

Infratil Results

for the six months ended 30 September 2011



This breakdown of Infratil's results, assets, liabilities and the performance of key investments is to be read in conjunction with Infratil's half-year un-audited financial statements. All references are to NZ Dollar millions unless otherwise stated.

Consolidated Results

Year Ended (\$ million)	30 September 2011	30 September 2010	31 March 2011
Operating revenue	1,151.0	1,055.3	2,028.2
Share of associate earnings	18.4	9.9	55.1
EBITDAF	272.9	254.9	459.6
Depreciation & amortisation	(66.2)	(58.2)	(118.4)
Net interest	(92.4)	(80.2)	(168.1)
Operating earnings	114.3	116.5	173.1
Fair value gain on acquisition of equity interest	-	60.7	60.7
Net (loss)/gain on energy, investment, foreign exchange and interest rate derivatives	10.7	(13.4)	(3.9)
Net investment realisations and (impairments) and investment transaction costs expensed	0.2	(0.3)	(34.9)
Net surplus before tax	125.2	163.5	195.0
Tax expense associated with change in corporate income tax rate	-	9.2	9.6
Taxation expense associated with removal of depreciation on buildings	-	(30.0)	(35.4)
Taxation expense	(36.4)	(42.2)	(49.6)
Net surplus after tax	88.8	100.5	119.6
Minority interests	(38.6)	(26.6)	(55.1)
Net surplus attributable to parent entity	50.2	73.9	64.5
Net cashflows from operating activities	107.5	93.9	178.5
Group dividends paid	(79.6)	(59.3)	(105.3)

EBITDAF growth of 7.1% reflects improvements in revenues and operating margins, particularly in energy businesses in Australia and New Zealand

Depreciation & amortisation of \$66.2 million increased by 13.7% due to capital expenditure in 2011 and revaluation gains at 31 March 2011 resulting in a higher depreciable base.

Net interest expense has increased \$12.2 million and is comprised of interest income of \$2.6 million and interest costs of \$95.0 million. Net interest expense comprised \$48.1 million for Infratil and wholly owned subsidiaries, and the following amounts for non-wholly owned subsidiaries: \$31.3 million for TrustPower, \$9.5 million for Wellington Airport and \$3.5 million for Perth Energy.

Fair value gain in the prior year of \$60.7 million relates to the revaluation of the Z Energy (formerly Greenstone Energy) net assets to fair value at acquisition date.

Gains on revaluation of Financial derivatives of \$10.7 million represent movements in the mark to market value of financial instruments including energy derivatives, interest rate derivatives, and foreign exchange which are not effective hedges. NZIFRS requires derivatives which do not meet the strict hedging criteria to be taken through profit and loss. Amounts comprise: an increase in value of the energy derivatives of Infratil Energy Australia's retail operations of \$32.6 million, a decrease in the value of TrustPower energy and interest rate derivatives of (\$9.5) million, and a decrease in the value of interest rate swaps and foreign currency of (\$12.4) million.

Realisations, impairments and revaluations of \$0.2 million comprise mainly of gains achieved on the buy back of the Infratil Perpetual Infratstructure Bonds throughout the period.

Tax expense has decreased by \$26.6 million of which \$20.8 million is due to prior period New Zealand Government changes to the tax legislation being recognised on enactment.

Infratil Consolidated Group cash flow

Year Ended (\$ million)	30 September 2011	30 September 2010	31 March 2011
EBITDAF	272.9	254.9	459.6
Working cap & other non-cash	(51.7)	(44.6)	25.9
Undistributed associate earnings	(3.4)	(10.0)	(102.0)
Net interest	(86.9)	(79.5)	(160.8)
Tax	(23.4)	(26.9)	(44.2)
Operating cash flow	107.5	93.9	178.5
Investing activities			
Realisations /(Investments)	0.1	0.4	1.2
Purchase of investments	(0.1)	(209.7)	(211.8)
Capital expenditure	(77.4)	(89.9)	(207.8)
Security deposits	0.2	(1.7)	(2.7)
	(77.2)	(300.9)	(421.1)
Financing Activities			
Equity raised	2.7	43.6	48.2
Shares bought back	(15.2)	(12.1)	(15.2)
Dividends	(79.6)	(59.4)	(105.3)
Bank debt (repaid)/drawn	74.3	198.1	104.9
Bonds issued/repaid	(59.2)	9.0	181.4
	(77.0)	179.2	214.0
Cash balances net movement	(46.7)	(27.8)	(28.6)
Exchange gains/(losses) on cash	(5.8)	2.1	5.2
Opening cash held	157.5	180.9	180.9
Closing cash Held	105.0	155.2	157.5

Growth in operating cash flows to \$107.5 million (up 14%) reflects improved cash margins particularly for TrustPower and NZ Bus compared to the prior year.

Capital expenditure for investments, customers and plant has decreased to \$77.5 million. The major items of investment and capital expenditure in the current period are the acquisition of buses \$23.3m, WIAL \$14.7m (including hangar and carpark construction) and TrustPower \$13.0m. In the prior period, the major capital projects and investments related to the acquisition of Z Energy for \$209.8 million and the construction of generation projects in Australia.

Infratil completed a bond programme which raised \$50 million for bonds maturing in 2016 (\$66 million including the renewal of May maturing bonds). Infratil has commenced a new bond raising programme for bonds maturing in 2017.

Net equity repaid of \$12.5 million consisted of shares issued through the Dividend Reinvestment Plan of \$2.7 million, Infratil share buybacks of \$12.7 million and TrustPower buybacks of minority shares of \$2.5 million.

Increase in bank debt of \$74 million due to capital expenditure and repayment of maturing bonds. Group dividends paid increased 34% predominantly due an increase in the Infratil final dividend from 3.5 cents to 4.25 cents and a special dividend paid by WIAL of \$13.6 million.

IFT Group Statement of Comprehensive Income

Year Ended (\$ million)	30 September 2011	30 September 2010	30 September 2011	30 September 2010	30 September 2011	30 September 2010
	Profit and loss		Reserves		TOTAL	
Operating earnings	114.3	116.5	-	-	114.3	116.5
Fair value gain on acquisition of equity interest	-	60.7	-	-	-	60.7
Net (loss) gain on energy, interest rate and foreign exchange derivatives	10.7	(13.4)	(23.8)	(13.3)	(13.1)	(26.7)
Change in value/impairment of investment properties, PPE and other assets	(0.2)	(0.4)	2.1	15.1	1.9	14.7
Realisations	0.4	0.1	-	-	0.4	0.1
Investment transaction costs expensed	-	-	-	-	-	-
Fair value movements in relation to executive share scheme	-	-	(0.1)	-	(0.1)	-
Total fair value changes and realisations (after tax)	10.9	47.0	(21.8)	1.8	(10.9)	48.8
Surplus before tax	125.2	163.5	(21.8)	1.8	103.4	165.3
Tax	(36.4)	(63.0)	-	-	(36.4)	(63.0)
Net earnings after tax before minorities	88.8	100.5	(21.8)	1.8	67.0	102.3
Minority interests	(38.6)	(26.6)	0.1	5.3	(38.5)	(21.3)
Infratil parent net earnings and changes in value	50.2	73.9	(21.7)	7.1	28.5	81.0

Reserve movements in the Statement of Comprehensive Income

Net gain on derivatives and foreign currency translations (net of tax) of \$23.8 million represents the losses on translation of foreign operations of \$35.4 million, mainly reflecting the strengthening of the New Zealand dollar during the year, offset by losses on the effective portion of cashflow hedges of \$11.6 million.

Change in the value of investment properties, PPE and other assets taken through reserves is reflected by the gains (net of tax) on revaluation of IEA fixed assets of \$6.5 million, offset by foreign exchange losses in TrustPower of \$4.4m.

Minority interest reserves movement of \$0.1 million is the minority shares of the TrustPower (49.4%), Wellington Airport (34.0%) and Perth Energy (18.8%) reserve movements.

Analysis / breakdown of Net Surplus attributable to the owners of the company

Year Ended (\$ million)	Infratil (i)		WIAL (66%)		TrustPower (50.5%)		Eliminations		Total	
	30 September 2011	30 September 2010	30 September 2011	30 September 2010	30 September 2011	30 September 2010	30 September 2011	30 September 2010	30 September 2011	30 September 2010
EBITDAF	163.7	127.9	35.7	35.2	161.6	147.7	(88.1)	(55.9)	272.9	254.9
Depreciation & amortisation	(26.5)	(21.9)	(10.3)	(7.4)	(29.4)	(28.9)	-	-	(66.2)	(58.2)
EBIT	137.2	106.0	25.4	27.8	132.2	118.8	(88.1)	(55.9)	206.7	196.7
Net interest	(51.6)	(41.6)	(9.5)	(8.3)	(31.3)	(30.3)	-	-	(92.4)	(80.2)
Fair value gain on acquisition of equity interest	-	60.7	-	-	-	-	-	-	-	60.7
Realisations & impairments	0.2	(0.2)	-	-	-	-	-	-	0.2	(0.2)
Investment transaction costs expensed	-	-	-	-	-	-	-	-	-	-
Financial Derivatives - energy	32.6	22.7	-	-	(0.4)	3.4	-	-	32.2	26.1
Financial Derivatives - S&P/FX	(3.9)	(26.5)	(8.5)	(12.8)	(9.1)	(0.2)	-	-	(21.5)	(39.5)
Tax	(14.9)	(31.0)	1.1	(0.1)	(22.6)	(32.0)	-	-	(36.4)	(63.1)
Minority interests	0.2	0.1	(4.8)	2.8	(34.0)	(29.5)	-	-	(38.6)	(26.6)
Net surplus	99.8	90.2	3.7	9.4	34.8	30.2	(88.1)	(55.9)	50.2	73.9

(i) Infratil includes the parent company, wholly owned subsidiaries and Perth Energy (81.2%) owned by Infratil.

Year Ended (\$ million)	IFT Parent & Other		NZ Bus		IEA Group		Infratil Airports Europe		Total	
	30 September 2011	30 September 2010	30 September 2011	30 September 2010	30 September 2011	30 September 2010	30 September 2011	30 September 2010	30 September 2011	30 September 2010
EBITDAF	97.0	50.7	24.0	20.7	46.2	61.2	(3.5)	(4.7)	163.7	127.9

Infratil Group Normalised Earnings

Year Ended (\$ million)	30 September 2011	30 September 2010	Variance
EBITDAF as reported	272.9	254.9	18.0
Z Energy equity earnings normalisation adjustment to CCS	4.4	10.2	(5.8)
Normalised EBITDAF	277.3	265.1	12.2
Depreciation & Amortisation	(66.2)	(58.2)	(8.0)
EBIT	211.1	206.9	4.2
Interest	(92.4)	(80.2)	(12.2)
Earnings Before Tax	118.7	126.7	(8.0)
Taxation (expense) - normalised	(33.4)	(46.2)	12.8
Normalised Net Surplus after tax (Pre Minority Interests)	85.3	80.5	4.8
After Tax Excluded Items	3.5	20.0	(16.5)
Net surplus after tax	88.8	100.5	(11.7)
Excluded Items of Income/Expenditure			
FV gain on Z Energy	-	60.7	(60.7)
Z Energy equity earnings normalisation adjustment to CCS	(4.4)	(10.2)	5.8
MtM energy, IRS and Fx derivatives	10.7	(13.4)	24.1
Impairments / realisations	0.2	(0.3)	0.5
Excluded Items - pre-tax	6.5	36.8	(30.3)
Tax effected of Excluded Items	(3.0)	4.0	(7.0)
Adjust for effect of change in depreciation buildings and corporate tax rate	-	(20.8)	20.8
After Tax Excluded Items	3.5	20.0	(16.5)
Tax Expense as Reported	(36.4)	(63.0)	26.6
Adjust for tax effect MtM derivatives	3.0	(4.0)	7.0
Adjust for effect of change in depreciation buildings and corporate tax rate	-	20.8	(20.8)
Tax Expense / (Credit) - Normalised	(33.4)	(46.2)	12.8
Normalised Effective Tax Rate	(28.1%)	(36.5%)	8.3%
Z Energy	Reported IFRS	CCS adjustment	Normalised CCS Result
Operating EBITDAF HCA	70.2	12.4	82.6
NZRC equity earnings	6.1	-	6.1
Z Energy EBITDAF HCA	76.3	12.4	88.7
D&A	(16.3)	-	(16.3)
EBIT	60.0	12.4	72.4
Interest - external	(20.8)	-	(20.8)
Interest - shareholders	(13.9)	-	(13.9)
Earnings before tax and FV	25.3	12.4	37.6
FV gain	-	-	-
Other derivatives/ revals/other	6.7	-	6.7
Net surplus before tax	32.0	12.4	44.3
Tax (expense) / income	(9.1)	(3.5)	(12.6)
Net surplus after tax	22.9	8.9	31.8
Infratil share net earnings	11.5		15.9
Shareholder interest	7.0		7.0
Total Infratil Contribution	18.5		22.9
Equity Earnings	18.5		22.9

Infratil Investments

Year Ended (\$ million)	30 September 2011	31 March 2011
Listed investments at market price		
TrustPower	1,127.2	1,146.4
Non-listed investments at Net book value		
Infratil Energy Australia	477.6	442.4
Wellington Airport	260.2	297.2
Z Energy	315.1	311.8
Infratil Airports Europe	100.9	100.8
NZ Bus	229.0	208.4
Infratil Infrastructure Property	35.6	35.4
Other investments	18.2	20.8
	2,563.8	2,563.2

TrustPower value change reflects NZX market price changes

Increase in value of IEA due to completion of Kwinana and Pt Stanvac extension and valuation increases of other generation assets. Included in the valuation are IEA Group derivative liabilities of \$7.9m (31 March 2011: \$40.1m; 30 September 2010: \$63.6m) and Goodwill on acquisition of \$66.2m (31 March 2011: \$66.2m; 30 September 2010: \$66.2m).

The valuation of Z Energy reflects the \$210m acquisition cost plus undistributed net income and fair value increases.

Decrease in value of IAE from September 2010 reflects a negative revaluation of Airport assets and investment properties at 31 March 2011.

The 51% shareholding in TrustPower is shown at market value. Z Energy is shown at cost, plus Infratil's share of undistributed net profit after tax. Other investment values reflect Infratil's share of shareholder funds excluding New Zealand subsidiary deferred tax and 100% subsidiaries' cash balances. Period end exchange rates of NZD/AUD 0.7879 (March 2011: 0.7390; September 2010: 0.7594) and NZD/GBP 0.4933 (March 2011: 0.4745; September 2010: 0.4657) were used to translate offshore assets to NZD.

Capital /Funding (Infratil and wholly owned subsidiaries)

(\$ million)	30 September 2011	31 March 2011
Net bank (cash)/ debt ⁽ⁱ⁾	168.1	80.6
Redeemable Preference Shares ⁽ⁱⁱ⁾	140.0	140.0
Bonds maturing 2010	-	-
Bonds maturing 2011	20.0	99.3
Bonds maturing 2012	57.4	57.4
Bonds maturing 2013	85.3	85.3
Bonds maturing 2015	152.8	152.8
Bonds maturing 2016	100.0	100.0
Bonds maturing 2017	66.3	47.9
Bonds maturing 2020	80.5	80.5
Perpetual Bonds	237.3	238.3
Vendor Financing	43.9	48.7
	1,151.6	1,130.8

⁽ⁱ⁾ Infratil debt funding comprised \$799.6 million of Bonds and \$597.6 million of bank facilities drawn to \$233.1 million (excluding amounts of \$27.6 million utilised for guarantees). Cash balances held amounted to \$65.0 million. During the period ended the Company bought back 1,038,000 Perpetual Bonds.

⁽ⁱⁱ⁾ A wholly owned subsidiary has \$140 million of non recourse redeemable preference shares maturing in August 2013.

Infratil maturity profile (Infratil & Wholly Owned subsidiaries)

(\$ million)	Total	0-1 year 2012-2013	1-2 years 2013-2014	2-3 years 2014-2015	3 years + 2015 +
Bank debt	233.1	12.7	4.7	157.7	58.0
Cash on deposit	(65.0)	(65.0)	-	-	-
Net bank debt/(cash)	168.1	(52.3)	4.7	157.7	58.0
Total bank debt facilities (excl RPS)	597.6	256.4	105.7	172.7	62.8
RPS drawn	140.0	-	-	140.0	-
Vendor Finance	44.0	7.0	17.0	18.0	2.0

Shares On Issue & Net Tangible Assets

	30 September 2011	30 September 2010	31 March 2011
Ordinary shares on issue	602,806,392	601,616,935	602,806,392
Treasury stock	3,798,539	4,986,966	3,798,539
IFTWC warrants on issue	52,825,458	52,825,458	52,825,458

No warrants/partly paid shares were exercised during the period (31 March 2011: 38,049,825 IFTWBs; 30 September 2010: 38,049,825 IFTWBs). No warrants lapsed during the period (31 March 2011: 37,100; 30 September 2010: 37,100).

Each IFTWC held entitles the holder to acquire a further share in the Company at a price of \$4.12 on, or before 29 June 2012.

During the year ended 31 March 2011 the Company issued 535,000 (30 September 2010: nil) Executive Redeemable shares in accordance with the Infratil Executive Redeemable Shares Trust Deed. No Executive shares were issued during the current period.

TrustPower

Period Ended (\$ million)	30 September 2011	30 September 2010	31 March 2011
Customers (Electricity)	218,369	221,776	221,177
Sales (GWh)	2,137	2,142	4,033
Hydro generation production (GWh)	1,078	964	1,737
NZ Wind generation production (GWh)	336	265	550
Australian wind production GWh	177	151	328
Average Generation spot price (\$/MWh)	61	50	51
EBITDAF	161.6	147.7	274.4
NPAT	68.8	59.7	112.2

Infratil Energy Australia

Period Ended (\$A million)	30 September 2011	30 September 2010	31 March 2011
Generation (MW)	277	219	275
Billed customers	414,957	424,461	409,730
Revenue - Generation	14.9	8.3	32.4
Revenue - Retail	385.1	358.9	658.2
Management fee	0.8	0.8	1.5
EBITDAF	35.7	48.6	42.7
Depreciation & amortisation	(9.8)	(6.3)	(15.0)
Net interest	(9.3)	(4.5)	(13.2)
Derivative change	25.2	18.0	35.3
Tax	(12.5)	(16.8)	(15.0)
Minority interests	0.2	0.1	0.2
Derivative liabilities	(7.3)	(48.3)	(29.7)

Wellington Airport

Period Ended (\$ million)	30 September 2011	30 September 2010	31 March 2011
Passengers Domestic	2,205,293	2,262,800	4,479,651
Passengers International	319,607	296,891	654,576
Aero income	28.7	28.1	571.1
Passenger services income	15.5	13.9	28.9
Property & other income	4.2	3.9	7.9
Operating costs	12.7	10.8	21.6
EBITDAF	35.7	35.2	72.2
Depreciation & amortisation	(10.3)	(7.4)	(15.5)
Net interest	(9.5)	(8.3)	(17.3)
Derivative change	(8.5)	(12.8)	(12.5)
Tax	1.1	(0.1)	(26.6)
Minority interests	(4.8)	2.8	0.3

Z Energy (100%)

Period Ended (\$ million)	30 September 2011	30 September 2010	31 March 2011
EBITDAF (FIFO)	76.3	68.6	228.3
Gain on fair value	-	121.4	121.4
Depreciation & amortisation	(16.3)	(11.5)	(26.9)
External interest	(20.8)	(13.9)	(30.3)
Shareholder loan & RPS interest	(13.9)	(13.9)	(28.2)
Derivative change	2.9	(4.0)	(3.4)
Revaluations/ realisations	3.8	(3.5)	(5.6)
Tax (i)	(9.1)	(16.0)	(51.9)
EBITDAF (CCS)	88.7	97.3	166.8

(i) Tax includes the effect of the 2010 NZ government change in the tax depreciation for buildings which increased the tax expense by \$12.2 million.

Period Ended (\$NZD millions) unless otherwise stated	30 September 2011	30 September 2010	31 March 2011
Average crude price (NZD/bbl)	134	107	115
Crude price range (NZD/bbl)	120 - 151	100 - 120	100 - 153
Sales (m litres)	1,234	1,244	2,654
Sourced from Refinery	71%	71%	68%
Average GRM (USD)	7.1	6.4	7.5
Distributed to retail	49%	49%	47%
Inventory period end (m litres)	521	452	524
Revenue (ex tax)	1,545.7	1,246.9	2,794.6
Gross margin	209.0	207.2	401.2
Operating costs	(126.4)	(115.8)	(244.2)
NZRC equity contribution	6.1	5.9	9.8
CC EBITDAF	88.7	97.3	166.8
Stock value adjustment	(12.4)	(28.7)	61.5
HC EBITDAF	76.3	68.6	228.3
External interest	(20.8)	(13.9)	(30.3)
Shareholder interest	(13.9)	(13.9)	(28.2)
Tax	(9.1)	(16.0)	(51.9)
Depreciation & Amortisation	(16.3)	(11.5)	(26.9)
Derivatives/Revaluations	6.7	113.9	112.4
Shareholder surplus	22.9	127.1	203.4
Capex	(21.0)	(9.3)	(29.0)

Period Ended (\$ million)	30 September 2010 Reported	FV Gain on Acquisition	Adjustment due to higher asset value	Reclassification	30 September 2010 Adjusted
EBITDAF (FIFO)	80.9	(9.3)	-	(3.0)	68.6
Gain on fair value	-	121.4	-	-	121.4
Depreciation & amortisation	(8.0)	-	(3.3)	(0.2)	(11.5)
External interest	(15.0)	-	-	1.1	(13.9)
Shareholder loan & RPS interest	(13.9)	-	-	-	(13.9)
Derivative change	(4.0)	-	-	-	(4.0)
Revaluations/ realisations	(1.0)	-	-	(2.5)	(3.5)
Tax	(27.0)	-	8.0	3.0	(16.0)
EBITDAF (CCS)	99.6	-	-	(2.3)	97.3

European Airports

Period Ended (£ million)	30 September 2011	30 September 2010	31 March 2011
Total passengers	877,481	1,021,425	1,556,655
Total freight (tonnes)	19,676	19,861	38,312
Aero income	8.1	6.4	11.6
Passenger services income	3.4	3.8	6.1
Property & other income	1.3	1.3	2.6
Operating cost	14.6	13.7	25.6
EBITDAF	(1.8)	(2.2)	(5.3)
Depreciation & amortisation	(1.1)	(1.8)	(3.5)
Net interest	(0.9)	(0.7)	(1.6)
Financial derivatives	-	-	-
Revaluations/ realisations/ impairment	-	-	(16.2)
Tax	0.3	0.2	2.8
Minority interests	-	-	-

NZ Bus

Period Ended (\$ million)	30 September 2011	30 September 2010	31 March 2011
Passengers	30,344,636	29,514,918	56,834,289
Fare income	54.8	49.3	117.1
Contract income	41.5	40.8	79.8
Management fee	0.5	0.5	1.0
EBITDAF	24.0	20.7	40.1
Depreciation & amortisation	(9.8)	(8.7)	(17.9)
Net interest	(3.7)	(4.5)	(8.2)
Financial derivatives	-	-	-
Tax	(3.2)	(0.8)	(3.0)
Gain on sale	-	-	-