INFRATIL LIMITED

RESULTS FOR THE YEAR ENDED 31 MARCH 2010

18 MAY 2010

Infratil has delivered on its goals for FY2010; to maintain earnings, to improve financial flexibility, to exit assets which represented a poor fit with investment criteria, and to sustain the investment programme necessary to drive long-term returns.

- Earnings before interest, taxes, depreciation, amortisation and revaluation of financial derivatives (EBITDAF) rose to $363 million from $357 million.
- Infratil parent and wholly-owned subsidiary debt was reduced by $382 million to $830 million.
- $392 million was realised through an active divestment programme.
- Capital development and internal capital expenditure was maintained with $193 million committed. After the financial year a further $210 million was invested in the acquisition of a 50% interest in Shell's New Zealand fuels processing, distribution and retailing activities.

A final dividend of 3.75 cps fully imputed will be paid 25 June to shareholders on the registry as at 11 June. A Dividend Reinvestment Plan has been established and will operate for the final dividend. The price of shares issued in lieu of cash dividends will be the weighted average price recorded on the NZX over the period 14th to 18th June inclusive. Shares will be issued 25 June.

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 Cashflow	$127	$118
Group dividends paid	$115	$103

Earnings (EBITDAF) increased $6.6 million notwithstanding asset sales.

Operating Earnings rose 16% to $90 million due to the increased earnings and an $18 million reduction in interest costs, partially offset by a $12 million increase in depreciation and amortisation following recent investment and revaluations.

Net Surplus attributable to the parent entity of $29 million was a significant improvement compared with 2009. The $220 million turnaround included a $68 million loss on non-cash hedge revaluations and a $84 million net gain realised on the sale of assets.

The global financial crisis has changed investors' risk perceptions and priorities. All companies have had to test business assumptions previously taken for granted. Infratil's operational and transaction performance over the last year should affirm investor confidence in the Company's resilience and ability to deliver good risk-adjusted returns over the long-term.

Earnings growth was maintained:

- Strong returns were delivered by TrustPower and Wellington Airport. Infratil Energy Australia and NZ Bus had satisfactory outcomes given the impact of negative one-off items in both businesses. Infratil Airports Europe performed credibly in very difficult market conditions.

Market developments mean investors have less risk appetite and less willingness to accept capital growth investments with long periods of low or negative cash flow:

- Infratil realised assets with an aggregate book value of $264 million for $392 million.

Financial flexibility is of great value in difficult credit markets:

- Net debt declined to $830 million from $1,212 million. Strong bank support was retained, as evidenced by the April 2010 funding of the Shell transaction.

Delivering increasing earnings and returns into the future requires that investment opportunities are created and transacted:

- $193 million was committed to internal capital expenditure with an additional $210 million invested in Shell's New Zealand fuels distribution and retailing activities in April 2010.

Shareholders have seen the benefit of these developments. Ordinary shares delivered a 22.5% return (dividends and capital gains) over the year.

INVESTMENT PROGRAMME

Including the Shell transaction, Infratil and subsidiaries have invested over $1.5 billion over the last 4 years. In the last year $193 million was invested. In FY2011 capital expenditure and investment is projected to be over $400 million. Infratil's future income growth will come from this investment.

Capex YE 31 March ($Millions)	**2010**	**2009**	**2008**	**2007**
TrustPower	$29	$93	$177	$187
Infratil Energy Australia	$116	$53	$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**	**$257**	**$374**	**$504**

The ability to execute the Shell transaction indicates the benefits of maintaining flexibility and capability. Infratil was able to undertake what is believed to be an investment of great benefit to its shareholders because it could do the deal when others couldn't. The transaction also shows the advantage Infratil was able to gain by maintaining credibility with capital providers such as the banks, the New Zealand Superannuation Fund and its own share and bond holders.

DIVESTMENTS

Over the year Infratil sold its holdings in Fullers Ferries, three Auckland bus depots, Lubeck Airport, Auckland Airport and Energy Developments. Total proceeds were $392 million against a combined book value of $264 million.

In each case the asset was judged to be a relatively poor fit against Infratil's investment criteria and the desirability of enhanced financial flexibility.

Notwithstanding Infratil's long-term focus, divestments will occur from time to time as businesses no longer fit Infratil's investment criteria. While this level of activity is not expected in FY2011 Infratil will continue to assess the value of recycling capital into higher return activities.

BUSINESS RESULTS

Group EBITDAF of $363 million was a good outcome in a difficult economic environment and with a lower asset base given divestments. It reflects the resilience of the industries in which Infratil operates and the quality of management and staff.

EBITDAF YE 31 March ($Millions)	**2010**	**2009**
TrustPower	$274	$260
Infratil Energy Australia	$11	$20
Wellington Airport	$68	$66
Infratil Airports Europe	($9)	($19)
NZ Bus	$29	$40
Other, eliminations, etc.	($10)	($10)
Total	**$363**	**$357**

TRUSTPOWER delivered record earnings of $274 million despite NZ generation of 2,017 GWh against a projected average of approximately 2,300 GWh. Snowtown windfarm generated 373 GWh in its first full year of operation. Customer numbers were stable, a good outcome in a very competitive retail environment which seems to be reacting to Government's plans for SOE restructuring.

Infratil's dividend income from TrustPower was $73 million up from $65 million the prior year.

New Zealand's prices for delivery of electricity in 2012 are indicating the need for additional generation capacity by that time, which is also shown in Electricity Commission analysis. TrustPower has 558MW of New Zealand development projects and in FY2011 will be commencing the build of 36MW of wind capacity at Mahinerangi.

INFRATIL ENERGY AUSTRALIA GROUP grew customer numbers by a net 24,000 to reach 411,000 by 31 March 2010. Two generation development projects, the 120MW Kwinana power station near Perth and the 65MW Port Stanvac facility near Adelaide, are on track to be commissioned in 2010.

IEA's energy retailing activities delivered a good earnings outcome of approximately A$29 million, however the group result was reduced to A$9 million (down from A$17 million) due mainly to the impact of excess gas in Victoria during a period of exceptionally low wholesale market prices, and increased provisioning for doubtful accounts.

IEA had physical contracts to procure gas at prices which turned out to be high relative to the sale price achieved when a mild winter depressed residential demand and meant IEA had to sell gas back into the wholesale market. IEA's gas market difficulties are being addressed by contracting for more flexible supplies, increasing storage, and by seeking commercial gas users with loads which complement residential demand. In addition, the price of gas for residential users is generally increasing as all retailers are facing the same issues and are starting to more fully reflect the cost of risk management into margins.

In the first half of FY2010, management undertook review and upgrade of core systems which identified a level of delinquent accounts that required an increase in the provision for doubtful debts. Enhancements in credit procedures, support systems and reporting have been implemented so as to avoid material credit issues occurring in the future. Standard monthly provisioning has also been increased as part of an overall prudent response to the situation.

IEA is well positioned to continue its progress to become a material Australia-wide energy business.

WELLINGTON AIRPORT celebrated its 50th year of operation at its current Rongotai site and achieved a good financial outcome in difficult economic and aviation environments. While passenger numbers declined to 5,117,906 from 5,256,437 EBITDAF increased $3 million to $68 million due to higher income from passenger services (up $2.1 million) and aeronautical charges (up $1.3 million).

The arrival of JetStar services on the domestic trunk was the year's main aviation event. 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%.

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 that in 2030 it will have about 10 million passengers, which will require approximately $450 million of new capital be invested to enlarge facilities.

INFRATIL AIRPORTS EUROPE experienced a very difficult year with air traffic impacted by the European recession. Despite this IAE's EBITDAF loss reduced $10 million due to costs falling faster than revenues. The cost reduction exercise means that the airports have cost structures appropriate for the current low level of economic activity. The financial crisis plus volcanic activity is an unfortunate combination of events, but eventually the aviation market will improve due to the long-term trends which should see air transport being more accessible to a larger number of people.

NZ BUS earnings (excluding Fullers which was sold) were down $7 million on the previous year. The Auckland strike reduced patronage in that market by approximately 1 million fares while Wellington had modest growth. Both markets finished the year positively and Wellington had its third best month ever in March. Cost control was mostly good, with only labour costs increasing relative to the prior year.

The regulatory environment has been difficult, but is evolving positively. Government has signalled that taxpayer funding for public transport will not rise and this is putting pressure on operators and regional transport agencies to work together to improve efficiency and effectiveness, a change of approach strongly supported by NZ Bus.

SNAPPER achieved a number of milestones during the year and Wellington and Hutt Valley now have one of the world's best low transaction value payment systems. Approximately one third of the people in these areas have responded and own a Snapper card. Snapper is now in 200 retail outlets, North Bus, Valley Flyer, GO Wellington and East by West Ferries. Its success stands out against the approach taken in Australia where State transport agencies are spending hundreds of millions of dollars developing less effective payment systems.

CAPITAL & LIABILITY MANAGEMENT

Over the year debt was reduced by $382 million to $830 million and as at 31 March 2010 Infratil and wholly owned subsidiaries had $632 million of bank facilities and net borrowing of $82 million, although guarantees and working capital also utilised limits.

Infratil was proactive leading into the financial crisis by raising long-term debt and equity capital. Subsequent to the crisis which developed in mid 2007 Infratil has carefully husbanded its funding and worked to ensure it maintains supportive relationships with its banks and credibility with other capital providers.

The success of this strategy was illustrated by Infratil's ability to execute the purchase of 50% of Shell's New Zealand fuels processing, distribution and retailing businesses in April 2010. The New Zealand Superannuation Fund acquired the other 50%.

The June 2009 exercise of warrants issued to Infratil shareholders in 2004 also indicated investor support of Infratil. The exercise, and an associated underwriting arrangement, resulted in the issue of 48.3 million shares and the receipt of $98 million. Coincidentally 38.1 million warrants were extended to 21 May 2010 and their exercise at that time is expected to raise $43 million.

Work is underway to ascertain the availability and cost of bond funding as this represents a source of longer term debt, which is intrinsically more suited to Infratil's assets. Infratil's last bond issue closed in May 2007.

Over the year, Infratil and its subsidiaries continued to be active in monitoring and managing their risks though the hedge markets. While fluctuations in hedge values can impact reported results, they have been effective in lowering group risk. For the most part hedge values tend to sum to zero over time, but can be positive or negative in individual financial periods.

ASSET & LIABILITY PROFILES

The following table indicates the value of Infratil's holdings. Listed assets are shown at market values, other assets are shown at book values excluding deferred tax, but including the market value of hedges. For IEA this was -$81 million as at 2010 and -$8 million as at 2009.

Of the $309 million of assets listed as "other" in 2009, $264 million were subsequently sold for $392 million.

Assets: 31 March **($Millions)**	**2010**	**2009**
TrustPower	$1,153	$1,122
Infratil Energy Australia	$256	$221
Wellington Airport	$289	$286
Infratil Airports Europe	$138	$222
NZ Bus	$214	$211
Other	$55	$309
Total	**$2,105**	**$2,371**

The following table shows the book value of the debt of Infratil and wholly owned subsidiaries and the market value of Infratil's equity.

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

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 delivering to plan and from measures such as the ASX listing of Infratil in June, the introduction of a Dividend Reinvestment Plan and by maintaining good communications with investors and the financial community.

FY2011 OUTLOOK & PRIORITIES

EBITDAF is projected to increase in FY2011 to between $390 million and $430 million. The earnings forecast is based on a normal range of generation for TrustPower and the Shell business net surplus being similar to last year's, measured on a Current Cost basis. Oil price fluctuations create unavoidable uncertainty with Historic Cost reported earnings.

The projections for higher earnings reflect past investment and the strong positioning of Infratil's key businesses.

Management's goals and priorities for FY2011 are not materially different to those of FY2010.

- Delivering good returns from the businesses.
- Maintenance of financial flexibility. The Shell transaction illustrated the benefits which can be captured in the current market by having access to capital and expertise.
- Ongoing evaluation of the Infratil portfolio and pursuit of investment and growth opportunities.

Work is underway to assess a bond issue for Aotea Energy (the ultimate holding company of the Shell operating business) to extend that company's debt maturity profile. Infratil will also undertake preparations to roll the parent company Infrastructure Bonds which mature in 2011. As noted, Aotea Energy is expected to deliver a similar financial outcome to that of the Shell NZ operations in 2009 (on a Current Cost basis) but a great deal of work is going into delivering better returns in future.

LONG-TERM BUSINESS CONDITIONS, PLANS, PROSPECTS

The infrastructure sectors in which Infratil operates have largely come through the financial crisis and economic downturn in good shape, but profound changes may be on the horizon. Society continues to want better infrastructure, but governments have less capacity to pay for it.

It is likely to mean governments focusing more on outcomes and being willing to partner with private providers. In New Zealand progress in these directions is just starting, but in Australia there is a track record of sourcing private provision of public facilities. New Zealanders remain wary of private ownership of infrastructure, but Infratil's history of partnerships with public bodies, Councils and Community Trusts, shows how good relationships can be developed for the benefit of communities and investors.

Infratil's approach to delivering on its goals entails:

- Ensuring its businesses are in good sectors, are well managed, provide good services at fair value, and are able to invest in growth.
- Maintaining financial flexibility.
- Actively managing risks.

While the worst of the financial crises is likely to be in the past, and the economic recovery appears to be underway, Infratil will remain careful and conservative.

We thank our investors for their ongoing support and intend to ensure it is warranted.

Marko Bogoievski Chief Executive	David Newman Chairman