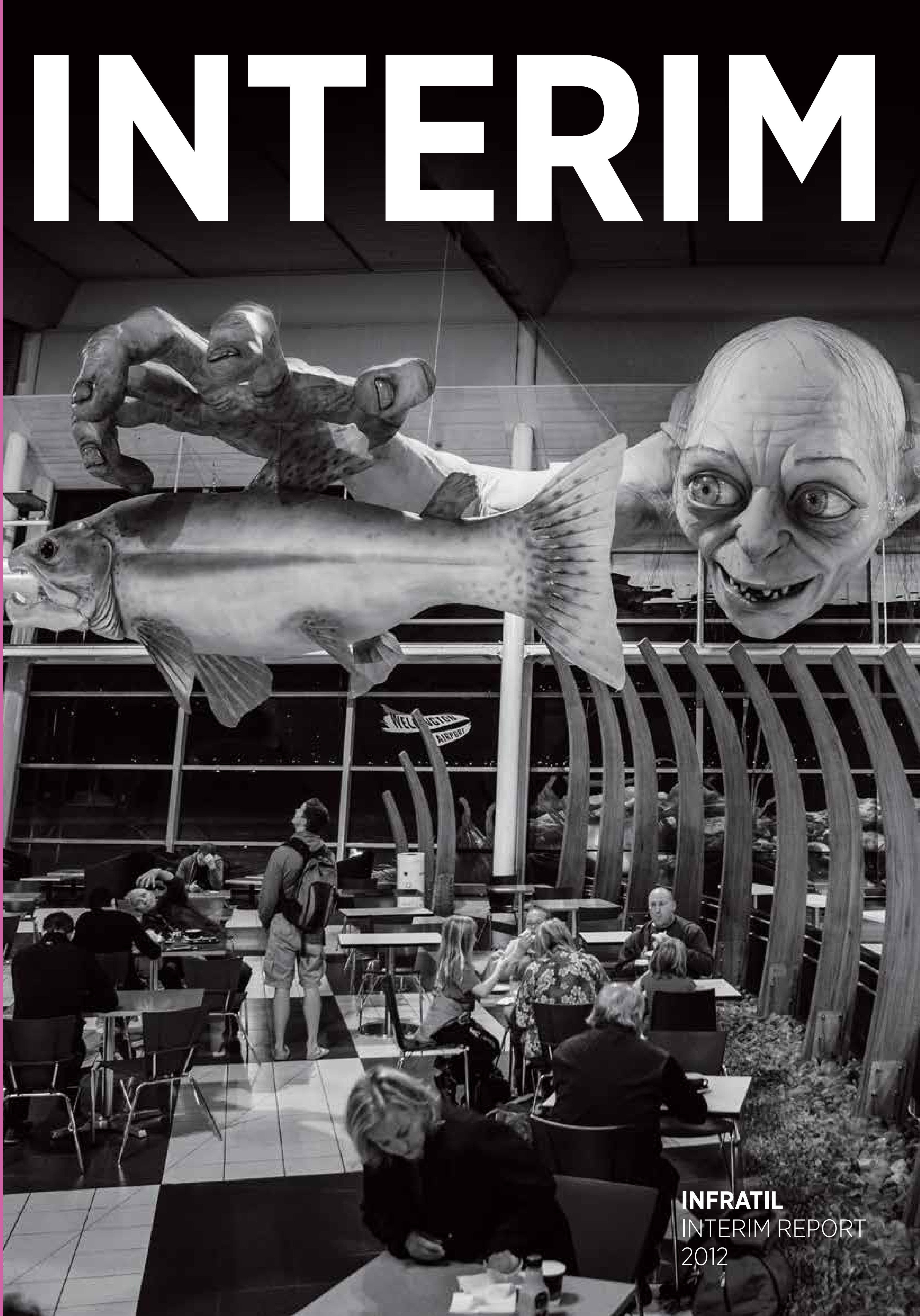
INTERIM

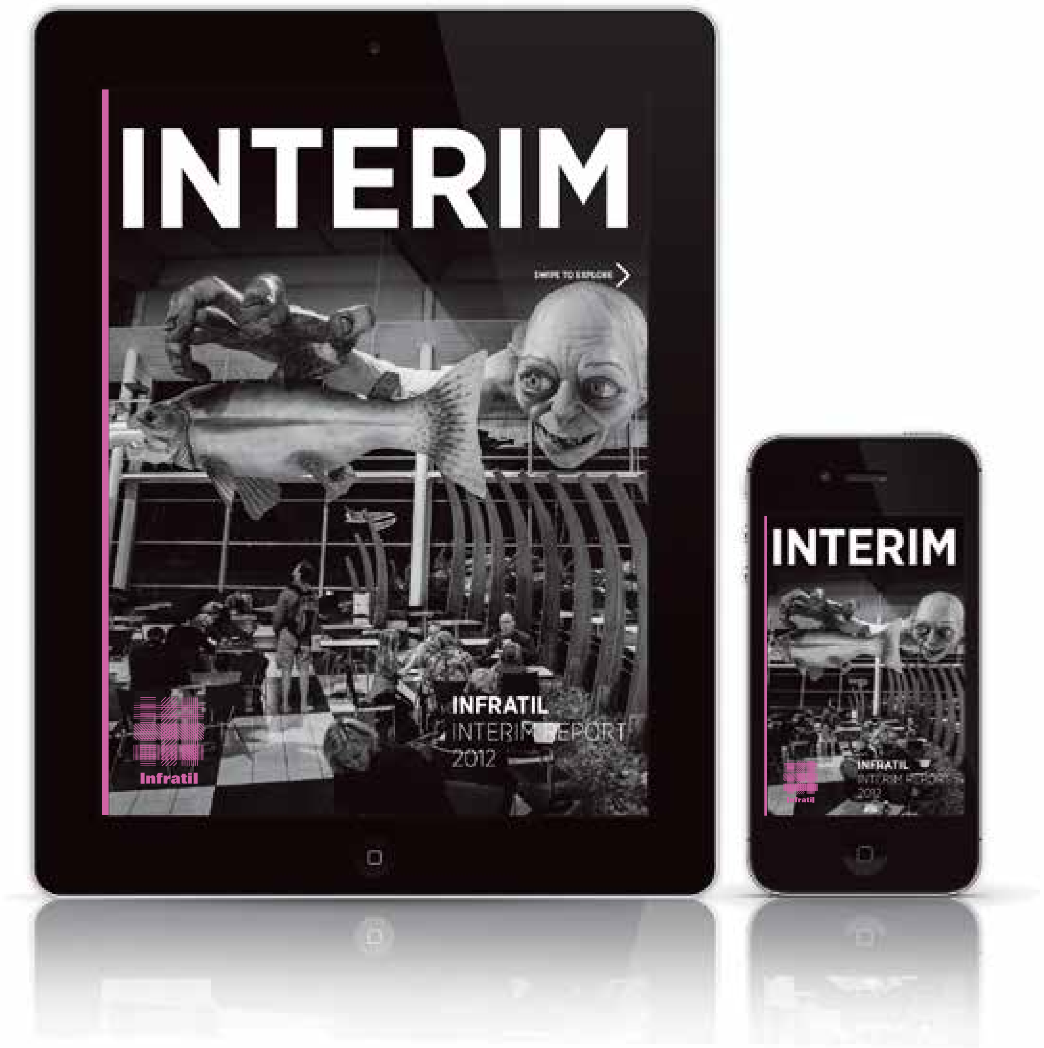


INFRATIL
INTERIM REPORT
2012

GOLLUM IN THE LORD OF THE RINGS, WAS 60 YEARS OLDER THAN HIS YOUNGER SELF IN THE HOBBIT.
WELLINGTON AIRPORT
2004

WELCOME TO THE NEW WAY OF ACCESSING INFRATIL'S REPORTS

The 2012 Infratil Interim Report is now available on smartphone and tablet devices. To download please visit the iTunes App Store or, for Android devices, visit the Google Play Store and search for Infratil. Alternatively for a direct link, visit our website www.infratil.com and it is FREE.



Infratil is making its reports available in a format suitable for mobile devices because of their increasing use. Approximately half the population has, or will soon have a smartphone and US studies show that more people get information from the net than from newspapers.

CHAIRMAN AND CHIEF EXECUTIVE REPORT

At the half way point of the financial year Infratil is on track to deliver its full year earnings guidance and has committed significant investment capital to underpin future earnings growth.

The most notable event for the period was commencement of TrustPower's $550 million Snowtown II wind farm in South Australia. This is the largest investment ever undertaken by the Infratil group and is projected to provide an annual EBITDAF (Earnings Before Interest, Tax, Depreciation, Amortisation and Fair Value Movements) contribution of $99 million when fully commissioned.

The Snowtown investment is important in its own right and as an indicator of Infratil's ability to initiate high-quality investments at a time when local demand for privately provided transport and energy infrastructure is limited. The investment is also a good fit with Infratil's strategy:

- **Sector.** Renewable energy is a growth sector which offers the returns required to attract capital.
- **Value.** "Buy low" remains a sure way to capture value and TrustPower has executed the transaction at a good price.
- **Risk.** Funding a $550 million outlay requires a strong financial position and access to long-term capital on suitable terms. The investment is also in a sector where the group has considerable expertise.

Other developments for the period were in-line with expectations, albeit some targets were exceeded while others disappointed. The net outcome was a decision to declare an interim dividend of 3.25 cents per share, an increase of 8.0% over the prior year. Raising dividends to shareholders remains a priority, alongside the delivery of long-term growth in capital values.

- Last year's $50 million net parent surplus became a $17 million loss this year care of a $81 million turn-around in revaluations (up $11 million last year, down $70 million this year). Consolidated EBITDAF from continuing operations were $295 million, up 7% on the $276 million delivered in the same period last year. EBITDAF reconciliation to net surplus is shown in the table on page 4.
- Each of TrustPower, Wellington Airport, Infratil Energy Australia and Z Energy (on a current-cost basis) lifted EBITDAF from the same period last year. NZ Bus EBITDAF were lower due to a one-off revenue adjustment relating to prior years. In an environment of low growth and vigorous competition these were pleasing outcomes and reflect good positioning and strong management.
- The group has the support of its banks and access to long-term funding. Z Energy and TrustPower undertook well-supported bond issues, as did Infratil after balance date.
- Although smaller than Snowtown II, the group's other internal capital spending projects also progressed satisfactorily, however no acquisition or divestments were concluded during the half year. The sales process for Infratil's remaining European airports has not yet reached the desired conclusion and the Board decided that an impairment charge of $44 million was appropriate at 30 September 2012.

In a difficult and uncertain economic environment Infratil's earnings and investment progress was pleasing, as was the ability to provide a higher dividend to shareholders.

Low economic growth results in two challenges. If the economy isn't growing the demand for electricity, motor fuel and even public transport and air travel is constrained. There is also greater focus on "value for money" as people become more concerned about getting a better deal from their spending.

No business avoids these factors, but Infratil has some insulation from low demand care of its sector and location diversity. For instance New Zealand has little immediate need for additional power stations, but Australia is seeking to increase its renewable generation. "Value for money" can be a more difficult challenge. Our objective is to provide services, whether fuel for a car or a trip home on the bus, which meet expectations and needs and are fairly priced. However "fairly priced" can be difficult to define because it can be measured in several ways and depends on the time frame. For instance, the owner of a wind farm may require income of only 1 cent per kwh of output to cover operating costs, but would need several times that level of income to fund investment into further generation or replace wind turbines as they wear out.

Over the long run the "fair price" is one which enables the owner of the power station (or airport, or bus or petrol station) to derive sufficient income to enable its upkeep and fund future expansion.

The "value for money" debate is far from academic. Infratil's businesses mainly operate in competitive markets but they all, because of the crucial nature of their services, experience some regulatory oversight.

Although, not all regulation is about prices. Perhaps indicative of the times, Infratil's businesses are currently experiencing an unusually high level of regulatory activity of all types. New Zealand's international treaty obligations to reduce carbon emissions are being reassessed. Qantas and Emirates are seeking approval for an alliance. New laws are being drafted to govern bus public transport, and its associated regulation. Airport information disclosures are being reviewed. The Electricity Authority is consulting about new transmission pricing.

Few things are harder to explain to shareholders than regulation because the process creates such uncertain outcomes. Regulation tends to have laudable objectives on paper but often complex and contingent consequences.

While low economic growth, competitive markets and heightened regulatory activity may sound like difficulties, these challenges also provide opportunities for investors with operating capability. This was best demonstrated when industry and financial markets difficulties led to Infratil's investment in Z Energy.

We are fortunate that our businesses are meeting the expectations of their customers and communities and will continue to grow earnings by improving efficiency and by investing in growth.

DAVID NEWMAN
Chairman

MARKO BOGOIEVSKI
Chief Executive

FINANCIAL RESULTS

Complete Financial Statements are available on www.Infratil.com

The following review of Infratil's financial results for the period ended 30 September 2012 is set out under four headings; Earnings, Assets, Funding and Shareholders. We have provided numbers to enable a clear comparison of changes over the last six and 12 months and graphs to give an indication of the medium term trend over recent years.

Infratil's financial results are relatively complex and judging them reflects assessment of both the current period EBITDAF (up), net parent surplus (down), operating cash flow (stable), access to capital (good) and expectations of future earnings growth (good). It was on the basis of these factors that the directors declared the 8% higher dividend for the period.

EARNINGS

Consolidated Results

Period ended $Millions	30 September 2012 6 months	30 September 2011 6 months	31 March 2012 12 months	Comment
Total income	$1,257	$1,144	$2,219	**Stronger operating earnings were offset at the bottom-line level by revaluations of currency, interest rate and energy hedges (which tend to fluctuate) and the one-off downward revaluation of Infratil's European Airports.**
Operating expenditure	($962)	($868)	($1,699)	
EBITDAF [1, 2]	**$295**	**$276**	**$520**	
Net interest	($97)	($92)	($187)	
Depreciation/amortisation	($73)	($64)	($134)	
Revaluation of derivatives	($23)	$11	$19	
Impairments/realisations	($3)	$0	$4	
Tax	($30)	($37)	($58)	
Discontinued operations	($47)	($5)	($37)	
Minority interests	($39)	($39)	($75)	
Net parent surplus	**($17)**	**$50**	**$52**	

1. Consolidated group earnings before interest, tax, depreciation, amortisation and fair value movements. In accordance with accounting standards the figures exclude discontinued operations; that is the two UK airports subject to a sale process. Were those businesses included, the EBITDAF figures in the above table would have been $4 million lower in both half year periods and $12 million lower in FY2012. EBITDAF reflects Infratil's share of Z Energy's net profit after tax rather than earnings because Z is accounted for as an Associate and is not consolidated.

2. EBITDAF is presented to provide further information on the operating performance of the Group. EBITDAF is a non-GAAP financial measure which shows the contribution to earnings prior to non-cash items such as depreciation and amortisation, fair value adjustments, and before the cost of financing and taxation. It is calculated by adjusting net surplus for the year from continuing operations for items that are non-operating such as interest, taxation, depreciation, amortisation, fair value movements of financial instruments, realisations, revaluations and impairments.

Operating Cash Flow

Period ended $Millions	30 September 2012 6 months	30 September 2011 6 months	31 March 2012 12 months	Comment
EBITDAF	**$295**	**$276**	**$520**	**Positive operating earnings were balanced by higher tax and interest expenses. Guidance for the full year is for positive cash flows of between $250 million and $280 million.**
Discontinued operations	($4)	($4)	($12)	
Net interest	($91)	($87)	($176)	
Tax paid	($35)	($23)	($47)	
Working capital/other	($59)	($54)	($97)	
Operating cash flow	**$106**	**$108**	**$188**	

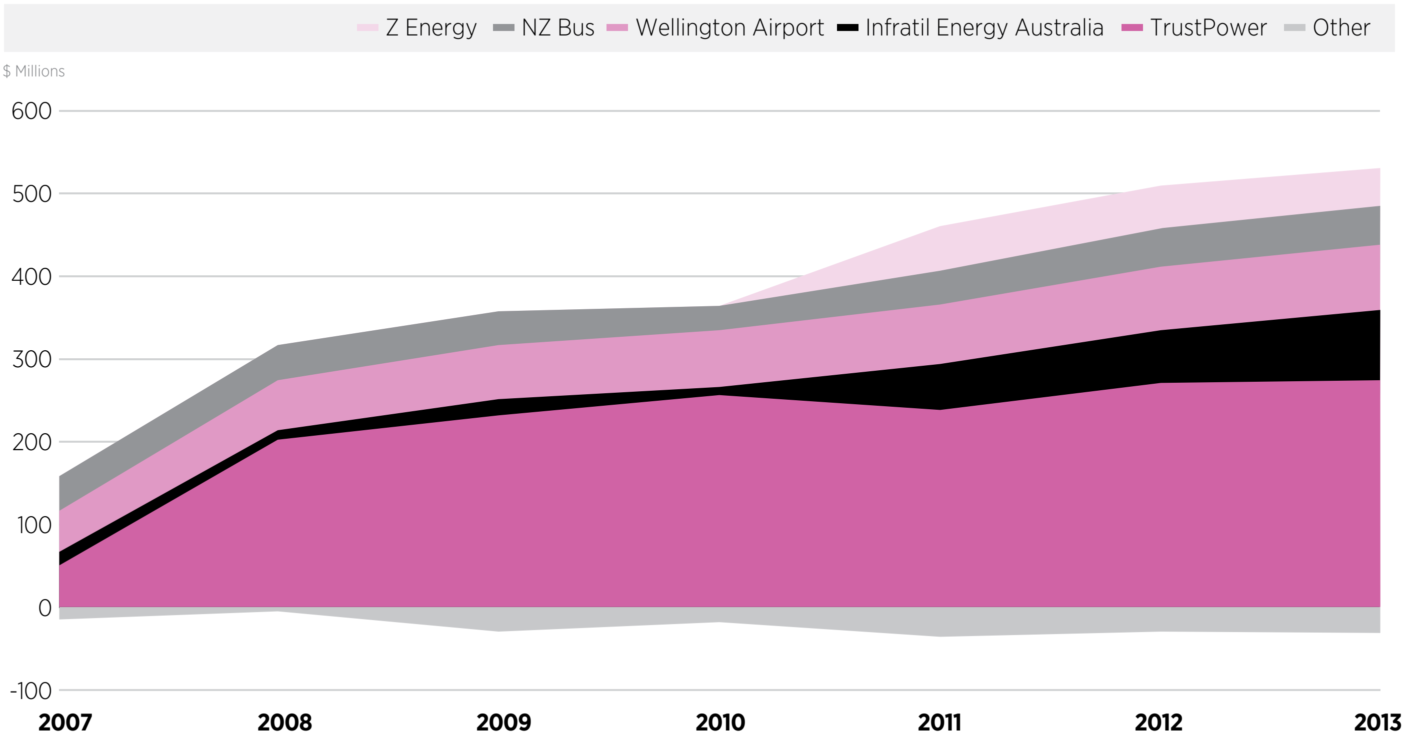
EBITDAF Breakdown

Period ended $Millions	30 September 2012 6 months	30 September 2011 6 months	31 March 2012 12 months	Comment
TrustPower	$166	$162	$300	**The stand out result for the period was provided by IEA. Z's contribution is IFT's share of net shareholder surplus because it is not consolidated. Were its results shown on a current cost basis[1] they would have been $23 million for the current period and $22 million for the comparison six months last year.**
Infratil Energy Australia	$71	$46	$64	
Wellington Airport	$40	$36	$76	
NZ Bus	$22	$24	$46	
Z Energy	$8	$18	$52	
Other	($12)	($10)	($18)	
EBITDAF	**$295**	**$276**	**$520**	
Discontinued Operations	($4)	($4)	($12)	

1. Z Energy reports its earnings on an historic cost basis taking into account changes in the value of inventory, which may be volatile depending on how much the price of oil fluctuates. Current cost earnings are calculated by revaluing the cost of fuel to its cost at the reporting date. The difference between historic cost earnings and current cost earnings is in how the period's opening and closing fuel inventory is valued. Over time the two measurements should be approximately the same, but there will be differences in any one accounting period and generally historic cost earnings will be more volatile. Z's management (and capital providers) focus on current cost earnings as this reflects the underlying business model, as Z constantly sells fuel and buys product to replenish its inventory. By focusing on the current cost earnings management are able to protect margin in an industry which is generally high volume and low margin.

The following graph indicates the sources of Infratil's consolidated EBITDAF over the last five years and the midpoint of the guidance range for the current year to 31 March 2013.

Sources of Infratil's Consolidated EBITDAF



ASSETS & INVESTMENT

Assets

As at $Millions	30 September 2012	31 March 2012	30 September 2011	Comment
TrustPower	$1,274	$1,154	$1,127	**TrustPower's rise in value over the six months was due to an increase in its share price from $7.25 to $8.00. IAE's value was written down. Other value changes reflect changes in retained earnings or movements in exchange rates. Holdings of cash are excluded from the value of 100% subsidiaries.**
Infratil Energy Australia	$496	$477	$478	
Wellington Airport [1]	$315	$326	$260	
NZ Bus [1]	$254	$246	$229	
Z Energy	$322	$331	$315	
Infratil Airports Europe	$28	$70	$101	
Other	$67	$65	$54	
Total	**$2,756**	**$2,669**	**$2,564**	

1. Excluding deferred tax liabilities.

Capital Spend

Period ended $Millions	30 September 2012 6 months	30 September 2011 6 months	31 March 2012 12 months	Comment
TrustPower	$99	$26	$49	**The major capital projects over the period were TrustPower's generation at Snowtown and Esk Valley, NZ Bus' fleet renewal and Z's service station upgrade.**
Infratil Energy Australia	$11	$11	$22	
Wellington Airport	$5	$15	$22	
NZ Bus	$22	$29	$64	
Z Energy [1]	$39	$21	$74	
Other	$11	$5	$15	
Total Capital Spend	**$187**	**$107**	**$246**	

1. 100% of Z Energy capital spend.

FUNDING

Capital & Debt

As at $Millions	30 September 2012	31 March 2012	30 September 2011	Comment
Net debt 100% subsidiaries	$397	$363	$352	**There were no notable changes to the amount or terms of Infratil's debt over the six months. Subsequent to 30 September Infratil repaid $57 million of maturing bonds and issued $111 million of bonds to mature in 2018.**
Fixed maturity bonds	$623	$623	$563	
Perpetual bonds	$235	$236	$237	
Equity market value	$1,268	$1,109	$1,062	
Total capital	$2,523	$2,331	$2,214	
100% subsidiary debt/capital	16%	15%	16%	
Dated debt/capital	40%	42%	41%	

SHAREHOLDERS

As at	30 September 2012		31 March 2012	
	Million Shares	%	Million Shares	%
Utilico	83	14%	83	14%
Management	74	13%	74	13%
NZ retail	240	41%	242	41%
NZ institutions	131	22%	128	22%
Australian	15	3%	15	3%
Other	41	7%	45	7%
Total	**584**		**587**	

Ownership of Infratil was largely unchanged over the six months. The New Zealand domiciled shareholding increased to slightly over 76%.

4.5 million Infratil shares were repurchased by the Company and 1.8 million shares were issued under the dividend reinvestment plan. The net outlay was $5 million.

Over the six months Infratil's share price rose from $1.89 to $2.17 and a fully imputed dividend of 5 cents was paid. The after tax return to shareholders for the period was 18%. The NZX50 returned 10% between 31 March and 30 September 2012.

COMMUNITY

Infratil announced a three year commitment to provide financial support to the National Youth Choir.

The Infratil group provides sponsorship and other help to a number of community groups. Infratil will only do well for its shareholders when its communities also do well.

Choral music is popular across New Zealand and Choirs Aotearoa (the governing body of the National Youth Choir) helps young singers take the step-up after school; to perform with an excellent choir and to learn.

Music in New Zealand is a huge beneficiary. We all have the opportunity to hear a brilliant choir. It is an aspirational goal for young singers. Many of its alumni go on to scale further musical highs and many become the teachers and supporters of tomorrow.

THE NATIONAL YOUTH CHOIR SINGS IN PARLIAMENT'S LEGISLATIVE CHAMBER FOR AN AUDIENCE OF MPs AND INVITED GUESTS.

TRUSTPOWER

It is now regarded as normal for TrustPower to deliver good earnings, but in this case the outcome was notable as it was against a backdrop of very difficult market and climatic conditions. The annual PwC energy sector report highlighted that inflows to the South Island hydro lakes in the autumn and early winter months were the lowest ever recorded and at the same time retail competition reached new highs. An unfortunate combination of factors coincidentally driving wholesale prices higher and retail prices lower, with a consequent impact on margins.

TrustPower's New Zealand generation production was reduced as were its sales to retail and commercial customers, however earnings were maintained by the use of hedges and by utilising hydro storage to maximise generation at peak price times. Higher wind generation in Australia also helped.

The PwC report also reaffirmed that TrustPower is the best managed of New Zealand's power companies on the criteria of earnings and returns.

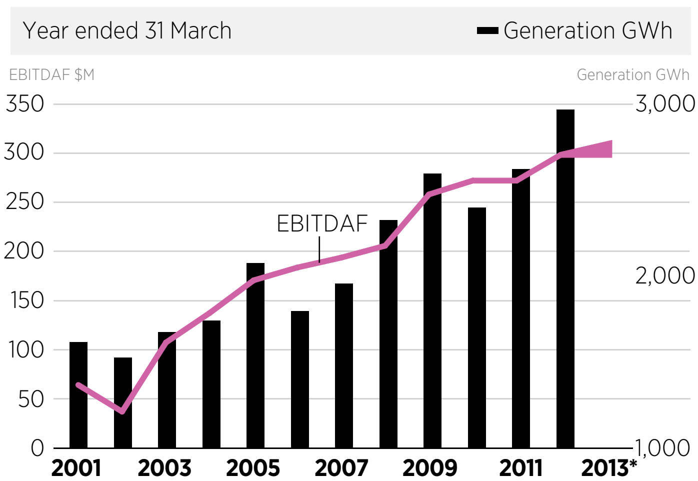
In the context of New Zealand's lack of electricity demand growth, and postponement of power station construction, TrustPower's development of opportunities across the Tasman was prescient. However, locally, TrustPower was also active, albeit in a different field, as it was granted amendments to the Rakaia River Water Conservation Order which will allow irrigation of the Canterbury Plains using water stored at Lake Coleridge.

Starting work on the Snowtown II wind farm was the period's major event. This project has been several years in development and its excellent value characteristics reflect well on the expertise of TrustPower's management and the disciplined approach taken to each element of the transaction. Australia requires more wind farms if it is to meet the policy goal of 20% renewable generation by 2020 and TrustPower has more consented sites.

OPERATIONS AND RESULTS

Period ended	30 Sep 2012	30 Sep 2011	31 Mar 2012
Electricity customers	206,000	218,000	209,000
NZ generation	1,292GWh	1,414GWh	2,581GWh
Australian generation	186GWh	177GWh	376GWh
Av. NZ generation spot price	9.7c/kwh	6.1c/kwh	7.2c/kwh
EBITDAF	**$166m**	**$162m**	**$300m**
Capital spending	$99m	$26m	$49m
Infratil cash income	$32m	$32m	$64m

EARNINGS AND GENERATION



* 2013 EBITDAF full year guidance projection

Coleridge power station was the New Zealand Government's first major generation project. Construction started in 1911 and stage one was completed in 1914.

COLERIDGE POWER STATION
CANTERBURY

INFRATIL ENERGY AUSTRALIA GROUP

IEA had an excellent six months, delivering increased customer numbers and earnings.

The increase in earnings is attributable to the Lumo retail business where margins on electricity and gas sales increased, customer numbers were higher, it was a cool winter in Victoria which encouraged residential gas use, and operating costs were well controlled.

Both generation and Perth Energy produced results slightly down on the prior period. Wholesale electricity prices remain weak and Perth Energy also experienced maintenance and availability costs with its generation. Work on expanding IEA's generation is on hold at present.

As would be evident from any review of the Australian energy market, it is complicated. It has direct state and federal regulation and is indirectly affected by state and federal efforts to reduce carbon emissions. It is also an industry which is slowly progressing from largely state ownership to largely private ownership.

This complexity and the ownership evolution was what originally attracted Infratil to start up IEA. The last six months is further testament to the success of Infratil's original vision of a business based on strong risk control and a focus on market segments where a nimble new-entrant could benefit. This is most obviously paying dividends at Lumo which this financial year is expected to reach the milestone of 500,000 customers.

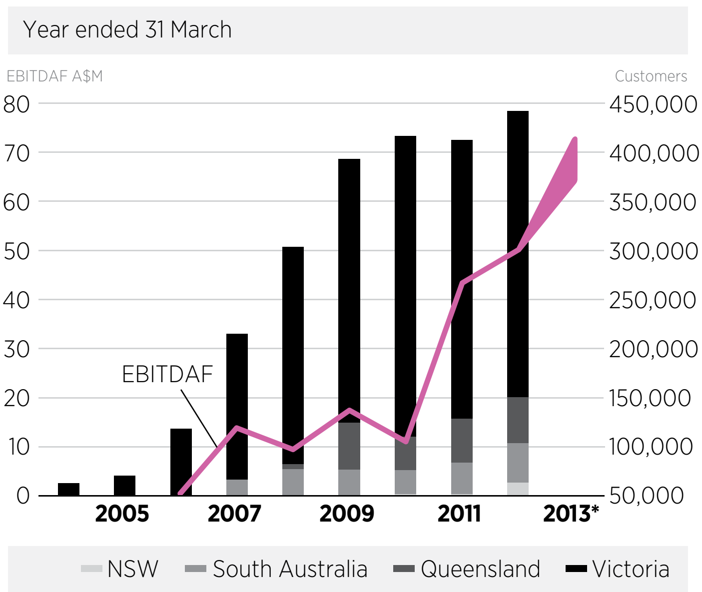
IEA's generation has experienced the flip-side of some of the market features which have benefitted Lumo. IEA's peaking facilities are only used in periods with high prices, which tend to be either when temperatures soar and air conditioning use jumps or when there is suddenly a shortage of electricity because of a grid failure or power station outage. Recently neither event has occurred with any frequency.

Perth Energy also had a disappointing half year due to additional market costs which could not be immediately passed on to retail customers and problems with its generation availability. A better second half is anticipated.

OPERATIONS AND RESULTS

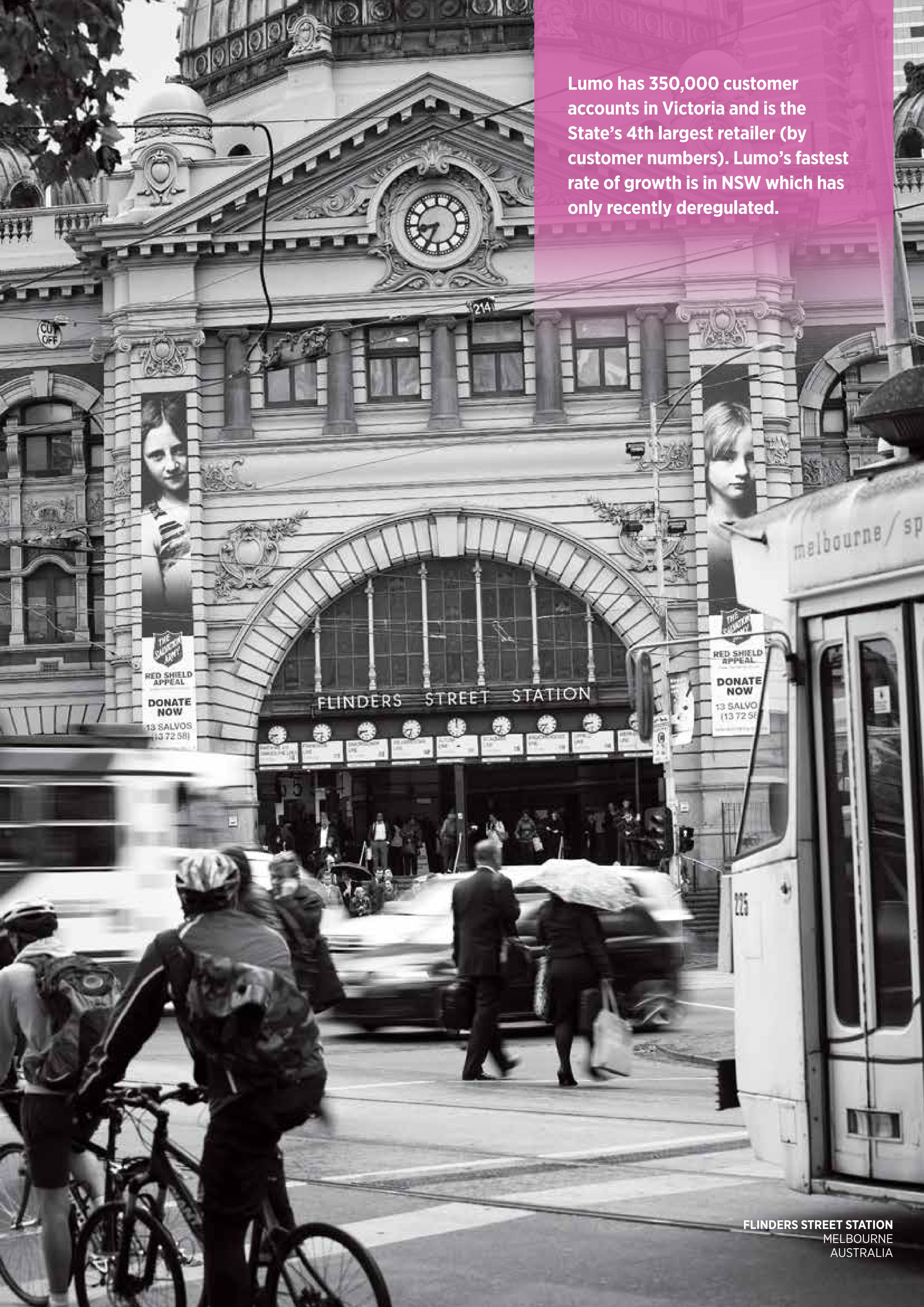
Period ended (A$ millions)	**30 Sep 2012**	**30 Sep 2011**	**31 Mar 2012**
Lumo customers	471,953	414,400	441,788
Generation capacity	285 MW	277 MW	285 MW
EBITDAF contribution			
Lumo	$54	$36	$44
IEA generation	$0	$2	$11
Perth Energy	$4	$5	$12
NGAC/overheads	($2)	($7)	($17)
EBITDAF	**$56**	**$36**	**$50**
Hedge revaluations	$5	$25	$31
Depreciation/amortisation	($14)	($10)	($24)
External net interest	($4)	($4)	($9)
Tax	($11)	($13)	($11)
IEA/Lumo net external debt	($13)	($20)	($27)
Perth Energy external debt	($56)	($63)	($65)
Infratil value of IEA/Lumo	**NZ$412**	**NZ$391**	**NZ$392**
Infratil value Perth Energy	**NZ$83**	**NZ$86**	**NZ$85**

EARNINGS AND CUSTOMERS



* 2013 EBITDAF full year guidance projection.

Lumo has 350,000 customer accounts in Victoria and is the State's 4th largest retailer (by customer numbers). Lumo's fastest rate of growth is in NSW which has only recently deregulated.



FLINDERS STREET STATION
MELBOURNE
AUSTRALIA

Z ENERGY

Z Energy delivered increased EBITDAF and shareholder returns when measured on a current cost basis (which excludes inventory value adjustments).

Z Energy continues the transition to local, stand alone, operation and identity. The "Z" brand now covers all points of sale and the upgrade of Z's approximately 100 tier one service stations should be concluded this year.

Behind the scenes good progress is occurring to lower operating costs and improve productivity and reliability. This included contracting a new supplier of imported refined product which is forecast to save $5 million per annum. Additional storage and terminal facilities are being planned for Lyttelton and Mt Maunganui to add resilience to Z's supply lines and to lower shipping costs by allowing the receipt of larger cargoes.

The other efficiency measure progressed over the period related to being willing to reduce throughput if it is not profitable. Z lost two major commercial contracts which produced a combined contribution to annual earnings of approximately $1 million, but required an investment in supply infrastructure and inventory which meant a negative bottom line.

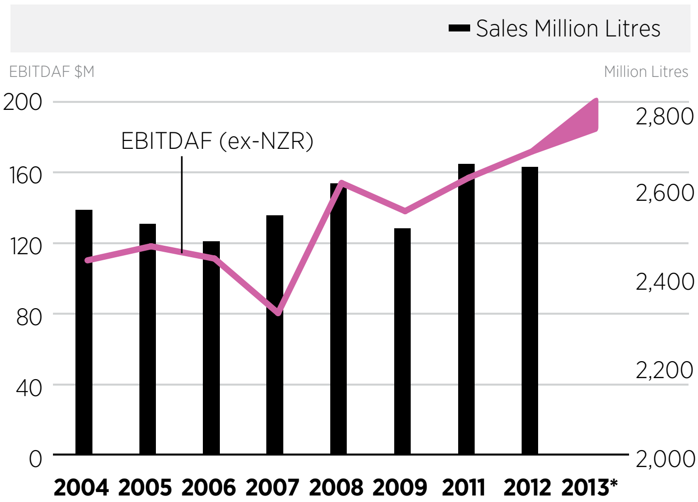
Retail competition was aggressive and competitors launched a number of initiatives to maintain or boost market share in the current no-growth market. Because work occurring at service stations meant a number have been closed for periods it is hard to draw conclusions about Z's relative performance, but surveys show that Z is New Zealand's most preferred and recommended fuel retailer.

OPERATIONS AND RESULTS

Period ended	**30 Sep 2012**	**30 Sep 2011**	**31 Mar 2012**
Sales (million litres)	1,248	1,301	2,647
Sourced from refinery	77%	71%	71%
Distributed to retail	47%	49%	47%
Inventory (million litres)	427	521	605
Revenue (ex tax)	$1,492m	$1,546m	$3,179m
Gross margin	$231m	$209m	$422m
Operating costs	($134m)	($126m)	($250m)
Current cost EBITDAF	**$97m**	**$83m**	**$172m**
NZRC contribution	$4m	$6m	$4m
Stock value adjustment	($43m)	($12m)	$30m
Historic cost EBITDAF	**$58m**	**$77m**	**$206m**
External interest	($23m)	($21m)	($38m)
Depreciation/revaluations	($18m)	($10m)	($32m)
Tax	($1m)	($9m)	($31m)
Shareholder surplus	$16m	$37m	$105m
Shareholder cash income	$35m	$30m	$59m
Margin*	3.2c/litre	2.5c/litre	2.5c/litre
Capital spending	$39m	$21m	$74m
Net financial debt	$433m	$244m	$420m
Shareholders' capital	$634m	$620m	$653m

* Per litre Current Cost EBITDAF less interest, normalised tax, depreciation and amortisations.

EARNINGS AND FUEL VOLUMES



* 2013 EBITDAF full year guidance projection.

(Prior to 2011 the periods are calendar years. Infratil and NZ Super acquired Z Energy on 1 April 2010 and the subsequent periods are years ended 31 March)

Z Energy reports its earnings on an historic cost basis taking into account changes in the value of inventory, which may be volatile depending on how much the price of oil fluctuates. Current cost earnings are calculated by revaluing the cost of fuel to its cost at the reporting date. The difference between historic cost earnings and current cost earnings is in how the period's opening and closing fuel inventory is valued. Over time the two measurements should be approximately the same, but there will be differences in any one accounting period and generally historic cost earnings will be more volatile. Z's management (and capital providers) focus on current cost earnings as this reflects the underlying business model, as Z constantly sells fuel and buys product to replenish its inventory. By focusing on the current cost earnings management are able to protect margin in an industry which is generally high volume and low margin.

Rebranding of the Z Energy distribution network has been completed, the facilities and services upgrade is continuing.

WELLINGTON AIRPORT

Wellington experienced modest throughput growth and progressed plans for the facilities upgrades required to meet increasing demand.

Domestic growth was largely due to Jetstar's provision of well-priced jet services to Queenstown, they are also adding a further jet to the trunk, equivalent to 500,000 seats per annum. Tasman traffic has been stable but the intended alliance between Emirates and Qantas is being watched closely. Although Wellington has no Emirates services it has been that airline and Virgin Blue which have dominated capacity increases between New Zealand and Australia over the last decade. Virgin Blue is approximately 20% owned by its alliance partner Air New Zealand.

Wellington now accommodates about 15,000 passengers on an average week day (about 1,300 an hour at peak times), up from about 10,000 a day a decade ago (900 passengers an hour at peak). It has delivered this increased productivity with an enhanced passenger experience. To ensure it can maintain capability and passenger experience Wellington Airport is forecast to spend approximately $80 million on its aeronautical facilities over the next five years.

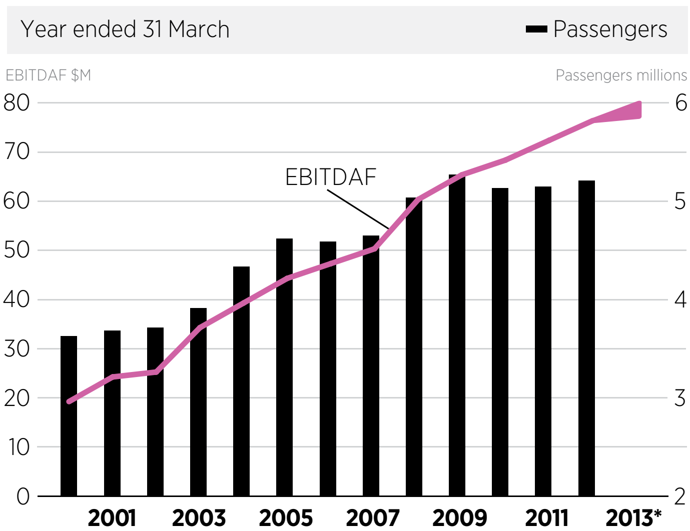
In March the Airport concluded consultation with its major airline customers over aeronautical charges for the period out to 2017. The charges are set from forecasts of passenger throughput, airport operating costs and additional investment, tax and interest rates, and the amount by which the Airport's assets change in value (forecast changes in value are treated as income and credited to the airlines reducing their charges). Under Commerce Act changes from 2008 Wellington is now required to provide a special disclosure on the new charges which the Commerce Commission had to review.

The Commerce Commission review process requires the regulator to review the effectiveness of the new information disclosure regime and measure progress in the areas of innovation, quality, pricing and investment. The draft report was mainly positive although it indicated an interim conclusion that the new regime was ineffective at limiting excessive profits. At this stage the complexity of the analysis and the nature of the process, with ongoing involvement by courts, government officials and ministers, makes long-term conclusions uncertain.

OPERATIONS AND RESULTS

Period ended	30 Sep 2012	30 Sep 2011	31 Mar 2012
Passengers domestic	2,235,500	2,205,293	4,473,544
Passengers international	333,088	319,607	718,185
Aeronautical income	$31m	$29m	$61m
Passenger services income	$16m	$16m	$32m
Property/other	$5m	$4m	$7m
Operating costs	($12m)	($13m)	($24m)
EBITDAF	**$40m**	**$36m**	**$76m**
Capital spending	$5m	$15m	$22m
Infratil cash income	$30m	$57m	$57m

EARNINGS AND PASSENGERS



* 2013 EBITDAF full year guidance projection.

The stars of The Hobbit an Unexpected Journey arrive at Wellington Airport for the world premiere.

NZ BUS

Passenger numbers were slightly ahead of last year, but after adjusting the figures for this year's fewer number of working days and last year's RWC, trend growth remains around 5%. EBITDAF would have been almost the same as last year, but NZ Bus was required to take a one-off revenue adjustment relating to a prior year of $2 million.

Behind the flat performance NZ Bus continues to make excellent progress in meeting its goal of providing world-leading reliability and service quality with tightly controlled costs.

Infratil acquired NZ Bus seven years ago and the company is now almost unrecognisable from the one purchased. An important signal of the culture change was the agreement recently reached between NZ Bus and its Auckland staff over employment terms for the next two and a half years.

NZ Bus is investing in the health, safety and on-going training of its staff, and is also upgrading fleet and depots for the benefit of both customers and its people.

NZ Bus's longer-term growth and returns depends on how public transport is managed and funded in Auckland and Wellington and changes to the industry's regulatory and management regime continues to inch forward. Parliament's Transport Select Committee is reviewing legislation and the Auckland and Wellington transport authorities are developing long-term incentive-based contracts for implementation once the legislation is enacted. In both regions new public transport network plans are in the final stages of development. NZ Bus is continuing to invest in anticipation of the changes, promoting the opportunity for growth and satisfactory returns.

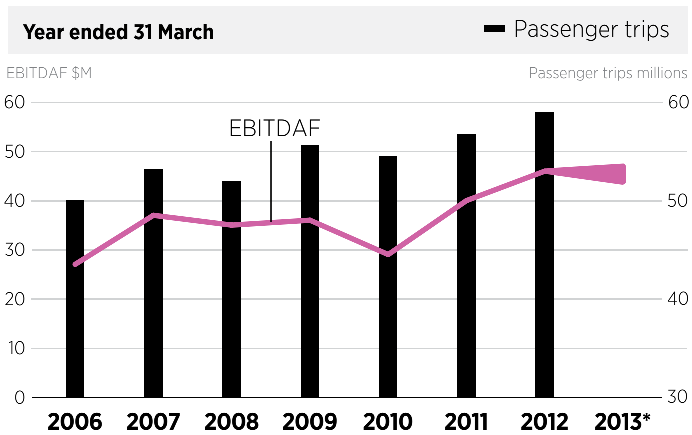
The need for Auckland to have a significantly better bus public transport network was clearly signalled by Treasury's recent National State of Infrastructure Report. This identified that expanding Auckland's road and rail networks over the next 30 years to meet projected demand will cost $700 million a year, which equates to a 50% rise in the city's rates. Buses remain by far the most cost–efficient way to improve urban mobility in New Zealand.

OPERATIONS AND RESULTS

Period ended	30 Sep 2012	30 Sep 2011	31 Mar 2012
Patronage north	20,170,859	19,705,387	38,713,136
Patronage south	10,669,866	10,639,249	20,341,102
Bus distance (kilometres)	24.2m	22.6m	46.4m
Passenger income	$65m*	$64m	$127m
Contract income	$44m	$42m	$84m
Other income	$3m	$4m	$9m
Operating costs	($90m)	($86m)	($174m)
EBITDAF	**$22m**	**$24m**	**$46m**
Capital spending	$22m	$29m	$64m

* Including $2 million prior period adjustment

EARNINGS AND PATRONAGE



* 2013 EBITDAF full year guidance projection.

NZ Bus has ordered 276 new ADL buses which are built in Tauranga. 156 buses are also undergoing engine refurbishment.

OTHER INVESTMENTS

Snapper suffered a set-back with the decision by Auckland Transport to appoint an overseas supplier for its long-term bus ticketing system. Given that Snapper is proven on over 1,000 buses and 3,000 taxis this is disappointing.

Infratil Infrastructure Property is progressing completion of the New Lynn Centre in partnership with the Auckland Council.

The European Airports are operating on a cost minimisation basis. The sales process for both Glasgow Prestwick and Kent has been unsuccessful to date and as a result Infratil took an impairment charge of $44 million at the half year to write-down the value of both assets. As at 30 September the revised asset value of Glasgow was £14.3 million and Kent £7.6 million. Infratil continues to seek buyers for the airports while also working with local stakeholders to review alternatives.

No acquisitions were concluded over the period despite a high level of activity. Management actively reviewed a number of potential opportunities without a transaction arising. As noted in the recent Infratil Update, Infratil has the advantage of being able to compare internal investments, such as Snowtown II, against external acquisitions. Investors without choices and facing an extremely low interest rate environment are more willing to “pay up”, even if it means being locked into low returns.

DIRECTORY

DIRECTORS

D A R Newman (Chairman)
M Bogoievski
H J D Rolleston
D P Saville
M Tume
A Y Muh (alternate to D P Saville)
P Gough (appointed 4 December 2012)

COMPANY SECRETARY

Kevin Baker

REGISTERED OFFICE - NEW ZEALAND

5 Market Lane
PO Box 320, Wellington
Telephone: 04 473 3663
Internet address: www.infratil.com

REGISTERED OFFICE - AUSTRALIA

C/- H.R.L. Morrison & Co Private Markets
Suite 40C, Level 40, Governor Phillip Tower
1 Farrer Place
Sydney, NSW 2000
Telephone: +61 2 8098 7500

MANAGER

Morrison & Co Infrastructure Management
5 Market Lane
PO Box 1395, Wellington
Telephone: 04 473 2399
Facsimile: 04 473 2388
Internet address: www.hrlmorrison.com

SHARE REGISTRAR

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

SHARE REGISTRAR - AUSTRALIA

Link Market Services
Level 12, 680 George Street
Sydney, NSW 2000
Telephone: +61 2 8280 7111
E-mail: registrars@linkmarketservices.com.au

AUDITOR

KPMG
10 Customhouse Quay
PO Box 996
Wellington

BANKERS

ANZ National Bank, 215-229 Lambton Quay, Wellington
Bank of New Zealand, 80 Queen Street, Auckland
Commonwealth Bank of Australia, 135 Albert Street, Auckland
Hong Kong and Shanghai Banking Corporation,
HSBC Tower, 195 Lambton Quay, Wellington
Industrial and Commercial Bank of China, 220 George Street, Sydney
Kiwibank, 155 The Terrace, Wellington
Westpac Banking Corporation, 188 Quay Street, Auckland

CALENDAR

Final dividend paid	15 June 2012
Annual meeting	13 August 2012
Infratil Update publication	September 2012
Half year end	30 September 2012
Interim result release	13 November 2012
Interim dividend paid	14 December 2012
Infratil Update publication	March 2013
Financial year end	31 March 2013

UPDATES/INFORMATION

Each year Infratil provides Annual and Interim Reports, two Update newsletters on matters of relevance to Infratil, a series of Operational Reports on each of its businesses, and occasional presentations and announcements. All are available on Infratil's website and will soon be available via Infratil's app. The two Updates put out in 2012 covered:

September 2012: Over the last decade the Infratil group invested $3,060 million and its consolidated annual EBITDAF rose from $35 million to $520 million. Over the same period Infratil's compound after-tax return to shareholders was 13.7% per annum. The Update explains the strategy behind Infratil's investment activity.

March 2012: In March Infratil held its annual Investor Day and the Update summarises the presentations, including by the Minister for the Environment and Prof. Tim Flannery Chair of the Copenhagen Climate Council. It also explains the differences between a New Zealand and Australian residential electricity bill and why smart energy meters have not been so smart.

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 and 2011.

Best Debt Deal 2007. Best Corporate Treasury 2007, 2008, 2011.

New Zealand Shareholders' Association Best and Fairest Award.

Finance Asia Best New Zealand Deal 2007.

Deloitte / Management Magazine Company of the Year 2007.

Infratil