Cash deposits held as security for retail energy market contracts & RPS	80.4	21.1	-	-
Total	180.9	251.1	-	1.8

The Group conducts some of its electricity wholesale price hedging via the Sydney Futures Exchange and is required to maintain cash balances with its brokers, which contains payments for initial margin and variation margins. These accounts represent the Group's cash transactions with its brokers, and therefore the balance of these accounts is included in Cash and cash equivalents. \$80.4 million (2009: \$21.1 million) is "restricted" as it is not immediately available for use by the Group.

(11) INFRATIL SHARES AND WARRANTS

Ordinary shares (fully paid)

	Consolidated & Parent	
	2010	2009
Total issued capital at the beginning of the year	520,211,418	531,416,545
<i>Movements in issued and fully paid ordinary shares during the year</i>		
Warrants exercised	40,531,919	1,539,244
Share placement – IFTWB underwrite	7,811,769	-
Share buyback	(900,000)	(12,744,371)
Total issued capital at the end of the year	567,655,106	520,211,418

All fully paid ordinary shares have equal voting rights and share equally in dividends and equity. All authorised shares are issued and have no par value. There are 38,086,925 (2009: 84,398,343) and 52,825,458 (2009: 52,825,848) Infratil warrants on issue, referred to as IFTWBs and IFTWCs respectively. During the year 40,531,529 IFTWBs were converted to ordinary shares and 38,372,405 IFTWBs were partly paid to \$0.55 with the remaining instalment amount of \$1.12 to be paid on or before 21 May 2010. As part of IFTWB conversion, 5,779,889 warrants were not exercised and 7,811,769 shares were placed as part of the IFTWB series warrant underwrite and fully paid. 390 IFTWCs were converted to ordinary shares during the year (2009: 1,000).

Each Infratil warrant held entitles the holder to acquire a further share in the Company at a price of \$1.12 (IFTWBs) and \$4.15 (IFTWCs) on, or before, 21 May 2010 (IFTWBs) and on, or before, 29 June 2012 (IFTWCs) respectively.

Consolidated & Parent

Executive redeemable shares	2010	2009
Balance at the beginning of the year	293,500	-
Shares Issued	339,000	293,500
Balance at end of year	632,500	293,500

Pursuant to Infratil Limited's Executive Share Scheme, the Company issued on 3 November 2009 a further 339,000 (2009: 293,500) executive redeemable shares at an issue price per share of \$1.6236 (2009: \$2.0395), paid up to 1 cent per share. Redeemable shares may be issued annually to certain executives of the Company and its subsidiaries in accordance with the terms of the Infratil Executive Share Trust Deed, dated 22 August 2008. The Executive Redeemable Shares may be redeemed for ordinary shares on the payment of the unpaid issue price in accordance with the terms of issue under the Infratil Executive Share Scheme Trust Deed. The Executive Redeemable Shares have no entitlements to dividends or voting rights.

(12) INTANGIBLE ASSETS

Consolidated

Carrying amounts	Goodwill \$Millions	Other Intangible Assets \$Millions	Total \$Millions
At 1 April 2009	246.3	72.7	319.0
At 31 March 2010	242.0	67.1	309.1
At 1 April 2008	246.0	63.8	309.8
At 31 March 2009	246.3	72.7	319.0

Consolidated

	2010 \$Millions	2009 \$Millions
Goodwill		
Balance at beginning of the year	247.9	246.8
Arising on acquisition of subsidiaries	(0.3)	-
Transfer to assets held for sale	(4.0)	(4.3)
Arising on acquisition of non-controlling interest in subsidiaries	-	5.4
Balance at the end of the year	243.6	247.9
Impairment losses		
Balance at beginning of the year	(1.6)	(0.8)
Impairment	-	(0.8)
Balance at the end of the year	(1.6)	(1.6)
Total goodwill	242.0	246.3
Other intangible assets – lease agreements / software		
Balance at beginning of the year	85.3	68.4
FX adjustment on opening balance	(0.2)	0.4
Arising on acquisition of subsidiary companies	-	0.1
Additions at cost	13.8	16.4
Balance at the end of the year	98.9	85.3
Other intangible assets – Customer acquisition costs		
Balance at beginning of the year	26.0	14.1
FX adjustment on opening balance	0.3	-
Additions	10.6	11.9
Balance at the end of the year	36.9	26.0
Amortisation and impairment losses		
Balance at beginning of the year	(38.6)	(18.7)
Amortisation for the year	(24.5)	(19.4)
Impairment loss	(6.1)	(0.2)
FX adjustment	0.5	(0.3)
Balance at the end of the year	(68.7)	(38.6)
Total other intangible assets	67.1	72.7
Total intangible assets	309.1	319.0

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

The following units have significant carrying amounts of goodwill

	2010 \$Millions	2009 \$Millions
NZ Bus	55.2	59.2
TrustPower	108.9	108.9
Victoria Electricity	66.2	66.5
Units with insignificant goodwill	11.7	11.7
	242.0	246.3

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

Goodwill amounts have been reviewed in the year and there are no impairments in the current year (2009: \$0.8 million).

NZ Bus assessment of recoverable amount of goodwill is based on value in use calculations. Those calculations use five year cash flow projections taking into account actual operating results, current business plans, budgets and forecasts for the business and include passenger, fare, subsidy, operating costs and capital expenditure assumptions. The key assumptions are revenue growth of between 3-4% per annum, operating cost growth of 2% per annum, a pre-tax discount rate of 12% (2009: 13%) and a growth rate of 2% (2009: 2%) applied to the terminal value has been used in discounting the projected cash flows.

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

Victoria Electricity (VEL) assessment of the recoverable amount of goodwill is based on value in use calculations which have been determined by reference to cash flow projections taking into account actual operating results, current business plans and forecasts and include customer, tariff, energy, operating cost and churn assumptions based on five year projections. The key assumptions are customer growth of 11% per annum for 4 years, then nil growth thereafter, margin growth and operating costs growth in line with CPI and a pre-tax discount rate of 13%.

(13) ACQUISITION OF SUBSIDIARIES

There were no acquisitions of subsidiary companies in either the current year or prior year.

(14) INVESTMENTS

	Consolidated	
	2010 \$Millions	2009 \$Millions
<i>Current investments</i>		
Investments in other companies (classified as fair value through the profit and loss)	-	56.3
Total current investments	-	56.3
<i>Non-current investments</i>		
Investment in associates	2.2	0.5
Investments in other companies (classified as available-for-sale)	7.5	161.9
Total non-current investments	9.7	162.4
Total investments	9.7	218.7

Investments classified as fair value through profit or loss

Investments classified as fair value through the profit and loss in 2009 related to Flughafen Lübeck. On 30 October 2009 Infratil exercised its put option and ownership was transferred back to the City of Lübeck.

	Consolidated			
	Carrying value		Change in value	
	2010 \$Millions	2009 \$Millions	2010 \$Millions	2009 \$Millions
Available for sale investments and associates				
Auckland International Airport Limited	-	81.1	6.2	(25.0)
Energy Developments Limited	-	73.3	94.6	(54.4)
Other investments	9.7	8.0	-	(5.0)
	9.7	162.4	100.8	(84.4)
Gain/(impairment) to profit or loss			100.8	(178.5)
Fair value reserve movement			-	94.1

The change in value shown above is due to the market movement in prices for these investments, inclusive of additions.

Energy Developments Limited (EDL)

On 8 January 2010 Infratil sold its stake in EDL (2009: 31.6%) for \$175.1 million. In the prior year this investment was not equity accounted.

Auckland International Airport Limited (AIA)

On 10 November 2009 Infratil sold its 3.87% (47.4 million shares) investment in Auckland International Airport Limited for \$87.3 million.

(15) TAXATION

	Consolidated		Parent	
	2010 \$Millions	2009 \$Millions	2010 \$Millions	2009 \$Millions
Net surplus/(loss) before taxation	106.3	(93.8)	82.8	19.8
Taxation on the surplus/(loss) for the year	31.9	(28.1)	24.8	5.9
<i>Plus/(less) taxation adjustments:</i>				
Effect of tax rates in foreign jurisdictions	1.0	0.5	-	-
Net benefit of imputation credits	(0.7)	(1.1)	-	-
Exempt dividends	(1.3)	-	(10.8)	(0.3)
Tax losses not recognised/(utilised)	13.3	5.5	(14.4)	(5.8)
Temporary differences not recognised	0.1	0.1	0.1	0.2
Under/(over) provision in prior years	0.4	0.6	-	-
Net investments realisations/impairment	(30.4)	56.4	-	-
Other permanent differences	(3.0)	0.7	0.3	-
Taxation expense	11.3	34.6	-	-
Current taxation	31.1	46.9	-	-
Deferred taxation	(19.8)	(12.3)	-	-
	11.3	34.6	-	-

Income tax recognised in other comprehensive income

	31 March 2010			31 March 2009		
	Before tax \$Millions	Tax (expense) /benefit \$Millions	Net of tax \$Millions	Before tax \$Millions	Tax (expense) /benefit \$Millions	Net of tax \$Millions
Differences arising on translation of foreign operations	(35.5)	4.4	(31.1)	10.5	3.6	14.1
Effective portion of changes in fair value of cash flow hedges	15.0	5.1	20.1	(10.4)	10.0	(0.4)
Net change in fair value of cash flow hedges transferred to profit or loss	6.2	-	6.2	(15.5)	-	(15.5)
Net change in fair value of property, plant & equipment recognised in equity	22.0	(2.1)	19.9	304.5	(68.0)	236.5
Net change in fair value of available-for-sale financial assets	79.4	-	79.4	-	-	-
Movement of available-for-sale financial assets transferred to profit and loss	(79.4)	-	(79.4)	94.1	-	94.1
Balance at the end of the year	7.7	7.4	15.1	383.2	(54.4)	328.8

Deferred Tax

Deferred tax assets and liabilities are offset on the Statement of Financial Position where they relate to entities within a Consolidated Income Tax Group.

	Consolidated		Parent	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
Balance at the beginning of the year	(366.7)	(324.6)	-	-
Charge for the year	19.8	12.3	-	-
Deferred tax recognised in equity	7.0	5.9	-	-
Effect of change in deferred tax rate	-	-	-	-
Revaluation of assets	(4.0)	(60.0)	-	-
Effect of movements in exchange rates	4.4	(0.3)	-	-
Balance at the end of the year	(339.5)	(366.7)	-	-

Deferred tax relating to tax losses carried forward not recognised amount to \$10.9 million (2009: \$11.8 million).

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For the Year Ended 31 March 2010

Recognised deferred tax assets and liabilities	Assets		CONSOLIDATED Liabilities		Net	
	2010 \$Millions	2009 \$Millions	2010 \$Millions	2009 \$Millions	2010 \$Millions	2009 \$Millions
Property, plant and equipment	2.7	2.1	(374.6)	(375.5)	(371.9)	(373.4)
Investment property	-	-	(8.2)	(11.5)	(8.2)	(11.5)
Financial assets at fair value through profit or loss	38.3	13.0	(15.5)	(5.0)	22.8	8.0
Employee benefits	4.0	3.2	-	-	4.0	3.2
Available-for-sale financial assets	-	-	-	-	-	-
Customer base assets	-	-	(11.5)	(9.3)	(11.5)	(9.3)
Provisions	3.0	3.2	-	-	3.0	3.2
Other items	22.8	13.1	(0.5)	-	22.3	13.1
Net tax assets/(liabilities)	70.8	34.6	(410.3)	(401.3)	(339.5)	(366.7)

Changes in temporary differences affecting	Tax Expense		CONSOLIDATED Reserves	
	2010 \$Millions	2009 \$Millions	2010 \$Millions	2009 \$Millions
Other property, plant and equipment movements	(0.3)	1.8	(2.1)	(66.6)
Intangible assets	0.3	(0.6)	-	-
Investment property	(0.5)	(9.5)	-	-
Financial assets at fair value through profit or loss	-	13.4	(3.6)	7.7
Available-for-sale financial assets	-	1.0	-	-
Customer base assets	4.8	1.5	-	-
Provisions	1.1	(0.8)	-	-
Other	14.4	5.5	13.1	4.5
	19.8	12.3	7.4	(54.4)

PARENT			
Imputation credit account		2010 \$Millions	2009 \$Millions
Balance at the beginning of the year		3.7	16.8
Imputation credits attached to dividends received during the year		15.9	0.5
Less imputation credits attached to dividends paid during the year		(14.0)	(13.6)
Balance at the end of the year		5.6	3.7
At balance date the imputation credits available to the shareholders of the parent company were:			
Through direct shareholding in the parent company		5.6	3.7
Through indirect interests in subsidiaries		8.1	11.7
Balance at the end of the year		13.7	15.4

(16) PROPERTY, PLANT AND EQUIPMENT

	Land and civil works \$Millions	Buildings \$Millions	Vehicles, plant and equipment \$Millions	Capital work in progress \$Millions	Metering \$Millions	Generation plant (renewable) \$Millions	Generation plant (non renewable) \$Millions	Total \$Millions
March 2010								
Cost or valuation								
Balance at beginning of year	476.0	341.4	243.4	71.7	64.8	2,304.5	70.0	3,571.8
Additions	4.8	4.9	11.7	142.9	3.6	5.6	0.2	173.7
Disposals	2.9	(3.2)	(3.3)	(0.4)	-	(0.7)	-	(4.7)
Impairments	-	-	-	-	-	-	-	-
Revaluations	(25.5)	(25.9)	(1.4)	0.2	-	0.2	27.5	(24.9)
Transfers between categories	(1.0)	7.4	20.9	(26.7)	-	(1.3)	0.7	-
Transfer to assets held for sale	-	-	-	-	-	-	-	-
Transfers from/(to) investment properties	10.3	(0.2)	-	-	-	-	-	10.1
Effect of movements in exchange rates	(13.4)	(10.2)	(2.4)	4.3	-	22.0	5.1	5.4
Balance at end of year	454.1	314.2	268.9	192.0	68.4	2,330.3	103.5	3,731.4
Accumulated depreciation and impairment losses								
Balance at beginning of year	-	3.6	57.2	-	33.2	(0.1)	2.1	96.0
Depreciation for the year	8.2	9.7	24.2	-	2.8	44.2	0.9	90.0
Transfer to investment properties	-	-	-	-	-	-	-	-
Revaluation	(1.3)	(2.2)	(1.4)	-	-	-	(3.2)	(8.1)
Disposals	-	-	(2.6)	-	-	-	-	(2.6)
Transfer to assets held for sale	-	-	-	-	-	-	-	-
Effect of movements in exchange rates	(0.2)	(0.3)	0.3	-	-	-	0.2	-
Balance at end of year	6.7	10.8	77.7	-	36.0	44.1	-	175.3
March 2009								
Cost or valuation								
Balance at beginning of year	530.0	357.6	232.6	263.5	60.8	1,846.5	44.0	3,335.0
Additions	30.9	4.3	35.9	39.0	4.0	74.2	2.0	190.3
Disposals	(37.2)	(24.7)	(15.3)	(17.1)	-	(0.4)	-	(94.7)
Impairments	(9.5)	-	(0.9)	-	-	-	-	(10.4)
Revaluations	(0.6)	13.6	(4.3)	-	-	211.3	-	220.0
Transfers between categories	0.6	0.2	21.7	(217.9)	-	173.3	22.1	-
Transfer to assets held for sale	(19.1)	(1.1)	(27.2)	-	-	-	-	(47.4)
Transfers from/(to) investment properties	(22.7)	(9.7)	-	0.1	-	-	-	(32.3)
Effect of movements in exchange rates	3.6	1.2	0.9	4.1	-	(0.4)	1.9	11.3
Balance at end of year	476.0	341.4	243.4	71.7	64.8	2,304.5	70.0	3,571.8
Accumulated depreciation and impairment losses								
Balance at beginning of year	11.7	19.9	54.4	-	30.6	23.0	1.2	140.8
Depreciation for the year	8.6	12.4	24.2	-	2.6	33.9	0.8	82.5
Transfer to investment properties	(0.7)	(0.7)	-	-	-	-	-	(1.4)
Revaluation	(16.1)	(25.2)	(5.8)	-	-	(57.0)	-	(104.1)
Disposals	(3.9)	(2.2)	(8.7)	-	-	-	-	(14.8)
Transfer to assets held for sale	-	(0.7)	(6.7)	-	-	-	-	(7.4)
Effect of movements in exchange rates	0.4	0.1	(0.2)	-	-	-	0.1	0.4
Balance at end of year	-	3.6	57.2	-	33.2	(0.1)	2.1	96.0
Carrying amounts								
At 1 April 2009	476.0	337.8	186.2	71.7	31.6	2,304.6	67.9	3,475.8
At 31 March 2010	447.4	303.4	191.2	192.0	32.4	2,286.2	103.5	3,556.1
At 1 April 2008	518.3	337.7	178.2	263.5	30.2	1,823.5	42.8	3,194.2
At 31 March 2009	476.0	337.8	186.2	71.7	31.6	2,304.6	67.9	3,475.8

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Wellington International Airport

All land, buildings and civil works were revalued at 31 March 2009 in accordance with the New Zealand Institute of Valuer's asset valuation standards. The valuation was undertaken by independent registered valuers, Telfer Young for land and buildings (fair value \$487.9 million), and Opus International Consultants for civil works (fair value \$120.4 million). Where the fair value of an asset is able to be determined by reference to market-based evidence, such as sales of comparable assets or discounted cash flows, the fair value is determined using this information. Where the assets are of a specialised nature and do not have observable market values in their existing use, depreciated replacement cost is used as the basis of the valuation, as required by the NZIAS 16. This measures net current value as the most efficient, lowest cost which would replace existing assets and offer the same amount of utility in their present use. Where there is an observable market, an income based approach is used.

Airports Europe

Land, buildings and civil works at Glasgow Prestwick and Kent International Airport were fair valued at 31 March 2010 and 31 March 2009 respectively at \$95.9 million (2009 \$164.8 million) based on an external valuation performed by Drivers Jonas Deloitte, England. The valuation was performed by a fellow of the Royal Institution of Chartered Surveyors ("RICS") in accordance with the recommendations of the RICS as defined within the RICS appraisal and valuation manual. The key assumptions in these valuations include future passenger and freight volumes, commercial revenue yields, the ongoing operating and maintenance costs for each airport and the appropriate discount and capitalisation rates.

Generation property, plant and equipment

Generation (renewable) includes freehold land and buildings which are not separately identifiable from other generation assets. The Group's generation property, plant and equipment is stated at fair value as determined by an independent valuation undertaken on an at least three-yearly basis. The valuations are reviewed annually and if it is considered that there has been a material change then a new independent valuation is undertaken. The basis of the valuation is a discounted cash flow analysis of the future earnings of the assets. The major inputs that are used in the valuation model that require management judgement include the forward price path of electricity, sales volume forecasts, projected operational and capital expenditure profiles, discount rates and life assumptions for each generation station. These inputs are determined as per the table below. Renewable generation assets were independently valued, using a discounted cash flow methodology as at 31 March 2009, to their estimated market value as determined by Deloitte Corporate Finance. The key assumptions in this valuation include future wholesale electricity prices, the future output of the assets, the remaining life of the assets, the ongoing operating and maintenance costs for each asset and TrustPower's weighted average cost of capital. Non-renewable generation plant were valued at \$103.5 million as at 31 March 2010 by BDO Corporate Finance (QLD). The basis of valuation is a discounted cash flow analysis of the future earnings of the assets.

Property, plant and equipment valuations – key assumptions

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

Generation renewable		
<i>New Zealand Assets</i>		
Forward electricity price path	Low Increasing in real terms from \$73 to \$82 by 2012 then constant.	High Increasing in real terms from \$78 to \$87 by 2012 then constant.
Generation volume	2,032 GWh	2,483 GWh
Operating costs	\$23 million per annum	\$29 million per annum
Discount rate (post tax)	9%	8%
<i>Australian Assets</i>		
Forward electricity price path	(Stated in AUD) Until 2018 \$72 in real terms. After 2018 declining to \$60 by 2028 in real terms. Thereafter held constant.	(Stated in AUD) Until 2018 \$78 in real terms. After 2018 declining to \$66 by 2028 in real terms. Thereafter held constant.
Generation volume	350 GWh	428 GWh
Discount rate (post tax)	8%	8%
Generation-non renewable		
Weighted average cost of capital	Low 10%	High 9%
\$300 MWh Cap price based on Long Run Marginal Cost of new entrant peaking generator 31/3/09 terms increasing by CPI -0.5%	\$13.5	\$15.5
Plant reliability	98%	98%
Despatch	95%	95%
Airports Europe		
Discount rate (pre-tax)	Low 12.5%	High 12.5%
Capitalisation rate	8.0%	9.75%
Pax and Freight Growth rates	3%	6%

Wellington International Airport

Asset classification and description	Valuation approach	Key valuation assumptions
Land		
Aeronautical land – used for airport activities and specialised non-aeronautical assets. Market land - used for non-aeronautical purposes e.g. industrial, service, retail and land associated with the vehicle business.	Zonal approach – direct sales comparison with appropriate adjustment for intensity of development, location, titles, easement and services.	Sales value per square meter applied ranging from \$38 to \$800 per m ²
Market land – used for non-aeronautical purposes e.g. industrial, service, retail and land associated with the vehicle business.		
Civil		
Civil works includes sea protection and site services, excluding such site services to the extent that they would otherwise create duplication of value.	Optimised depreciated replacement cost	Cost rates including concrete \$700 per m ³ , asphalt \$630-\$900 per m ³ and other foundation \$5-\$90 per m ³
Buildings		
Specialised buildings used for identified airport activities.	Optimised depreciated replacement cost derived from modern equivalent asset rate (MEA)	Modern equivalent asset rates ranging from \$175 to \$5,000 per m ²
Buildings other than for identified airport activities, including space allocated within the main terminal building for retail activities, carparking, offices and storage that exist because of the airport activities.	Optimised depreciated replacement cost derived from modern equivalent asset rate (MEA)	MEA range from \$550 to \$1,900 per m ²
Vehicle assets		
Assets associated with car parking and taxi, shuttle and bus services (excluding land).	Discounted cash flow	Revenue growth 3% per annum Cost growth 3% per annum Discount rate 12%
Plant, machinery and equipment	Book value	

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

Revalued Assets at Deemed Cost	Land and civil works \$Millions	Buildings \$Millions	Vehicles, plant and equipment \$Millions	Capital work in progress \$Millions	Generation plant (renewable) \$Millions	Generation plant (non renewable) \$Millions	Total \$Millions
Cost	336.9	280.4	262.9	170.2	1,380.6	74.4	2,505.4
Assets under construction (at cost)	7.2	0.1	0.1	16.6	13.2	-	37.2
Less accumulated depreciation	(50.8)	(65.7)	(85.5)	-	(221.7)	3.2	(420.5)
Net book value 31 March 2010	293.3	214.8	177.5	186.8	1,172.1	77.6	2,122.1
Cost	326.5	290.1	239.0	-	1,348.0	-	2,203.6
Assets under construction (at cost)	-	-	-	-	7.7	-	7.7
Less accumulated depreciation	(26.6)	(46.3)	(65.4)	-	(172.3)	-	(310.6)
Net book value 31 March 2009	299.9	243.8	173.6	-	1,183.4	-	1,900.7

(17) INVESTMENT PROPERTIES

	Consolidated		Parent	
	2010 \$Millions	2009 \$Millions	2010 \$Millions	2009 \$Millions
Balance at beginning of year	90.9	67.5	-	-
Additions	-	-	-	-
Transfer (to)/from property, plant and equipment	(10.1)	30.9	-	-
Change in fair value	(0.1)	(7.5)	-	-
FX movement	(4.8)	-	-	-
Balance at end of year	75.9	90.9	-	-

Airports Europe investment properties were valued at 31 March 2010 by Drivers Jonas Deloitte, an independent registered valuer in the United Kingdom. This valuation was performed by a fellow of the Royal Institution of Chartered Surveyors ("RICS") in accordance with the recommendations of the RICS as defined within the RICS appraisal and valuation manual. Fair value of the investment properties valued was \$27.2 million (2009: \$31.4 million).

Wellington International Airport investment properties were valued at 31 March 2010 by Telfer Young, an independent registered valuer. The fair value of the investment properties valued was \$48.7 million (2009: \$59.5 million).

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	Consolidated		Parent	
	2010 \$Millions	2009 \$Millions	2010 \$Millions	2009 \$Millions
Amounts recognised in profit or loss for:				
Rental income from investment properties	4.7	4.4	-	-
Direct operating expenses arising from investment properties that generate income	(0.7)	(0.6)	-	-
	4.0	3.8	-	-
	Wellington International Airport		Infratil Airports Europe Limited	
	2010	2009	2010	2009
The principal assumptions in establishing the valuations were as follows:				
Discounted cash flow - average (%)	10.8%	10.8%	n/a	n/a
Capitalisation rate - average (%)	8.8%	8.7%	10-12%	10-12%
Weighted average lease term (years)	4.4	5.4	4.5	3.6

(18) FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk (interest rates, foreign exchange and energy prices)

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has established Audit and Risk Committees for Infratil and each of its significant subsidiaries with responsibilities which include reviewing management practices in relation to identification and management of significant business risk areas and regulatory compliance. The Group has developed a comprehensive, enterprise wide risk management framework. Management and Board throughout the Group participate in the identification, assessment and monitoring of new and existing risks. Particular attention is given to strategic risks that could affect the Group. Management report to the Audit and Risk Committee and the Board on the relevant risks and the controls and treatments for those risks. The Group had credit risk with finance institutions at balance date from cash deposits held including: \$108.6 million with financial institutions with "AA" credit ratings from Standard & Poors (2009: \$181 million) and \$72.3 million with financial institutions with 'A' credit ratings (2009: \$70.1 million) from Standard & Poors or equivalent from other rating agencies.

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

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

Ageing of trade receivables

The ageing analysis of these trade receivables is as follows:

	Consolidated		Parent	
	2010	2009	2010	2009
Not past due	249.3	194.3	6.6	4.8
Past due 0-30 days	15.4	8.6	-	-
Past due 31-90 days	11.0	15.9	-	-
Greater than 90 days	11.7	0.1	-	-
Total	287.4	218.9	6.6	4.8

The movement in the provision for impairment of trade receivables for the year was as follows:

Balance as at 1st April	12.5	1.9	-	-
Impairment loss recognised	5.0	10.6	-	-
Balance as at 31 March	17.5	12.5	-	-
Other prepayments and receivables	63.5	52.8	-	-
Total Trade, accounts receivable and prepayments	333.4	259.2	6.6	4.8

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

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

Consolidated							
	Balance sheet \$Millions	Contractual cash flows \$Millions	6 months or less \$Millions	6-12 months \$Millions	1 to 2 years \$Millions	2 to 5 years \$Millions	5 years + \$Millions
2010							
Accounts payable, accruals and other liabilities	287.3	287.3	272.8	0.6	13.9	-	-
Unsecured/Secured bank facilities	632.5	669.0	318.9	5.6	193.4	151.1	-
Infratil bonds	508.1	703.7	25.1	21.9	165.8	195.7	295.2
PIBs	239.3	334.5	5.9	5.9	11.9	11.9	298.8
WIAL bonds	250.0	312.5	6.0	6.0	12.0	125.6	162.9
TPW bonds	398.7	555.7	16.7	16.5	33.3	308.8	180.5
Derivative financial instruments	110.5	110.5	36.2	28.2	34.6	6.1	5.4
2009							
Accounts payable, accruals and other liabilities	259.6	259.6	82.0	170.7	6.9	-	-
Unsecured/Secured bank facilities	1,118.5	1,279.2	67.9	202.7	501.8	407.8	99.0
Infratil bonds	508.8	720.7	21.3	21.9	42.5	520.3	114.7
PIBs	239.9	395.1	8.3	6.4	14.5	36.0	329.9
WIAL bonds	250.0	329.4	6.5	6.5	13.1	136.6	166.7
TPW bonds	260.7	380.2	11.3	11.0	22.3	215.7	119.9
Derivative financial instruments	55.4	55.4	13.9	18.1	23.4	-	-

Parent							
	Balance sheet \$Millions	Contractual cash flows \$Millions	6 months or less \$Millions	6-12 months \$Millions	1 to 2 years \$Millions	2 to 5 years \$Millions	5 years + \$Millions
2010							
Accounts payable, accruals and other liabilities	11.3	11.3	11.3	-	-	-	-
Infratil bonds	508.1	703.7	25.1	21.9	165.8	195.7	295.2
PIBs	239.3	334.5	5.9	5.9	11.9	11.9	298.8
Derivative financial instruments	4.8	4.8	0.3	4.6	-	-	-
2009							
Accounts payable, accruals and other liabilities	8.9	8.9	8.9	-	-	-	-
Infratil bonds	508.8	720.7	21.3	21.9	42.5	520.3	114.7
PIBs	239.9	395.1	8.3	6.4	14.5	36.0	329.9
Derivative financial instruments	5.8	5.8	0.3	5.5	-	-	-

Market Risk

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

		Consolidated		Parent	
		2010 \$Millions	2009 \$Millions	2010 \$Millions	2009 \$Millions
At balance date the face value of interest rate contracts outstanding were:					
Interest rate swaps in place at year end		1,206.9	947.2	100.0	100.0
Fair value of interest rate swaps		(13.8)	(30.7)	(4.8)	(5.8)
The termination dates for the interest rate swaps are as follows:					
Between 0 to 1 year		379.5	115.0	-	-
Between 1 to 2 years		-	302.4	-	-
Between 2 to 5 years		158.4	265.0	-	-
Over 5 years		669.0	264.8	100.0	100.0

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For the Year Ended 31 March 2010

Sensitivity analysis

At 31 March 2010, if bank interest rates at that date had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been \$35.1 million lower/higher (2009: \$13.3 million) and equity would have been \$37.1 million higher/lower (2009: There would have been no material effect on other components of equity).

Foreign currency

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

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

The aggregate notional principal amounts of the outstanding forward foreign exchange contracts at 31 March 2010 was \$186.2 million (2009: \$248.0 million). At balance date the fair value of forward foreign exchange contracts outstanding were assets of \$6.7 million (2009: \$4.1 million).

The hedged anticipated transactions denominated in foreign currency are expected to occur at various dates between one month and twelve months from balance sheet date. Gains and losses recognised in the cash flow hedge reserve in equity on forward foreign exchange contracts as at 31 March 2010 will be recognised in the cost of any asset acquired when the cash flow from the anticipated underlying transactions occur.

Sensitivity analysis

At 31 March 2010, if the New Zealand dollar had weakened/strengthened by 10 per cent against the currencies with which the Group has foreign currency risk with all other variables held constant, post-tax profit for the year would not have been materially different.

Other components of equity would have been \$2.4 million higher/lower (2009: \$4.5 million), arising from foreign exchange gains/losses on revaluation of foreign exchange contracts in a cash flow hedge relationship.

The Group incurs foreign currency risk as a result of offshore investments denominated in a currency other than the Group's functional currency.

The currencies giving rise to the currency risk are pounds sterling and Australian dollars (refer below).

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

	Consolidated	
	2010 Millions	2009 Millions
<i>Cash, short term deposits and trade receivables</i>		
Great British Pounds (GBP)	5.1	2.5
Australian Dollars (AUD)	209.0	166.8
<i>Bank overdraft, bank debt and accounts payable</i>		
Great British Pounds (GBP)	(7.3)	(2.6)
Australian Dollars (AUD)	(273.5)	(92.5)

(The 2009 amounts above exclude a hedged euro currency exposure of \$56.3million relating to Flughafen Lübeck investment).

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

The aggregate notional volume of the outstanding energy derivatives at 31 March 2010 was 5,815 GWh (2009: 9,086GWh) of electricity and 2.7Tj (2009: 1.2Tj) of gas and 6,500 (2009: 9,000) barrels of oil.

As at 31 March 2010, the Group had energy contracts outstanding with various maturities up to November 2011. The hedged anticipated energy purchase transactions are expected to occur continuously throughout the contract period from balance sheet date consistent with the Group's forecast energy generation and retail energy sales. Gains and losses recognised in the cash flow hedge reserve on energy derivatives as of 31 March 2010 will be continuously released to the income statement in each period in which the underlying purchase transactions are recognised in the profit or loss.

Termination dates for financial derivatives – energy are as follows:

	Consolidated	
	2010 \$Millions	2009 \$Millions
Between 0 to 1 year	(50.6)	13.5
Between 1 to 2 years	(28.3)	(2.6)
Between 2 to 5 years	9.3	(4.1)
Over 5 years	-	-
	(69.6)	6.8

Sensitivity analysis

The following tables summarise the impact of increases/decreases of the relevant forward electricity prices on the Group's post-tax profit for the year and on other components of equity. The sensitivity analysis is based on the assumption that the relevant forward energy prices had increased/decreased with all other variables held constant.

	Consolidated	
	2010 \$Millions	2009 \$Millions
Impact on profit of a 10% decrease in energy forward price	(15.9)	(13.8)
Impact on profit of a 10% increase in energy forward price	15.2	14.2
Impact on equity of a 10% decrease in energy forward price	9.8	(9.4)
Impact on equity of a 10% increase in energy forward price	(9.8)	9.4
Impact on profit of a 5.3% decrease in gas derivative contract value	0.5	-
Impact on profit of a 5.3% increase in gas derivative contract value	(0.5)	-

Fair values The carrying amount of financial assets and financial liabilities recorded in the financial statements is their fair value, with the exception of debt held at amortised cost.

	Assets		Liabilities		Net	
	2010 \$Millions	2009 \$Millions	2010 \$Millions	2009 \$Millions	2010 \$Millions	2009 \$Millions
Derivative financial instruments - energy	18.6	15.9	88.2	9.1	(69.6)	6.8
Derivative financial instruments - investments and other (S&P options prior year)	9.4	12.7	22.3	46.3	(12.9)	(33.6)
	28.0	28.6	110.5	55.4	(82.5)	(26.8)
<i>Split as follows:</i>						
Current	5.5	22.8	60.9	21.3	(55.4)	1.5
Non-current	22.5	5.8	49.6	34.1	(27.1)	(28.3)
	28.0	28.6	110.5	55.4	(82.5)	(26.8)

Estimation of fair values

The fair values and net 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.

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.

Effective 1 April 2009 the Group adopted the amendment to NZ IFRS 7 for financial instruments that are measured in the statement of financial position at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- 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).

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For the Year Ended 31 March 2010

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

	Level 1 \$Millions	Level 2 \$Millions	Level 3 \$Millions	Total \$Millions
GROUP				
31 March 2010				
Assets per the statement of financial position				
Derivative financial instruments	0.3	9.3	18.5	28.1
Total	0.3	9.3	18.5	28.1
Liabilities per the statement of financial position				
Derivative financial instruments	62.2	44.0	4.3	110.5
Total	62.2	44.0	4.3	110.5
31 March 2009				
Assets per the statement of financial position				
Derivative financial instruments	1.5	24.0	3.1	28.6
Total	1.5	24.0	3.1	28.6
Liabilities per the statement of financial position				
Derivative financial instruments	4.5	45.3	5.6	55.4
Total	4.5	45.3	5.6	55.4
PARENT				
31 March 2010				
Assets per the statement of financial position				
Derivative financial instruments	-	-	-	-
Total	-	-	-	-
Liabilities per the statement of financial position				
Derivative financial instruments	-	4.8	-	4.8
Total	-	4.8	-	4.8
31 March 2009				
Assets per the statement of financial position				-
Derivative financial instruments	-	-	-	-
Total	-	-	-	-
Liabilities per the statement of financial position				
Derivative financial instruments	-	5.8	-	5.8
Total	-	5.8	-	5.8

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

	2010 \$Millions Gas contracts treated as derivatives	2010 \$Millions Electricity price derivatives	2010 \$Millions Total	2009 \$Millions Gas contracts treated as derivatives	2009 \$Millions Electricity price derivatives	2009 \$Millions Total
Assets per the statement of financial position						
Opening balance	-	3.1	3.1	-	22.9	22.9
Gains and (losses) recognised in profit or loss	-	(1.0)	(1.0)	-	0.7	0.7
Gains and (losses) recognised in other comprehensive income	-	16.4	16.4	-	(20.5)	(20.5)
Closing balance	-	18.5	18.5	-	3.1	3.1
Total gains or (losses) for the period included in profit or loss for assets held at the end of the reporting period		2.3	2.3	-	2.8	2.8
Liabilities per the statement of financial position						
Opening balance	2.3	3.3	5.6	-	2.4	2.4
FX movement on opening balance	0.1	-	0.1	-	-	-
(Gains) and losses recognised in profit or loss	0.2	0.8	1.0	2.3	(1.1)	1.2
(Gains) and losses recognised in other comprehensive income	-	(2.0)	(2.0)	-	2.0	2.0
Closing balance	2.6	2.1	4.7	2.3	3.3	5.6
Total (gains) or losses for the period included in profit or loss for liabilities held at the end of the reporting period	0.2	(1.2)	(1.0)	2.3	1.0	3.3
Settlements during the year	0.2	24.4	24.6	2.3	(38.6)	(36.3)

Gas contracts treated as derivatives – The favourable and unfavourable effects of using reasonably possible alternative assumptions for fair value derivative assets and liabilities have been calculated by adjusting the unobservable model inputs in the models at 31 March 2010. The unobservable input in gas is an available market price.

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

Asset and liability fair value classification 2010	Designated Fair value	Cash/loans receivables	Total carrying amount	Fair value
Assets				
Other investments, including derivatives	37.7	-	37.7	37.7
Cash and cash equivalents	-	180.9	180.9	180.9
Trade, accounts receivables and prepayments	-	333.4	333.4	333.4
Total assets	37.7	514.3	552.0	552.0
	Designated Fair value	Financial liabilities at amortised cost	Total carrying amount	Fair value
Liabilities				
Bonds	-	1,396.1	1,396.1	1,331.9
Loans and other borrowings	-	632.5	632.5	632.5
Derivatives	110.5	-	110.5	110.5
Accounts payables, accruals and other liabilities	-	273.5	273.5	273.5
Total liabilities	110.5	2,302.1	2,412.6	2,348.4
2009	Designated Fair value	Cash/loans receivables	Total carrying amount	Fair value
Assets				
Other investments, including derivatives	248.6	-	248.6	248.6
Cash and cash equivalents	-	251.1	251.1	251.1
Trade, accounts receivables and prepayments	-	259.2	259.2	259.2
Total assets	248.6	510.3	758.9	758.9
	Designated Fair value	Financial liabilities at amortised cost	Total carrying amount	Fair value
Liabilities				
Bonds	-	1,259.4	1,259.4	1,097.2
Loans and other borrowings	-	1,119.7	1,119.7	1,119.7
Derivatives	55.4	-	55.4	55.4
Accounts payables, accruals and other liabilities	-	252.7	252.7	252.7
Total liabilities	55.4	2,631.8	2,687.2	2,525.0

Capital management

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

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

The Group's capital includes share capital, reserves, retained earnings and minority interests. From time to time the Group purchases its own shares on the market with the timing of these purchases dependent on market prices and an assessment of value for shareholders. Primarily the shares are intended to be held as treasury stock and may be held as treasury stock for 12 months. Buy and sell decisions are made on a specific transaction basis by the Board. There were no changes in the Group's approach to capital management during the year. The Company and the Group's borrowings are subject to certain compliance ratios relevant to the facility agreements or the trust deed applicable to the borrowings. The Group seeks to ensure that no more than 25% of its non-bank debt is maturing in any one year period, and to spread the maturities of its bank debt between one and five years, with no more than 35% of facilities maturing in any six month period. Discussions on refinancing of bank debt facilities will normally commence at least six months before maturity with facility terms agreed at least two months prior to maturity. Bank facilities are maintained with AA or above rated financial institutions, with a minimum number of bank counterparties to ensure diversification. The Group manages its interest rate profile so as to minimise value volatility. This means having interest costs fixed for extended terms. At times when long rates appear to be sustainably high, the profile may be shortened, and when rates are low the profile may be lengthened.

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(19) INFRASTRUCTURE BONDS

	Consolidated		Parent	
	2010 \$Millions	2009 \$Millions	2010 \$Millions	2009 \$Millions
Balance at the beginning of the year	748.7	748.8	748.7	748.8
Issued during the year	-	-	-	-
Purchased by Infratil during the year	(0.6)	(0.1)	(0.6)	(0.1)
Balance at the end of the year	748.1	748.7	748.1	748.7
Current	0.7	-	0.7	-
Non current fixed coupon	508.1	508.8	508.1	508.8
Non current perpetual - variable coupon	239.3	239.9	239.3	239.9
Balance at the end of the year	748.1	748.7	748.1	748.7
Repayment terms and interest rates:				
Maturing in November 2010, 7.25% per annum fixed coupon rate	0.7	0.7	0.7	0.7
Maturing in May 2011, 8.25% per annum fixed coupon rate	112.1	112.1	112.1	112.1
Maturing in November 2011, 8.5% per annum fixed coupon rate	20.0	20.0	20.0	20.0
Maturing in November 2012, 7.75% per annum fixed coupon rate	57.4	57.4	57.4	57.4
Maturing in September 2013, 8.5% per annum fixed coupon rate	85.3	85.3	85.3	85.3
Maturing in November 2015, 8.5% per annum fixed coupon rate	152.8	152.8	152.8	152.8
Maturing in February 2020, 8.5% per annum fixed coupon rate	80.5	80.5	80.5	80.5
Perpetual Infratil infrastructure bonds (PIIBs)	239.3	239.9	239.3	239.9
Balance at the end of the year	748.1	748.7	748.1	748.7

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, Infratil shall elect to redeem all infrastructure bonds in that series at their \$1.00 face value payable in cash or convert all the infrastructure bonds in the relevant series by issuing the number of shares obtained by dividing the \$1.00 face value by the product of the relevant conversion percentage of 98% and the market price. The market price is the average price weighted by volume of all trades of ordinary shares over the 10 business days up to the fifth business day before the maturity date.

Perpetual Infratil infrastructure bonds (PIIBs)

The Company has 239,315,100 (2009: 239,900,000) infrastructure bonds (series 20) on issue at a face value of \$1.00 per bond. Interest is payable quarterly on the bonds. For the year to 15 November 2010 the coupon is fixed at 4.97% per annum. Thereafter the rate will be reset annually at 1.5% per annum over the then one year bank rate (quarterly), unless Infratil's gearing ratio exceeds certain thresholds, in which case the margin increases. These infrastructure bonds have no fixed maturity date. 584,900 (2009: 100,000) of PIIBs were repurchased by Infratil Limited during the year. At 31 March the Infratil infrastructure bonds had a fair value of \$659.7 million (2009: \$569.8 million).

(20) UNSECURED BONDS

	Consolidated	
	2010 \$Millions	2009 \$Millions
Unsecured subordinated bonds		
TrustPower bonds		
<i>Repayment terms and interest:</i>		
Maturing in September 2012, 8.5% per annum fixed coupon rate	108.6	108.6
Maturing in March 2014, 8.5% per annum fixed coupon rate	54.7	54.7
Maturing in December 2015, 8.4% per annum fixed coupon rate	100.0	100.0
Bond issue costs	(2.1)	(2.6)
Balance at the end of the year	261.2	260.7

At maturity the TrustPower bonds can be converted at the option of TrustPower to ordinary shares based on the market price of ordinary shares at the time. The bonds are fully subordinated behind all other creditors. At 31 March 2010 the bonds had a fair value of \$274.3 million (31 March 2009: \$279.1 million).

	2010 Millions	2009 Millions
Unsecured senior bonds		
TrustPower bonds		
<i>Repayment terms and interest:</i>		
Maturing in December 2014, 7.6% per annum fixed coupon rate	75.0	-
Maturing in December 2016, 8.0% per annum fixed coupon rate	65.0	-
Bond issue costs	(2.5)	-
Balance at the end of the year	137.5	-

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

At 31 March 2010 the bonds had a fair value of \$143.4 million (31 March 2009: nil).

	2010 Millions	2009 Millions
Unsecured subordinated bonds		
Wellington International Airport bonds		
Retail bonds maturing in November 2013, 7.50% per annum	100.0	100.0
Maturing August 2017, 2.99% per annum to 3 May 2010 (3.71% per annum to 1 May 2009), then repriced quarterly at BKBM plus 25bp	150.0	150.0
Balance at the end of the year	250.0	250.0

At 31 March 2010 the WIAL bonds had a fair value of \$254.5 million (31 March 2009: \$248.3 million).

(21) EMISSION RIGHTS

	(Tonnes CO ₂ -e) 000's	(Tonnes CO ₂ -e) 000's
<i>Verified Voluntary Emission Reductions</i>		
Balance at beginning of year	321	360
Rights verified during the year	-	29
Rights sold during the year	(30)	(23)
Rights used internally	-	(45)
Rights unsold at end of the year	291	321

The Verified Voluntary Emission Reductions above relate to completed generation production for the period from 1 January 2004 to 31 December 2007.

Kyoto Carbon Credits

TrustPower has received 1,476,000 (2009: 1,476,000) tonnes of carbon emission rights from the New Zealand Government in relation to completed or under construction generation facilities. This represents the maximum rights based upon specified levels of generation output from the new facilities for the period from 1 January 2008 to 31 December 2012 and is reliant on the ongoing support of the Kyoto protocol and emission rights within the international community. TrustPower believes that it will be able to utilise 1,310,000 tonnes of these carbon emission rights. This potential revenue source is taken into consideration in the evaluation of generation development projects and in the valuation of the generation assets. A contract has been signed with Electrabel, a European energy company, for the sale of 228,000 tonnes of carbon emission rights over five years from 2008-2012. This sale is dependent on TrustPower's Tararua Stage II wind farm producing a minimum level of output. A contract has been signed with The Kansai Electric Power Company, a Japanese energy company, for the sale of 300,000 tonnes of carbon emission rights over five years from 2008-2012. Further contracts have been signed covering emission rights generated over the same period. These sales are dependent on the Group's Tararua Stage III wind farm producing a minimum level of output.

	(Tonnes CO ₂ -e) 000's	(Tonnes CO ₂ -e) 000's
Kyoto Carbon Credits		
<i>Balance at the beginning of the year</i>	65	-
Rights verified during the year	231	216
Rights sold during the year	(198)	(151)
Rights unsold at end of the year	98	65

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For the Year Ended 31 March 2010

(22) INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

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

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

Subsidiaries	2010	2009	Principal activity	Country of incorporation
Investment activities	Holding	Holding		
New Zealand				
Infratil Investments Limited	100%	100%	Investment	New Zealand
Infratil Securities Limited	100%	100%	Investment	New Zealand
Infratil Gas Limited	100%	100%	Investment	New Zealand
Infratil 1998 Limited	100%	100%	Investment	New Zealand
NZ Airports Limited	100%	100%	Investment	New Zealand
Infratil Australia Limited	100%	100%	Investment	New Zealand
Infratil Finance Limited	100%	100%	Finance	New Zealand
Infratil UK Limited	100%	100%	Investment	New Zealand
Infratil Ventures Limited	100%	100%	Investment	New Zealand
Infratil Europe Limited	100%	100%	Investment	New Zealand
Swift Transport Limited	100%	100%	Investment	New Zealand
Infratil Energy Limited	100%	100%	Investment	New Zealand
Infratil Energy NZ Limited	100%	100%	Investment	New Zealand
Snapper Services Limited	100%	100%	Technology	New Zealand
Infratil No. 1 Limited	100%	100%	Investment	New Zealand
Infratil Infrastructure Property Limited	100%	100%	Property Investment	New Zealand
Infratil Outdoor Media Limited	100%	-	Advertising	New Zealand
Infratil Insurance Co Limited	100%	100%	Insurance	New Zealand
Infratil No. 5 Limited	100%	100%	Dormant	New Zealand
Transportation activities				
New Zealand				
New Zealand Bus Finance Limited	100%	100%	Investment	New Zealand
New Zealand Bus Limited	100%	100%	Investment	New Zealand
Fullers Group Limited	-	100%	Public transport	New Zealand
Transportation Auckland Corporation Limited	100%	100%	Public transport	New Zealand
Auckland Integrated Ticketing Limited	83%	87%	Ticketing	New Zealand
Wellington City Transport Limited	100%	100%	Public transport	New Zealand
North City Bus Limited	100%	100%	Public transport	New Zealand
Cityline (NZ) Limited	100%	100%	Public transport	New Zealand
Wellington Integrated Ticketing Limited	63%	63%	Ticketing	New Zealand
Stagecoach New Zealand Limited	100%	100%	Non-trading	New Zealand
Airport activities				
New Zealand				
Wellington International Airport Limited	66%	66%	Airport	New Zealand
i-site Limited	66%	66%	Advertising	New Zealand
North West Auckland Airport Limited	75%	75%	Airport	New Zealand
United Kingdom				
Infratil Airports Europe Limited	100%	100%	Holding company	United Kingdom
Glasgow Prestwick Airport Limited	100%	100%	Airport	United Kingdom
Prestwick Airport Limited	100%	100%	Property	United Kingdom
Infratil Kent Facilities Limited	100%	100%	Property	United Kingdom
Infratil Kent Airport Limited	100%	100%	Airport	United Kingdom
PIK MRO Limited	100%	100%	Maintenance/repair/overhaul aircraft	United Kingdom
The Airport Driving Range Company Limited	100%	100%	Non-trading	United Kingdom
Prestwick Airport Infrastructure Limited	100%	100%	Property	United Kingdom
Prestwick Airport Property Limited	100%	-	Property	United Kingdom

Energy activities**New Zealand**

TrustPower Limited	50.5%	50.5%	Electricity retailer/generator	New Zealand
Cobb Power Limited	50.5%	50.5%	Generator	New Zealand
Tararua Wind Power Limited	50.5%	50.5%	Generator	New Zealand
TrustPower Metering Limited	50.5%	50.5%	Metering	New Zealand
Esk Hydro Power Limited (acquired 26 November 2009)	50.5%	-	Generation Development	New Zealand

Australia

Infratil Energy Australia Pty Limited	100%	100%	Wholesale energy/holding company	Australia
Western Energy Pty Limited	81.2%	77.5%	Electricity generation	Australia
Victoria Electricity Pty Limited	100%	100%	Electricity retailer	Australia
VE Telecommunications Pty Limited	100%	100%	Electricity retailer	Australia
Direct Connect Pty Limited	100%	100%	Utility connections	Australia
Queensland Electricity Pty Limited	100%	100%	Electricity retailer	Australia
New South Wales Electricity Pty Limited	100%	100%	Electricity retailer	Australia
South Australia Electricity Pty Limited	100%	100%	Electricity retailer	Australia
Perth Energy Pty Limited	81.2%	77.5%	Electricity retailer	Australia
WA Power Exchange Pty Limited	81.2%	77.5%	Non-trading	Australia
Infratil Energy Group Pty Limited	100%	100%	Non-trading	Australia
Emagy Pty Limited	100%	100%	Wholesale energy	Australia
TrustPower Australia Holdings Pty Ltd and Subsidiaries	50.5%	50.5%	Retail and generation	Australia

Associates

Mana Coach Holdings Limited	26%	26%	Public Transport	New Zealand
Just Cruising Charters Limited	-	50%	Public Transport	New Zealand

(23) DEFINED CONTRIBUTION PLANS

The Company makes contributions to a number of defined contribution plans. During the year the amount recognised as an expense was \$3.3 million (2009 \$2.6 million).

(24) LEASES

The Parent company is not party to and does not have any leases.

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

	Consolidated	
	2010 \$Millions	2009 \$Millions
<i>Operating lease receivables as lessor</i>		
Between 0 to 1 year	17.9	16.4
Between 1 to 2 years	16.1	14.0
Between 2 to 5 years	30.3	31.3
More than 5 years	9.2	13.8
	73.5	75.5

Electricity lease revenue during the year of \$30.6 million (2009 \$20.3 million), is revenue recognised in connection with Snowtown Wind Farm Pty Ltd's (a subsidiary of the Company) Power Purchase Agreement to sell 90% of all energy generated by the Snowtown Wind Farm to a significant Australian electricity retailer. This agreement has been deemed as an operating lease of the wind farm under NZ IFRS and all revenue under the contract accounted for as lease revenue. Because of the contract terms, in particular that the volume of energy supplied is variable dependent on the actual generation of the Snowtown Wind Farm, the future minimum payments under the term of the contract, that expires on 31 December 2018, are contingent in nature and therefore not able to be quantified.

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

<i>Operating lease commitments as lessee</i>		
Between 0 to 1 year	20.3	7.7
Between 1 to 2 years	12.5	6.5
Between 2 to 5 years	30.0	12.4
More than 5 years	41.6	17.7
	104.4	44.3

iSite Limited leases a large number of billboard and light-box sites under operating leases including those with additional rent payments based on site revenue. The leases run for periods ranging from 1 to 20 years.

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For the Year Ended 31 March 2010

(25) RECONCILIATION OF NET SURPLUS/(LOSS) WITH CASH FLOW FROM OPERATING ACTIVITIES

	Consolidated		Parent	
	2010 \$Millions	2009 \$Millions	2010 \$Millions	2009 \$Millions
Net surplus/(loss) for the year	95.0	(128.4)	82.8	19.8
<i>(Gain)/Less items classified as investing activity</i>				
(Gain)/loss on investment realisations and impairments	(86.5)	171.5	-	-
<i>Add items not involving cash flows</i>				
Movement in financial derivatives taken to the profit or loss	67.5	(8.0)	(1.0)	5.8
Decrease in deferred tax liability excluding transfers to reserves	(8.5)	(0.3)	-	-
Changes in fair value of investment properties	0.1	7.5	-	-
Non cash movements in advance to subsidiaries	-	-	(164.2)	(117.5)
Depreciation	90.0	82.5	-	-
Provision for bad debts	24.3	8.9	-	-
Amortisation	24.0	19.7	-	-
Other	(4.5)	0.6	-	-
<i>Movements in working capital</i>				
Change in receivables	(77.2)	(36.4)	(1.9)	2.7
Change in inventories	-	(5.5)	-	-
Change in trade payables	5.6	(19.4)	0.9	(0.9)
Change in accruals and other liabilities	21.2	26.7	-	-
Change in current and deferred taxation	(24.1)	(1.5)	-	1.6
Net cash flow from operating activities	126.9	117.9	(83.4)	(88.5)

(26) KEY MANAGEMENT PERSONNEL DISCLOSURES

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

	Consolidated	
	2010 \$Millions	2009 \$Millions
Key management personnel remuneration comprised:		
Short-term employee benefits	16.6	14.1
Post employment benefits	0.4	-
Termination benefits	0.1	0.1
Other long-term benefits	2.2	2.6
Share based payments	0.1	0.2
	19.4	17.0

Directors fees paid during the year were \$2.4 million (2009 \$2.3 million).

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

(27) SEGMENT ANALYSIS

Reportable segments of the Group, as at 31 March, are analysed by significant businesses. The Group has six reportable segments, as described below. TrustPower is our renewable generation investment, Wellington International Airport is our Wellington Airport Investment, NZ Bus is our transportation investment, Infratil Energy Australia (including Perth Energy) is our non renewable generation investment. Corporate includes, other investments less financing, management and other corporate costs.

For the year ended 31 March 2010	TrustPower New Zealand \$Millions	Wellington Airport New Zealand \$Millions	NZBus New Zealand \$Millions	Infratil Energy Australia \$Millions	Infratil Airports Europe UK \$Millions	All other segments and corporate New Zealand \$Millions	Eliminations \$Millions	Total \$Millions
Segment revenue – total	759.3	104.6	196.5	711.0	55.9	18.1	-	1,845.4
Inter-segment revenue	-	-	(3.0)	-	-	(6.5)	-	(9.5)
Segment revenue – external	759.3	104.6	193.5	711.0	55.9	11.6	-	1,835.9
EBITDAF	273.9	68.3	29.1	11.0	(8.6)	(10.4)	-	363.3
Interest revenue	0.4	0.8	0.4	2.7	1.5	31.1	(29.0)	7.9
Interest expense	(59.1)	(17.6)	(9.3)	(16.9)	(4.5)	(88.8)	29.0	(167.2)
Depreciation and amortisation	(55.0)	(15.8)	(16.2)	(15.2)	(8.2)	(3.6)	-	(114.0)
Financial derivative fair value movements	12.5	(4.5)	-	(75.4)	-	(0.1)	-	(67.5)
Investment transaction costs expensed	-	-	-	-	-	(2.6)	-	(2.6)
Realisations	-	(0.7)	11.3	-	15.2	104.9	-	130.7
Impairment losses	(6.1)	-	(0.1)	-	(38.1)	-	-	(44.3)
Taxation expense	(47.1)	(6.5)	1.6	28.2	9.9	2.6	-	(11.3)
Segment result	119.5	24.0	16.8	(65.6)	(32.8)	33.1	-	95.0
Non current assets (excluding financial instruments and deferred tax)	2,512.9	682.0	218.7	327.8	155.2	54.2	-	3,950.8
Total assets	2,667.7	726.9	237.0	601.2	166.9	108.7	-	4,508.4
Total liabilities	1,121.7	357.0	37.3	275.3	43.1	942.7	-	2,777.1
Capital expenditure/investment (including accruals)	29.3	22.5	16.2	116.2	5.4	3.4	-	193.0

For the year ended 31 March 2009	TrustPower New Zealand \$Millions	Wellington Airport New Zealand \$Millions	NZBus New Zealand \$Millions	Infratil Energy Australia \$Millions	Infratil Airports Europe UK \$Millions	All other segments and corporate New Zealand \$Millions	Eliminations \$Millions	Total \$Millions
Segment revenue – total	785.4	96.1	231.2	531.9	78.6	16.9	-	1,740.1
Inter-segment revenue	-	-	(0.9)	-	-	(5.4)	-	(6.3)
Segment revenue – external	785.4	96.1	230.3	531.9	78.6	11.5	-	1,733.8
EBITDAF	260.0	65.4	40.0	19.9	(18.9)	(9.7)	-	356.7
Interest revenue	3.0	1.1	0.3	4.4	0.6	34.0	(29.4)	14.0
Interest expense	(55.3)	(21.2)	(9.5)	(10.6)	(10.5)	(113.2)	29.4	(190.9)
Depreciation and amortisation	(44.4)	(14.1)	(15.5)	(12.7)	(13.9)	(1.6)	-	(102.2)
Financial derivative fair value movements	(19.6)	7.8	-	(24.4)	(1.3)	45.5	-	8.0
Investment transaction costs expensed	-	-	-	-	-	(0.4)	-	(0.4)
Realisations	-	(7.3)	-	-	18.2	-	-	10.9
Impairment losses	-	(0.9)	(0.1)	-	(2.1)	(186.8)	-	(189.9)
Taxation expense	(38.5)	(7.7)	(6.3)	6.4	2.5	9.0	-	(34.6)
Segment result	105.2	23.1	8.9	(17.0)	(25.4)	(223.2)	-	(128.4)
Non current assets (excluding financial instruments and deferred tax)	2,521.8	674.5	200.5	167.8	236.5	247.0	-	4,048.1
Total assets	2,636.0	753.6	281.8	386.7	301.9	347.7	-	4,707.7
Total liabilities	1,097.0	378.8	52.3	113.8	63.7	1,367.7	-	3,073.3
Capital expenditure/investment (including accruals)	92.8	38.1	44.6	70.5	20.7	7.6	-	274.3

Notes to the Financial Statements

For the Year Ended 31 March 2010

(27) SEGMENT ANALYSIS (CONTINUED)

Geographical segments

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

For the year ended 31 March 2010	New Zealand \$Millions	Australia \$Millions	United Kingdom \$Millions	Eliminations \$Millions	Total \$Millions
Segment revenue – total	1,028.8	751.2	55.9	-	1,835.9
Inter-segment revenue	-	-	-	-	-
Segment revenue – external	1,028.8	751.2	55.9	-	1,835.9
EBITDAF	329.1	42.8	(8.6)	-	363.3
Interest revenue	23.0	3.2	1.5	(19.8)	7.9
Interest expense	(151.4)	(31.1)	(4.5)	19.8	(167.2)
Depreciation and amortisation	(77.3)	(28.5)	(8.2)	-	(114.0)
Financial derivative fair value movements	(1.4)	(66.1)	-	-	(67.5)
Investment transaction costs expensed	(2.6)	-	-	-	(2.6)
Realisations	115.5	-	15.2	-	130.7
Impairment losses	(6.2)	-	(38.1)	-	(44.3)
Taxation expense	(46.4)	25.2	9.9	-	(11.3)
Segment result	182.3	(54.5)	(32.8)	-	95.0
Non current assets (excluding financial instruments and deferred tax)	3,467.8	327.8	155.2	-	3,950.8
Total assets	3,245.5	1,096.0	166.9	-	4,508.4
Total liabilities	2,219.7	514.3	43.1	-	2,777.1
Capital expenditure/investment (including accruals)	70.6	117.0	5.4	-	193.0
For the year ended 31 March 2009	New Zealand \$Millions	Australia \$Millions	Europe \$Millions	Eliminations \$Millions	Total \$Millions
Segment revenue – total	1,092.9	562.3	78.6	-	1,733.8
Inter-segment revenue	-	-	-	-	-
Segment revenue – external	1,092.9	562.3	78.6	-	1,733.8
EBITDAF	331.5	44.1	(18.9)	-	356.7
Interest revenue	27.4	5.9	0.6	(19.9)	14.0
Interest expense	(174.5)	(25.8)	(10.5)	19.9	(190.9)
Depreciation and amortisation	(67.3)	(21.0)	(13.9)	-	(102.2)
Financial derivative fair value movements	44.6	(35.3)	(1.3)	-	8.0
Investment transaction costs expensed	(0.4)	-	-	-	(0.4)
Realisations	(7.3)	-	18.2	-	10.9
Impairment losses	(187.8)	-	(2.1)	-	(189.9)
Taxation expense	(48.2)	11.1	2.5	-	(34.6)
Segment result	(82.0)	(21.0)	(25.4)	-	(128.4)
Non current assets (excluding financial instruments and deferred tax)	3,220.0	591.6	236.5	-	4,048.1
Total assets	3,595.3	810.5	301.9	-	4,707.7
Total liabilities	2,639.2	370.4	63.7	-	3,073.3
Capital expenditure/investment (including accruals)	120.9	132.7	20.7	-	274.3

The group has no significant reliance on any one customer.

(28) SHARE SCHEME**Infratil Executive Redeemable Share Scheme**

During the year selected key eligible executives and senior managers of Infratil and certain of its subsidiaries were invited to participate in the Infratil Executive Redeemable Share Scheme to acquire Executive Redeemable shares ('Executive Shares'). The Executive Shares have certain rights and conditions and cannot be traded until those conditions have been met. The Executive Shares confer no rights to receive dividends or other distributions or vote. Up to 3 million Executive Shares may be issued which will convert to ordinary shares after three years (other than in defined circumstances) provided that the issue price has been fully paid and vesting conditions have been met. The vesting conditions include share performance hurdles with minimum future share price targets which need to be achieved over the specified period. The number of shares that "vest" (or LTI bonus paid) is based on the share price performance over the relevant period of the Infratil ordinary shares. If the executive is still employed by the Group at the end of the specified period, provided the share performance hurdles are met the employee receives a long term incentive bonus (LTI) which must be used to repay the outstanding balance of the Executive Shares and the Executive Shares are then converted to fully paid ordinary shares of Infratil.

339,000 (2009 293,500) Infratil Executive Redeemable Shares were granted at a price of \$1.6236 on 3 November 2009 (\$2.0395 on 16 October 2008), at the volume weighted average market price over the 20 business days immediately preceding the date on which the shares were issued to each executive. One cent per Executive Share was paid up in cash by the executive with the balance of the issue price payable when the executive becomes eligible to receive the long term incentive bonus. The fair value of Executive Shares at the grant date was estimated using the following weighted average assumptions:

Year ended 31 March	Consolidated	
	2010	2009
Risk-free interest rate	6%	6%
Cost of equity	14%	14%
Expected stock price volatility	25-30%	25-30%
Mean estimate of price	\$3.087	\$3.087
Present value of expected dividends	\$0.174	\$0.174
Adjustment for lack of transferability	35%	35%
Forecast returns to Shareholders	12%	12%

Executive Shares are valued based on the market price at date of grant adjusted for dividends that are not received. Volatility is based on historic volatility in Infratil's share price. The performance hurdles noted above are included in the valuation model used in determining the fair value of options issued during the year. In the event that there is a consolidation or subdivision of the ordinary shares, then the number of Executive Shares offered will increase (or decrease as the case may be) and the issue price will decrease (or increase respectively) in the same proportion. In the event of an offer for the ordinary shares of the company, the LTI bonus determination date will be accelerated to the date the offer becomes unconditional. The carrying amount of the liability for the long term incentive bonus at 31 March 2010 was \$0.1 million (2009: \$0.1 million).

Infratil Staff Share Purchase Scheme

In 2008 Infratil commenced a staff share purchase scheme (the "Staff Share Scheme"). Under the Staff Share Scheme participating employees have a beneficial title to the ordinary shares, which are held by a trustee company. The loan in respect of the shares is repayable over a period of three years. Upon repayment of the loan and three years' service by the participating employee, the ordinary shares will transfer from the trustee company to the participating employee, and the shares become unrestricted. Other than in exceptional circumstances, the length of the retention period before the shares vest is three years during which time the ordinary shares cannot be sold or disposed of.

The balance of the loans owing by the Group to the Trustee at 31 March 2010 is \$0.3 million (2009: \$0.3 million).

Shares acquired under the Staff Share Purchase Scheme are as follows:

Effective date	Expiry date	Balance at 1 April Number	Held on Trust Number	Withdrawals from scheme during year Number	Balance at 31 March held on Trust Number
Opening balance March 2009		196,442			196,442
16/12/2009 (issue price \$1.7)	16/12/12	-	107,576		304,018
24/12/2009 (issue price \$1.7)	24/12/12	-	3,132		307,150
Closing balance March 2010				(22,302)	284,848
Opening balance March 2008		-			-
2/12/2008 (issue price \$1.5)	2/12/11	-	187,256		187,256
8/10/2008 (issue price \$1.9)	8/10/11	-	11,816		199,072
Closing balance March 2009				(2,630)	196,442

The total charge recognised in the profit and loss for both the schemes in the 2010 year was \$0.1 million (2009 \$0.1 million).

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(29) COMMITMENTS

	Consolidated	
	2010 \$Millions	2009 \$Millions
<i>Capital commitments</i>		
Committed but not contracted for	9.7	12.4
Contracted but not provided for	94.1	149.7
	103.8	162.1

Wellington International Airport has contracted to complete the development of the new international passenger terminal.

Infratil Energy Australia has contracted to develop a 65MW generation plant in South Australia.

Perth Energy group is investing in a turnkey power generation plant project. Contractual agreements for the supply of the significant components of this development have been entered into.

Energy purchase commitments

TrustPower has a long term contract with Mighty River Power to purchase the output from the Rotokawa geothermal power station until 31 March 2013. This commitment cannot be quantified. TrustPower has a contract with Pioneer Generation to purchase all of the output from its various generation sites. This commitment cannot be quantified. TrustPower has a contract with Ngawha Generation Limited to purchase all of the output from its Ngawha power station. This commitment cannot be quantified. TrustPower's electricity lease revenue is revenue recognised in connection with Snowtown Wind Farm Pty Ltd's (a subsidiary of the company) Power Purchase Agreement to sell 90% of all energy generated by the Snowtown Wind Farm to a significant Australian electricity retailer. This agreement has been deemed as an operating lease of the wind farm under NZ IFRS and all revenue under the contract accounted for as lease revenue. Because of the contract terms, in particular that the volume of energy supplied is variable dependent on the actual generation of the Snowtown Wind Farm, the future minimum payments under the term of the contract, that expires on 31 December 2018, are contingent in nature and therefore not able to be quantified.

(30) CONTINGENT LIABILITIES

Subsidiaries have outstanding letters of credit to suppliers totalling \$0.3 million (2009 \$0.5 million), and performance bonds totalling \$3.7 million (2009 \$3.7 million).

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

The Company has a contingent liability under the management agreement with MCIM in the event that the Group sells its international or venture capital fund assets or reallocates assets in the future and exceeds the performance thresholds in respect to incentive fees.

NZ Bus Limited has guaranteed Mobil the payment of all monies payable under trade arrangements between Mobil and NZ Bus group companies.

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

The Company has agreed to underwrite an equity issue by Perth Energy for an amount of up to A\$53 million, to be issued over the period from March 2008 to July 2010 of which A\$45.7/NZ\$58.9 million had been issued to 31 March 2010 (2009: A\$37.1/NZ\$47.8 million).

During 2008 the European Commission opened formal proceedings alleging state aid in relation to Lübeck airport (owned and operated by Flughafen Lübeck GmbH, one of the Group's subsidiaries at that time). Infratil has now exercised a put option and sold its interest in Lübeck Airport back to the City of Lübeck. Lübeck is one out of six airports in Germany where the European Commission opened a formal proceeding. Infratil understands a significant number of other airports in Germany and elsewhere in the European Union are in earlier stages of investigation. Of the four matters being investigated, three relate to arrangements with Ryanair which were entered into prior to the sale of the airport to the Infratil Airports Europe Limited ("IAE"). IAE and Flughafen Lübeck GmbH have been working with Ryanair, the Hanseatic City of Lübeck and the government of the Federal Republic of Germany to refute these allegations of state aid, and their outcome is not expected to affect IAE's financial position. In relation to the fourth, IAE and Flughafen Lübeck GmbH fully maintain their legal and factual position that the open tender process in 2005 that resulted in the purchase of Flughafen Lübeck GmbH cannot by its very nature involve state aid and continue to be confident that they will be able to demonstrate this to the Commission and, if necessary, the European Court of Justice. As the directors cannot predict with any degree of certainty the outcome of the above matter, it is not possible to assess accurately the quantum of any financial cost to the Group.

Bank guarantees totalling \$51.4 million (2009 \$38.6 million) have been issued to a range of counterparties to facilitate trading in the various energy markets and related transmission networks. These guarantees have the benefit of a Deed of Negative Pledge, Subordination and Guarantee from Infratil Limited and its wholly owned guaranteeing subsidiaries.

Inland Revenue is currently disputing the tax treatment adopted by TrustPower in relation to feasibility expenditure in the 2006, 2007 and 2008 financial years. The TrustPower believes the tax treatment adopted is correct and is defending its position. Should Inland Revenue be successful in its claim, the resulting liability would give rise to an additional tax payment of \$6.8 million and interest expense of \$2.8 million. Further TrustPower would need to revise its policy for claiming tax deductions for feasibility expenditure in the 2009 and future years. This would give rise to further tax expense of \$2.9 million and interest expense \$0.2 million in respect of 2009 and 2010 years.

TrustPower has provided a guarantee to Rangitata Diversion Race Management Limited (RDR) to allow RDR to borrow funds to purchase land. The maximum amount the Group could be liable to pay is \$756,000 (2009: nil). This maximum liability would only be payable if RDR was unable to service its debt and was unable to sell the land.

(31) EARNINGS PER SHARE

	2010 \$Millions	2009 \$Millions
Net surplus attributable to ordinary shareholders	29.0	(191.0)
Basic earnings per share:	cps	cps
Basic earnings per share (cps)	5.2	(37.5)
Weighted average number of ordinary shares		
Issued ordinary shares at 1 April	520.2	487.4
Effect of new shares issued	5.5	
Effect of issue of partly paid shares	-	28.6
Effect of shares issued through warrant exercise	29.6	0.8
Effect of shares bought back	-	(7.2)
Weighted average number of ordinary shares at end of year	555.3	509.6
Diluted earnings per share recognising warrants on issue	cps	cps
Diluted earnings per share (cps)	5.2	(36.5)
Weighted average number of ordinary shares (diluted)		
Weighted average ordinary shares (calculated above)	555.3	509.6
Effect of warrants on issue	6.6	14.0
Weighted average number of ordinary shares at end of year	561.9	523.6

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

(32) RELATED PARTIES

Certain Infratil Directors have relevant interests in a number of companies with which Infratil has transactions in the normal course of business. A number of key management personnel are also Directors of Group subsidiary companies. Transactions undertaken with Group companies have been entered into on an arm's length commercial basis.

Morrison & Co Infrastructure Management Limited ('MCIM') is the management company for the Company. MCIM received management fees in accordance with the management agreement of \$16.5 million excluding GST (2009: \$18.7 million excluding GST). Included in trade creditors is an amount of \$1.4 million excluding GST (2009: \$1.4 million excluding GST) for management fees for the month of March 2010.

MCIM is owned by H.R.L. Morrison & Co Group Limited ('MCO'). Messrs H R L Morrison and D P Saville are directors of the Company and Mr Bogoevski is Chief Executive Officer of MCO. Entities associated with Mr Morrison and Mr Saville own shares in MCO.

In the prior year Ingot Capital Management Pty Limited provided investment manager services to Infratil in respect of S&P option contract investments. Ingot Capital Management Pty Limited is a related party to Mr Saville, a Director of the Company. Ingot Capital Management Pty Limited, received a fee in 2009 of \$2.0 million for these investment management services in the financial year. Infratil earned in 2009 a realised profit of \$32.9 million on the S&P option contracts managed by Ingot Capital Management Pty Limited.

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

	Consolidated		Parent	
	2010 \$Millions	2009 \$Millions	2010 \$Millions	2009 \$Millions
Consulting	0.2	0.4	0.2	0.4
Financial management, accounting, treasury, compliance and administrative services	1.0	0.8	1.0	0.8
Risk management reporting	0.3	0.3	0.3	-
Investment banking services	3.6	-	3.6	-
Operations management and analysis	-	0.3	-	-
Electricity market advisory services	-	0.1	-	-
Generation development and project management	-	1.2	-	-
Total other fees and services	5.1	3.1	5.1	1.2

Investment banking services in the 2010 year related to fees for the divestment of Fullers, EDL and the investment in the Shell New Zealand energy business, and were approved by the independent directors prior to the commitment.

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

	2010	2009
Wellington International Airport	NZD 80,000	NZD 80,000
Infratil Airports Europe	STG 75,000	STG 117,500
NZ Bus	NZD 130,000	NZD 105,000
Victoria Electricity	AUD 200,000	AUD 125,000
TrustPower	NZD 195,000	NZD 195,000
Infratil Energy Australia	AUD 100,000	AUD 30,000
Snapper Services	NZD 80,000	NZD 52,500

Parent Company advances

Advances due from subsidiary companies are repayable on demand and are at interest rates up to 10% (2009: 10.5%).

Note 22 identifies significant group entities and associates in which Infratil has an interest. All of these entities are related parties of the Company.

Advances

The Group has made loans to Infratil Trustee Company Limited of \$0.3 million (2009: \$0.3 million) in relation to the Infratil Staff Share Purchase Scheme.

(33) MANAGEMENT FEE TO MORRISON & CO INFRASTRUCTURE MANAGEMENT LIMITED ('MCIM')

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

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

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

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

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

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

- An international fund incentive fee is payable at the rate of 20% of gains on the international (including Australian) assets in excess of 12% per annum post tax.
- A venture capital fund management fee is payable, at the rate of 2% per annum on investment entities with values up to \$7.5 million and 1.2% per annum on investment entities with values over \$7.5 million. A venture capital fund incentive fee is payable at the rate of 20% of gains on the investment assets in excess of 17.5% per annum pre-tax.

(34) EVENTS AFTER BALANCE DATE

Dividend

Subsequent to 31 March 2010 the Directors have approved a final dividend of 3.75 cents per share to holders of fully paid ordinary shares to be paid on the 25th of June 2010.

Dividend reinvestment plan

Infratil will provide shareholders with the opportunity to opt in to a dividend reinvestment plan for the final dividend. The Plan will give shareholders the option of receiving some or all of their dividends as shares. Any shareholder who does not apply to be included in the Plan will receive their normal cash dividend. A document describing the Plan and an application form has been mailed to shareholders.

Investment Purchase

A consortium owned 50% by Infratil Limited and 50% by the Guardians of New Zealand Superannuation announced it had completed the acquisition of Shell New Zealand's distribution and retail energy businesses, and a 17.1% interest in the New Zealand Refining Company. The base purchase price is \$696.5 million plus an adjustment for actual net working capital in excess of \$208 million at settlement date. Normal net working capital levels are estimated to average \$250 million during a 12 month period. In addition to an extensive retail network and commercial customer base, the acquisition includes NZ-wide distribution, storage, marine and aviation assets; the rights to use the Shell retail brand; a 25% share in Loyalty New Zealand (Fly Buys); and the ongoing supply of Shell fuels and products. Total funding provided by Infratil and the Guardians of the New Zealand Superannuation Fund as shareholders of the holding Company which holds the investment in the Shell New Zealand businesses and the New Zealand Refining Company will amount to \$420 million with the balance of the purchase consideration bank funded. Infratil's investment will include a combination of ordinary shares, redeemable preference shares and shareholders loans.

TrustPower

TrustPower has incurred additional capital commitments of \$62 million relating to the construction of stage one of its Mahinerangi Wind Farm. Additional contracts are expected to be signed in the coming months.

To the shareholders of Infratil Limited

We have audited the financial statements on pages 37 to 74. The financial statements provide information about the past financial performance and financial position of the company and group as at 31 March 2010. This information is stated in accordance with the accounting policies set out on pages 43 to 47.

Directors' responsibilities

The Directors are responsible for the preparation of financial statements which give a true and fair view of the financial position of the company and group as at 31 March 2010 and the results of their operations and cash flows for the year ended on that date.

Auditors' responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Directors in the preparation of the financial statements;
- whether the accounting policies are appropriate to the company's and group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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

Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the company as far as appears from our examination of those records;
- the financial statements on pages 37 to 74:
 - comply with New Zealand generally accepted accounting practice;
 - give a true and fair view of the financial position of the company and group as at 31 March 2010 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 17 May 2010 and our unqualified opinion is expressed as at that date.



WELLINGTON

Corporate Governance

Role of the Board

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

Board Membership

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

In accordance with the Company's constitution one third, or the number nearest to one third, of the directors (excluding any director appointed since the previous annual meeting) retire by rotation at each annual meeting. The directors to retire are those who have been longest in office since their last election.

Directors retiring by rotation may, if eligible, stand for re-election.

Directors' Shareholding

Under the constitution directors are not required to hold shares in the Company. However, \$10,000 of the directors fees for non-executive directors other than Duncan Saville are paid through the issue of shares to those Directors. All Directors, either hold shares themselves or shares are held by organisations to which they are associated parties, in recognition of the benefits of aligning directors' interests with those of shareholders.

Directors will not normally make investments in listed infrastructure or utilities securities in areas targeted by the Company.

Audit & Risk Committee

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

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

Internal Financial Control

The Board has overall responsibility for the Company's system of internal financial control. The directors have established procedures and policies that are designed to provide effective internal financial control.

Annual budgets and long term strategic direction are prepared and agreed by the Board. Financial reports are prepared monthly and reviewed by the Board throughout the year to monitor performance against budget targets and objectives.

Risk Management and Compliance

The Audit and Risk Committee also has a function of reviewing management practices in relation to identification and management of significant business risk areas and regulatory compliance. Formal systems have been introduced for regular reporting to the Board on business risk and compliance matters.

Directors' and Officers' Insurance

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

Independent Professional Advice

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

Going Concern

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

Board Performance

The Board as a whole and individual directors are subject to a performance appraisal from time to time using a corporate governance best practice model. This appraisal is designed to measure performance through peer review and self assessment. The Chairman then initiates a review with each director and a collective review of Board performance. Appropriate strategies for personal and collective improvement are then agreed and actioned.

Shareholder Communication

Infratil aims to communicate effectively, give ready access to balanced and understandable information about the Company and corporate proposals and make it easy to participate in general meetings.

Infratil is committed to providing comprehensive continuous disclosure to shareholders and other stakeholders, and complying with the listing rules of the New Zealand Exchange.

Infratil seeks to ensure its shareholders are appropriately informed on its operations and results, with the delivery of timely and focused communication, and the holding of shareholder meetings in a manner conducive to achieving shareholder participation.

To ensure shareholders have access to relevant information the Company:

- holds regular investor road shows
- sends shareholders its annual review which is a summary of the Company's operating and financial performance;
- website which contains media releases, quarterly financial information, current and past annual reports, dividend histories, notices of meeting, a list of shareholders' frequently asked questions and other information about the Company;
- makes available printed half year and annual reports and encourages shareholders to access these documents on the website and to receive advice of their availability by email;
- publishes press releases on issues/events that may have material information content that could impact on the price of its traded securities;
- issues additional explanatory memoranda where circumstances require, such as explanations of dividend changes and other explanatory memoranda as may be required by law.

Shareholder meetings are generally held in a location and at a time which best ensures full participation by shareholders. Meetings are typically alternated between Wellington and Auckland.

Full participation of shareholders at the annual meeting is encouraged to ensure a high level of accountability and identification with the Company's strategies and goals. Shareholders have the opportunity to submit questions prior to each meeting and senior management and auditors are present to assist in answering any specific queries raised. There is also an opportunity for informal discussion with directors and senior management for a period after the meeting concludes.

Infratil supports the efforts of the New Zealand Shareholders' Association (NZSA) to raise the quality of relations between public companies and their shareholders.

Shareholders wishing to learn more about the NZSA can find information on the association's website (<http://www.nzshareholders.co.nz>).

While Infratil supports the general aims and objectives of the NZSA, its specific actions and views are not necessarily endorsed by Infratil, or representative of Infratil's view.

Corporate Governance Best Practice Code

The Company supports the Corporate Governance Best Practice promulgated by the New Zealand Exchange. In a number of respects, the Company's practice differs from this Code. In particular, the Company has not established separate Director Nomination and Remuneration Committees. The Company considers that it is properly dealing with these issues at the full Board level. Copies of the Company's Corporate Governance Code and Code of Ethics are available on request of the Company Secretary or can be downloaded from www.infratil.com

New Zealand Exchange and Statutory Information

Takeovers Code Matters

In August 2008, the Takeovers Panel granted the Takeovers Code (Infratil Limited) Exemption Notice 2008 (Notice). The Notice permits certain Infratil shareholders to increase their shareholdings in Infratil upon exercise of the IFTWB series of warrants (**IFTWB Warrants**) they hold and also as a result Infratil buying back up to 34,103,294 of its own shares (**Buyback Programme**). The Notice requires that this Annual Report provide the following information:

(1) A summary of the terms of the IFTWB Warrants:

Each IFTWB Warrant entitles the holder upon payment of:

- (a) the exercise price of \$1.62 on or prior to 10 July; or,
- (b) if certain amendments to the terms of the IFTWB Warrants are approved by IFTWB Warrantholders at a special meeting scheduled for 25 June 2009, upon payment of an instalment payment of 55 cents on or before 10 July 2009 and the subsequent payment of the exercise price of \$1.12 on or before 21 May 2010,

to be issued with one fully paid ordinary share in Infratil. IFTWB Warrants themselves do not confer voting rights and their full and current terms of issue are available on request from Infratil (email: info@infratil.com).

(2) A summary of the terms and conditions of the exemptions granted under the Notice:

The Notice permits the associated shareholders (**Associated Shareholders**, who are introduced below) to increase their voting control in Infratil (essentially their shareholding) through the exercise of their IFTWB Warrants and/or as a result of the Buyback Programme provided that an extensive list of conditions are complied with. In summary, the key conditions were and are:

- (a) Prior shareholder approval of the Buyback Programme and share allotments being made to the Associated Shareholders upon the exercise of their IFTWB Warrants (obtained on 18 August 2008);
- (b) The Notice of Meeting for that shareholder approval dated 14 July 2008 (**Notice of Meeting**) contained or stated full particulars of the Buyback Programme and IFTWB Warrants held by the Associated Shareholders. This included extensive and detailed information about the maximum level of voting control that the Associated Shareholders might achieve (individually and in aggregate) as a result of the Buyback Programme and the Associated Shareholders fully exercising all the IFTWB Warrants that they held, including in circumstances where no other IFTWB Warrantholders exercise any of their IFTWB Warrants;
- (c) That until 31 August 2010, there is no increase to any of the Associated Shareholders voting control other than as a result of an allotment resulting from the exercise of IFTWB Warrants held by an Associated Shareholder or through the Buyback Programme.
- (d) Every annual report issued by Infratil prior to 31 August 2010 contains the disclosures set out in this section.
- (e) None of the Associated Shareholders are subject to a change in control (as applicable).
- (f) The maximum individual control percentages that were disclosed for the Associated Shareholders in the Notice of Meeting are not exceeded.

A comprehensive list of all the conditions are set out in the Notice, which is available on request from Infratil (email: info@infratil.com) or can be viewed and downloaded from www.takeovers.govt.nz. A copy of the Notice of Meeting is also available on request from Infratil.

- (3) A statement, as at the end of the financial year to which the annual report relates, of the number of voting securities allotted to each Associated Shareholder as a result of the exercise of the warrants held by them (whether the voting securities were allotted during the financial year or an earlier financial year):

Nil.

- (4) A statement, as at the end of the financial year to which the annual report relates, of the total percentage of voting rights on issue held or controlled by each Associated Shareholder and that Associated Shareholder's associates (calculated as though the other Associated Shareholders were not their associates):

Utilico Limited:	18.02%
HRL Morrison & Co Group Limited:	4.18%
Hugh Richmond Lloyd Morrison and John Bentley Morrison as trustees of the HRL Morrison Family Trust:	3.67%
JML Trustee Company Limited as trustee of the JML Trust:	1.19%
Duncan Paul Saville:	0.0015%
Total Associated Shareholders:	27.0615%

- (5) A statement, as at the end of the financial year to which the annual report relates, of the maximum percentage of total voting rights that could be held or controlled by each Associated Shareholder and that Associated Shareholder's associates as a result of the allotment of voting securities to the Associated Shareholders on the exercise of all of the warrants held by them; and Infratil Limited acquiring the maximum number of voting securities under the buyback.

Utilico Limited:	22.3%
HRL Morrison & Co Group Limited:	4.8%
Hugh Richmond Lloyd Morrison and John Bentley Morrison as trustees of the HRL Morrison Family Trust:	4.5%
JML Trustee Company Limited as trustee of the JML Trust:	1.2%
Duncan Paul Saville:	0.0018%
Total Associated Shareholders:	32.8016%

- (6) Position as at 31 May 2010.

Utilico Limited:	20.1%
HRL Morrison & Co Group Limited:	4.4%
Hugh Richmond Lloyd Morrison and John Bentley Morrison as trustees of the HRL Morrison Family Trust:	4.1%
JML Trustee Company Limited as trustee of the JML Trust:	1.1%
Duncan Paul Saville:	0.0015%
Total Associated Shareholders:	29.7015%

New Zealand Exchange and Statutory Information

Directors of Infratil's other subsidiary companies (not otherwise disclosed) are set out below:

Company	Director of Subsidiary
Infratil Airports Europe Limited	Paul Ridley-Smith, Lloyd Morrison, David Newman, Phil Walker, Steven Fitzgerald & Iain Cochrane
Glasgow Prestwick Airport Limited	Lloyd Morrison, Paul Ridley-Smith, Steven Fitzgerald and Iain Cochrane
Prestwick Airport Limited	Paul Ridley-Smith, Lloyd Morrison, David Newman, Phil Walker, Steven Fitzgerald & Iain Cochrane <i>Resigned - Mark Rodwell</i>
PIK MRO Limited	Steven Fitzgerald and Iain Cochrane
Prestwick Aviation Holdings Limited	Steven Fitzgerald and Christopher Chandler
Great Holidays Limited	Steven Fitzgerald and Christopher Chandler
Runway Realisations Limited	Steven Fitzgerald and Christopher Chandler
Infratil Kent Airport Limited	Lloyd Morrison, David Newman, Steven Fitzgerald, Paul Ridley-Smith and Iain Cochrane <i>Resigned - Matt Clarke</i>
Infratil Kent Facilities Limited	Lloyd Morrison, David Newman, Steven Fitzgerald, Paul Ridley-Smith and Iain Cochrane <i>Resigned - Matt Clarke</i>
Prestwick Airport Infrastructure Limited	Iain Cochrane, Christopher Chandler, Graeme Sweeney. <i>Resigned - Mark Rodwell, Mark Weeden and Matt Clarke</i>
Prestwick Airport Property Limited	Christopher Chandler, Graeme Sweeney
The Airport Driving Range Company Limited	Iain Cochrane, Steven Fitzgerald
New Zealand Bus Finance Limited	Tim Brown, Liberato Petagna, Kevin Baker and Keith Tempest. <i>Resigned Marko Bogoevski</i>
New Zealand Bus Limited	Tim Brown, Liberato Petagna, Kevin Baker and Keith Tempest. <i>Resigned Marko Bogoevski</i>
Transportation Auckland Corporation Limited	Bruce Emson, Scott Thorne and Ian Turner
Wellington City Transport Limited	Bruce Emson, Scott Thorne and Ian Turner
North City Bus Limited	Scott Thorne, Bruce Emson, and Ian Turner. <i>Resigned - Allan Cannell & Warren Fowler</i>
Cityline (NZ) Limited	Scott Thorne, Bruce Emson, and Ian Turner. <i>Resigned - Allan Cannell & Warren Fowler</i>
Auckland Integrated Ticketing Limited	William Dalbeth, Charles Inwards, Andrew Ritchie, Ian Turner and Douglas Hudson
Wellington Integrated Ticketing Limited	Treena Martin and Ian Turner
Wellington International Airport	Steven Fitzgerald, Tim Brown, Kevin Baker, Keith Sutton and Kerry Prendergast. <i>Resigned - Denis Thom</i>
Isite Limited	Andrea Scotland, Michael Basher and Paul Ridley-Smith. <i>Resigned - Simon Draper</i>
Victoria Electricity Pty Limited	Bruce Harker, Vaughan Busby, Kevin Baker, Marko Bogoevski, Simon Draper and Roger Crawford
Direct Connect Pty Limited	Simon Draper and Paul Forsyth
South Australia Electricity Pty Limited	Simon Draper and Paul Forsyth
New South Wales Electricity Pty Limited	Simon Draper and Paul Forsyth
Queensland Electricity Pty Limited	Simon Draper and Paul Forsyth
Infratil Energy Australia Pty Limited	Bruce Harker, Darryl Flukes, Kevin Baker, Roger Crawford, Mark Tume and Marko Bogoevski.
VE Telecommunications Pty Limited	Simon Draper and Paul Forsyth
Emagy Pty Limited	Darryl Flukes and Paul Forsyth
Perth Energy Pty Limited	Paul Forsyth, Darryl Flukes, Rodney Jones, Ky Cao and Vaughan Busby (alternate director)
Western Energy Pty Limited	Darryl Flukes, Ky Cao and Paul Forsyth
WA Power Exchange Pty Limited	Rodney Jones and Ky Cao. <i>Resigned - Darryl Flukes</i>
Infratil Energy Group Pty Limited	Paul Forsyth
TrustPower Limited	Bruce Harker, Michael Cooney, Sam Knowles, Ronald Carter and Geoffrey Swier
Tararua Wind Power Limited	Christopher O'Hara and Michael Cooney. <i>Resigned - Keith Tempest</i>
TrustPower Renewable Investments Pty Limited	Christopher O'Hara and Geoffrey Swier. <i>Resigned - Keith Tempest</i>
TrustPower Metering Limited	Christopher O'Hara and Bruce Harker. <i>Resigned - Keith Tempest</i>
Waikaremoana Power Limited	Rangi Manuel and Tamaroa Nikora
Cobb Power Limited	Michael Cooney and Christopher O'Hara. <i>Resigned - Keith Tempest</i>
TrustPower Oamaru Limited	Christopher O'Hara. <i>Resigned - Keith Tempest</i>
TrustPower Insurance Limited	Christopher O'Hara and Michael Cooney. <i>Resigned - Keith Tempest</i>
TrustPower Australia (New Zealand) Ltd	Christopher O'Hara and Michael Cooney. <i>Resigned - Keith Tempest</i>
Snowtown Wind Farm Pty Ltd	Christopher O'Hara and Michael Cooney. <i>Resigned - Keith Tempest</i>
TrustPower Australia Holdings Pty Limited	Christopher O'Hara and Michael Cooney. <i>Resigned - Keith Tempest</i>
Bay Energy Limited	Christopher O'Hara. <i>Resigned - Keith Tempest</i>
Paehinahina Mourea Geothermal Limited	Christopher O'Hara. <i>Resigned - Keith Tempest</i>
Taheke Geothermal Limited	Christopher O'Hara. <i>Resigned - Keith Tempest</i>
Sellicks Hill Wind Farm Pty Limited	Christopher O'Hara and Geoffrey Swier. <i>Resigned - Keith Tempest</i>
Northwest Auckland Airport	Marko Bogoevski, Tim Brown, Steven Fitzgerald and Simon Draper
Snapper Services Limited	Paul Ridley-Smith, Kerry Waddell and Kevin Baker

Directors Fees paid by subsidiaries (not otherwise disclosed)

Director of Subsidiary	Company	Currency	
Denis Thom - retired 31 December 2009	Wellington International Airport Limited	NZD	33,000
Tim Brown	Wellington International Airport Limited	NZD	42,500
Keith Sutton - appointed 1 January 2010	Wellington International Airport Limited	NZD	11,000
Kerry Prendergast	Wellington International Airport Limited	NZD	37,500
Kevin Baker	Wellington International Airport Limited	NZD	37,500
Paul Ridley-Smith	Infratil Airports Europe Limited	GBP	25,000
Phil Walker	Infratil Airports Europe Limited	GBP	25,000
Keith Tempest	NZ Bus Limited and NZ Bus Finance Limited	NZD	35,000
Liberato Petagna	NZ Bus Limited and NZ Bus Finance Limited	NZD	64,000
Tim Brown	NZ Bus Limited and NZ Bus Finance Limited	NZD	51,500
Kevin Baker (appointed 14 September 2009)	NZ Bus Limited and NZ Bus Finance Limited	NZD	16,500
Kevin Baker	Victoria Electricity Pty Limited	AUD	56,667
Roger Crawford	Victoria Electricity Pty Limited	AUD	40,000
Bruce Harker	Victoria Electricity Pty Limited	AUD	90,000
Vaughan Busby	Victoria Electricity Pty Limited	AUD	40,000
Ronald Carter	TrustPower Limited	NZD	75,000
Michael Cooney	TrustPower Limited	NZD	65,000
Geoffrey Swier	TrustPower Limited	NZD	109,900
Bruce Harker	TrustPower Limited	NZD	130,000
Sam Knowles	TrustPower Limited	NZD	65,000
Bruce Harker	Infratil Energy Australia Pty Limited	AUD	35,000
Roger Crawford	Infratil Energy Australia Pty Limited	AUD	5,000
Kevin Baker	Infratil Energy Australia Pty Limited	AUD	7,083
Darryl Flukes	Perth Energy Pty Limited	AUD	60,000
Paul Forsyth	Perth Energy Pty Limited	AUD	30,000
Rodney Jones	Perth Energy Pty Limited	AUD	30,000
Paul Ridley-Smith	Snapper Services Limited	NZD	50,000
Kerry Waddell	Snapper Services Limited	NZD	30,000
Kevin Baker	Snapper Services Limited	NZD	30,000

* Appointed as a Director of TrustPower 21 August 2008 and resigned 25 February 2009

** Alternate Director for HRL Morrison appointed 26 February 2009

No other benefits have been provided by the Company or its subsidiaries to a Director for services as a Director or in any other capacity. No loans have been made by the Company or its subsidiaries to a Director nor has the Company or subsidiaries guaranteed any debts incurred by a Director other than as below. Andrea Scotland had a loan of \$379 at 31 March 2010, which related to shares acquired under the Infratil Staff Share Purchase Scheme.

The Company made donations of \$nil during the year ended 31 March 2010 (2009: \$nil)

New Zealand Exchange and Statutory Information

Employee remuneration

During the year ended 31 March 2010 the following number of employees received remuneration of at least \$100,000.

Remuneration band	Number of employees
	2010
\$100,000 to \$110,000	37
\$110,001 to \$120,000	29
\$120,001 to \$130,000	32
\$130,001 to \$140,000	8
\$140,001 to \$150,000	14
\$150,001 to \$160,000	3
\$160,001 to \$170,000	5
\$170,001 to \$180,000	4
\$180,001 to \$190,000	8
\$190,001 to \$200,000	5
\$200,001 to \$210,000	2
\$210,001 to \$220,000	6
\$220,001 to \$230,000	2
\$230,001 to \$240,000	2
\$240,001 to \$250,000	3
\$250,001 to \$260,000	2
\$260,001 to \$270,000	2
\$270,001 to \$280,000	1
\$280,001 to \$290,000	1
\$290,001 to \$300,000	2
\$300,001 to \$310,000	1
\$310,001 to \$320,000	2
\$360,001 to \$370,000	2
\$380,001 to \$390,000	1
\$400,001 to \$410,000	1
\$410,001 to \$420,000	1
\$530,001 to \$540,000	2
\$550,001 to \$560,000	1
\$570,001 to \$580,000	1
\$630,001 to \$640,000	1
\$770,001 to \$780,000	1
\$830,001 to \$840,000	1
\$1,160,001 to \$1,170,000	1
\$2,580,001 to \$2,590,000	1

The Company made donations of \$nil during the year ended 31 March 2010 (2009 \$nil)

Auditors

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

New Zealand Exchange Waivers

As at and for the year ended 31 March 2010, the Company had two waivers from the NZSX Listing Rules:

1. A waiver from Listing Rule 7.3.2 (b) that permits the issue of Convertible Infrastructure Bonds up until 30 August 2010.
2. A waiver from Listing Rule 9.2.1 that permitted the Company to acquire the shares in Shell New Zealand Holdings Limited in a joint venture with a related party, New Zealand Superannuation Fund.

Since 31 March 2010, the Company obtained a waiver from Listing Rule 7.11.1 that permits shares issued under the Company's Dividend Reinvestment Plan to be allotted at the same time as it pays the corresponding cash dividend.

Credit rating

The Company does not have a credit rating. Wellington International Airport Limited has a credit rating of BBB+/A2 stable from Standard & Pools.

Shareholder information

Substantial Security Holders:

The following information is pursuant to Section 26(1) of the Securities Markets Act 1988.

According to notices given under the Securities Markets Act 1988, the following persons were substantial security holders in the Company as at 26 May 2009.

Ordinary shares	Securities	%
Utilico Investment Trust plc	121,038,296	20.0%
H.R.L. Morrison Family Trust	50,871,768	8.4%

The total number of voting securities of the Company on issue as at 26 May 2010 were 606,404,778 fully paid ordinary shares (including Infratil Treasury stock of 2,800,000).

Twenty Largest Shareholders as at 26 May 2010

National Nominees New Zealand Limited	137,726,249
Accident Compensation Corporation	45,121,372
ANZ Nominees Limited	26,947,463
Hettinger Nominees Limited	24,523,038
Custodial Services Limited	22,658,635
New Zealand Superannuation Fund Nominees Limited	18,458,798
HSBC Nominees (New Zealand) Limited	15,864,201
AMP Investment Strategic Equity Growth Trust Fund	14,981,180
Citibank Nominees (NZ) Limited	10,761,959
Bell Investment A/C	8,000,000
NZ Guardian Trust Investment Nominees Limited	7,949,308
Forsyth Barr Custodians Limited	7,646,971
JML Capital Limited	6,765,503
TEA Custodians Limited	6,569,449
Custody and Investment Nominees Limited	6,177,408
NZGT Nominees Ltd AIF Equity Fund A/C	5,489,338
Premier Nominees Limited	5,381,831
FNZ Custodians Limited	4,247,085
Norwich Union Life Insurance (NZ) Limited	4,213,273
JB Ware (NZ) Nominees Limited	3,886,589
Guardian Trust Investment Nominees	3,870,758

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

Spread of Shareholders as at 26 May 2010

Number of shares	Number of holders	Total shares held	%
1 - 1,000	1,622	1,026,931	0%
1,001 - 5,000	5,897	17,268,709	3%
5,001 - 10,000	3,259	24,179,178	4%
10,001 - 50,000	4,328	91,963,074	15%
50,001 - 100,000	471	32,097,950	5%
100,001 and Over	204	439,973,012	73%
TOTAL	15,781	606,508,854	100%

Twenty Largest WC Warrant holders as at 26 May 2010

National Nominees New Zealand Limited	9,751,859
ANZ Nominees Limited	2,182,098
Hettinger Nominees Limited	2,104,832
Custodial Services Limited	1,774,027
K & M Douglas A/C	664,632
Investment Custodial Services Limited	653,399
Bell Investment A/C	646,810
JML Capital Limited	589,843
PP & KA Caughey Family A/C	557,000
P Muir	500,000
P Cook	500,000
Custodial Services Limited	491,418
T Rutter & O Hill	412,219
M Wade	387,160
ASB Nominees	375,000
Accident Compensation Corporation	343,358
W Allen	317,355
Forsyth Barr	310,503
C Chen	306,739
S Linden	300,000

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

Spread of IFTWC Warrant holders as at 26 May 2010

Number of shares	Number of holders	Total warrants held	%
1 - 1,000	5,708	2,749,981	5%
1,001 - 5,000	5,074	9,825,358	19%
5,001 - 10,000	476	3,302,581	6%
10,001 - 50,000	274	5,683,839	11%
50,001 - 100,000	41	3,278,803	6%
100,001 and Over	46	27,984,896	53%
TOTAL	11,619	52,825,458	100%

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

Spread of IFTWC Warrant holders as at 26 May 2010

Number of shares	Number of holders	Total warrants held	%
1 - 1,000	5,917	2,855,027	5.4%
1,001 - 5,000	5,320	10,321,090	19.5%
5,001 - 10,000	509	3,540,430	6.7%
10,001 - 50,000	287	5,960,635	11.3%
50,001 - 100,000	40	3,113,640	5.9%
100,001 and Over	45	27,035,026	51.2%
TOTAL	12,118	52,825,848	100%

Twenty Largest Infrastructure Bondholders (Series 10,11,11b,12,13,15,20 and PIIBs) as at 26 May 2010

Custodial Services Limited	67,830,486
FNZ Custodians Limited	41,000,632
Investment Custodial Services Limited	27,576,811
Forsyth Barr Custodians	12,656,319
Private Nominees Limited	11,449,000
ASB Nominees Limited	10,063,045
Tappenden Holdings Limited	6,596,000
TEA Custodians Limited	5,375,000
ANZ Nominees Limited	4,000,000
JB Were (NZ) Nominees	3,170,000
NZ Guardian Trust Investment Nominees Limited	2,802,000
Presbyterian Support Services (South Canterbury)	2,375,000
NZPT Custodians (Grosvenor) Limited	2,355,000
Northland Regional Council	2,355,000
NZ Methodist Trust Association	2,000,000
Southern Cross Medical Care Society	2,000,000
ING (NZ) Nominees Limited	1,834,000
L & M Idoine	1,800,000
Premier Nominees Limited	1,625,800
FNZ Custodians Limited	1,606,000

Spread of Infrastructure Bondholders (Series 10,11,11b,12,13,15,20 and PIIBs) as at 26 May 2010

Number of shares	Number of holders	Total shares held	%
1 - 1,000	6	4,303	0.0%
1,001 - 5,000	1,843	9,100,468	1.2%
5,001 - 10,000	4,100	38,707,517	5.2%
10,001 - 50,000	10,286	285,774,198	38.2%
50,001 - 100,000	1,326	109,089,211	14.6%
100,001 and Over	518	305,630,866	40.8%
TOTAL	18,079	748,306,563	100.0%

DIRECTORS' HOLDING OFFICE

The Company's Directors are:

- M Bogoievski
- H R L Morrison
- A Y Muh
- D A R Newman (Chairman)
- H J D Rolleston
- D P Saville
- M Tume

Messrs D A R Newman, H R L Morrison and M Bogoievski are also Directors of Infratil Investments Limited, Infratil Securities Limited, Infratil 1998 Limited, NZ Airports Limited, Infratil Finance Limited, Infratil Ventures Limited, Infratil UK Limited, Infratil Australia Limited, Swift Transport Limited, Infratil Gas Limited and Infratil No 1 Limited. Messrs Newman and Morrison are also directors of Infratil Airports Europe Limited, Glasgow Prestwick Airport Limited, Prestwick Airport Limited, Infratil Kent Airport Limited and Infratil Kent Facilities Limited. Mr D A R Newman is also a Director of Wellington International Airport and Infratil Trustee Company Limited. Mr Morrison is a director of Fisher Funds Management Limited, TrustPower Limited, Auckland International Airport and Infratil Infrastructure Property Limited. Mr M Bogoievski is a Director of Infratil Energy Australia Pty Limited, Victoria Electricity Pty Limited, NorthWest Auckland Airport Limited and Infratil Infrastructure Property Limited and is an alternate Director of Fisher Funds Management Limited, Auckland International Airport Limited and TrustPrower Limited. Mr M Tume is a director of Infratil Trustee Company Limited and subsequent to 31 March 2010 became a director of Victoria Electricity Pty Limited and Infratil Energy Australia Pty Limited.

The Company considers that Messrs D A R Newman, H J D Rolleston, A Y Muh and M Tume are, and Messrs H R L Morrison, M Bogoievski and D P Saville are not, Independent Directors in terms of the New Zealand Exchange Listing Rules.

ENTRIES IN THE INTEREST REGISTER

Statement of Directors' Interests (as at 31 March 2010)

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

	Beneficial interests 2010	Non beneficial interests 2010
Shares		
H R L Morrison	44,597,048	12,200,808
A Muh	56,121	-
D A R Newman	79,179	-
H J D Rolleston	19,749	-
D P Saville	8,772	122,114,777
M Tume	15,151	-
Warrants (IFTWB)		
H R L Morrison	3,674,720	3,342,924
D A R Newman	6,100	-
D P Saville	-	21,590,287
Warrants (IFTWC)		
H R L Morrison	3,157,172	1,111,837
A Muh	304	-
D A R Newman	7,096	7,096
H J D Rolleston	800	-
D P Saville	877	11,979,477

Dealing in Securities:

The following table shows transactions recorded in respect of those securities during period ended 31 March 2010:

Director	No of securities Bought/(sold)	Cost/(proceeds) \$
H R L Morrison – Beneficial		
Partly paid warrants (B) on 14 July 2009	4,938,981	2,716,439.55
Conversion of IFTWB to ordinary shares issued 14 July 2009	1,899,777	3,077,638.74
H R L Morrison – Non Beneficial		
Partly paid warrants (B) on 14 July 2009	1,335,739	734,656.45
Conversion of IFTWB to ordinary shares issued 14 July 2009	2,007,185	3,251,639.70
Warrants (B)		
A Y Muh		
Ordinary shares acquired on 18 September 2009	13,800	23,368.64
D A R Newman		
Partly paid warrants (B) 14 July 2009	6,100	3,355
Conversion of IFTWB to ordinary shares issued 14 July 2009	4,117	6,669.54
H J D Rolleston		
Ordinary shares acquired on 18 September 2009	5,800	9,821.60
D P Saville – Non Beneficial		
Partly paid warrants (B) on 10 July 2009	18,990,287	10,444,657.85
M Tume		
Ordinary shares acquired on 18 September 2009	5,800	9,821.60

Use of Company Information:

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

Other Interests:

The following are entries in the Company's interest register as at 31 March 2010:

• H R L Morrison	Director of TrustPower Limited Director of Infratil Airports Europe Limited Chairman of H.R.L. Morrison & Co Group Limited Chairman of H.R.L. Morrison & Co (Australia) Pty Ltd Chairman of H.R.L. Morrison & Co Limited Chairman of Morrison & Co Infrastructure Management Limited Director of nzxsports.com Limited Director of Hettinger Nominees Limited Director of Morse Media Limited Director of North West Auckland Airport Limited Director Auckland International Airport Limited Director Fisher Funds Management Limited
• D A R Newman	Chairman of Wellington International Airport Limited Chairman of Infratil Airports Europe Limited Chairman Infratil Trustee Company Limited Member of the Board of the Guardians of the New Zealand Superannuation Fund Chairman of Loyalty New Zealand Limited
• D P Saville	Director of H.R.L. Morrison & Co Group Limited Director of Ingot Capital Management Pty Limited
• H J D Rolleston	Director of Property for Industry Limited Director of Broadway Industries Limited Director of SKY Television Network Limited Chairman of Simmonds Lumber Pty Limited Chairman of ANZCRO Pty Limited Chairman of Craigpine Timber Limited Chairman of Matrix Security Group Ltd. Director of Asset Management Limited Director of Stray Limited Director of Media Metro Limited Chairman Fraser Mcandrew Ryan Chairman Murray & Co. Limited Chairman Murray & Company Wealth Management Limited Chairman FDJ Murray & Company Holdings Limited Director Save a Watt Limited
• A Y Muh	Director Clearpool Capital Limited
• M Tume	Chair – Ngai Tahu Capital Limited Director – Yeo Family Trustee Limited Director – Ngai Tahu Holdings Corporation Limited Director – Long Board Limited Director – Ascend Capital Limited Director – Welltest Holdings Limited Director – Ngai Tahu Property Limited Director – Ngai Tahu Seafood Limited Director – Ngai Tahu Tourism Limited Member of the Board of the Guardians of NZ Superannuation Fund Director – New Zealand Refining Company Limited Director – Infratil Trustee Company Limited Director – NZ Railways Corporation Limited
• M Bogoievski	Director of Zig Zag Farm Limited Director of Victoria Electricity Pty Limited Director Infratil Energy Australia Pty Limited Director of TrustPower Limited (Alternative) Director Fisher Funds Management Limited (Alternative) Director Auckland International Airport Limited (Alternative) Director H.R.L. Morrison & Co Private Markets Limited Chief Executive H.R.L. Morrison & Co Group Limited

REMUNERATION OF DIRECTORS

Directors' remuneration in respect of the year ended 31 March 2010 paid by the Company were as follows:

	Parent 2010	Parent 2009
D A R Newman	157,500*	157,500*
H R L Morrison	78,750*	78,750*
D P Saville	70,000	70,000
H J D Rolleston	78,750*	78,750*
A Muh	70,000	70,000
M Tume	95,625*	95,625*
M Bogoievski	n/a	n/a

* Includes GST

D A R Newman also received Director's fees of \$68,700 (2009: \$68,700) from Wellington International Airport Limited and GBP30,000 (2009: GBP 30,000) from Infratil Airports Europe Limited and Mr H R L Morrison also received Director's fees of GBP37,500 (2009: GBP 37,500) from Infratil Airports Europe Limited and \$65,000 (2009: \$65,000) from TrustPower Limited.

Mr M Bogoievski received no director's fees from the Company but received director's fees of \$nil (2009: \$26,000) from NZ Bus Limited, \$2,917 (2009: A\$1,850) from Infratil Energy Australia Pty Limited, and \$23,333 (2009: A\$26,000) from Victoria Electricity Pty Limited.

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

Comparative Financial Review

	2010 \$ millions	2009* \$ millions	2008* \$ millions	2007* \$ millions	2006 \$ millions	2005 \$ millions	2004 \$ millions	2003 \$ millions	2002 \$ millions	2001 \$ millions
Financial Performance (31 March year ended)										
Total revenue	1835.9	1733.8	1,346.7	655.1	301.0	172.0	148.7	142.5	120.9	68.2
Earnings before interest, depreciation taxation and investment realisations	363.3	356.7	315.9	157.1	77.6	63.8	63.6	59.4	35.1	25.0
Net gain/(loss) on financial derivatives	(67.5)	8	2.9	22.7	-	-	-	-	-	-
Investment realisations	83.8	(179.4)	(15.4)	38.9	0.2	22.7	2.2	20.0	28.0	11.6
Net surplus after taxation and minorities	29.0	(191.0)	(1.7)	34.7	8.0	45.0	22.5	28.1	22.6	16.5
Dividends paid and declared	36.2	31.3	28.6	27.4	23.0	26.9	16.7	5.8	13.3	17.6
Financial position										
Represented by										
Investments	9.7	162.4	212.3	262.5	475.6	430.2	377.1	247.9	218.4	161.9
Non current assets	3,963.6	3,891.5	3,662.9	3,311.5	1,114.1	484.4	478.1	492.9	522.9	413.3
Current assets	535.1	653.8	524.2	313.6	115.2	87.9	59.9	51.0	57.1	37.9
Total assets	4,508.4	4,707.7	4,399.4	3,887.6	1,704.9	1,002.5	915.1	791.8	798.4	613.2
Current liabilities	647.6	445.6	618.6	388.7	332.7	63.1	22.2	20.2	19.5	25.6
Non-current liabilities	1,382.1	1,879	1,561.6	1,242.5	97.2	117.4	147.1	176.3	188.0	213.5
Infrastructure bonds	747.4	748.7	748.8	730.0	481.6	233.9	154.6	170.6	170.6	150.6
Total Liabilities	2,777.1	3,073.3	2,929.0	2,361.2	911.5	414.5	324.0	367.1	378.1	389.7
Net Assets	1,731.3	1,634.4	1,470.4	1,526.4	793.4	588.1	591.1	424.7	420.3	223.5
Outside equity interest in subsidiaries	850.6	843.4	737.1	717.0	127.6	57.4	50.3	95.3	100.3	61.7
Owners of the Company	880.7	791.0	733.3	809.4	665.8	530.7	540.8	329.4	320.0	161.7
Total Equity	1,731.3	1,634.4	1,470.4	1,526.4	793.4	588.1	591.1	424.7	420.3	223.5
Dividends per share (cents)	6.25	6.25	6.25	12.50	10.50	12.00	9.00	3.00	7.00	9.25
Dividends per share (adjusted for share split) (cents)	6.25	6.25	6.25	6.25	5.25	6.00	4.50	1.50	3.50	4.63
Shares on issue (000's)	567,655	520,211	443,408	219,671	219,439	219,299	226,685	183,414	185,872	185,808
Shares on issue (adjusted for share split) (000's)	-	-	443,408	439,342	438,838	438,598	453,370	366,828	371,744	371,616
Partly paid instalment shares (000's)	-	-	88,008	-	-	-	-	-	-	-

* = Prepared in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZIFRS').

Directory

Directors

D A R Newman (Chairman)
M Bogoevski
H R L Morrison
A Muh
H J D Rolleston
D P Saville
M Tume

Registered Office

97 The Terrace
PO Box 320
Wellington
Telephone: 04 473 3663
Internet address
<http://www.infratil.com>

Manager

Morrison & Co Infrastructure Management Limited
97 The Terrace
PO Box 1395
Wellington
Telephone: 04 473 2399
Facsimile: 04 473 2388
Internet address
<http://www.hrlmorrison.com>

Share Registrar

Link Market Services
138 Tancred Street
PO Box 384
Ashburton
Telephone: 03 308 8887
E-mail: Lmsenquiries@linkmarketservices.com

Auditor

KPMG
Maritime Tower
10 Customhouse Quay
PO Box 996
Wellington

Bankers

ANZ National Bank Limited
215-229 Lambton Quay
Wellington

Bank of New Zealand
State Insurance Tower
1 Willis Street
Wellington

Commonwealth Bank of Australia
135 Albert Street
Auckland

Hong Kong Shanghai Banking Corporation
HSBC Tower
195 Lambton Quay
Wellington

Westpac Banking Corporation
188 Quay Street
Auckland

Industrial and Commercial Bank of China
Level 1, 220 George Street
Sydney NSW 2000
Australia

CALENDAR

Final dividend paid	25 June 2010
ASX listing	July 2010
Annual meeting	11 August 2010
Infratil Update publication	September 2010
Half year end	30 September 2010
Interim report release	December 2010
Infratil Update publication	March 2011
Financial year end	31 March 2011

UPDATES/INFORMATION

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

March 2010: The purchase by Infratil and the New Zealand Superannuation Fund of Shell's New Zealand fuel distribution operations and 17.1% interest in the New Zealand Refining Company for \$696.5 million.

September 2009: A brief history of the world since Infratil's foundation in 1994 and lessons Infratil's management have taken over that time.

Factors which determine investment in generation and airport capacity. A review of the Tasman air passenger market since 2000.

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

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

Infratil on Facebook. 

CORPORATE AWARDS

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

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

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

New Zealand Shareholders' Association Best and Fairest Award.

Finance Asia Best New Zealand Deal 2007.

Deloitte / Management Magazine Company of the Year 2007.