

INFRATIL LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2013

	Notes	6 months ended	6 months ended	12 months ended
		30 September 2013	30 September 2012	31 March 2013
		\$Millions Unaudited	\$Millions Unaudited	\$Millions Audited
Operating revenue		-	-	15.9
Dividends		-	130.9	136.9
Total revenue		-	130.9	152.8
Operating expenses	4	13.6	12.5	26.4
Total operating expenditure		13.6	12.5	26.4
Operating surplus before financing, derivatives, realisations and impairments		(13.6)	118.4	126.4
Net gain/(loss) on interest rate derivatives		9.5	(6.6)	(3.0)
Net investment impairments		-	(76.3)	(76.2)
Results from operating activities		(4.1)	35.5	47.2
Interest income		0.1	-	70.1
Interest expense		36.7	32.5	68.5
Net financing expense/(income)		36.6	32.5	(1.6)
Net (loss)/surplus before taxation		(40.7)	3.0	48.8
Taxation credit	7	(11.2)	(1.1)	(11.2)
Net (loss)/surplus for the period		(29.5)	4.1	60.0
Net (loss)/surplus attributable to owners of the company		(29.5)	4.1	60.0
Other comprehensive income				
<i>Items that will not be reclassified to profit and loss:</i>				
Fair value of movements in relation to executive share scheme		-	-	0.1
Income tax effect to the above items		-	-	-
Other comprehensive income for the period		-	-	0.1
Total comprehensive (loss)/income for the period		(29.5)	4.1	60.1
Total comprehensive (loss)/income for the period attributable to owners of the Company		(29.5)	4.1	60.1
Earnings per share				
Basic (cents per share)		(5.0)	0.7	10.3
Diluted (cents per share)		(5.0)	0.7	10.3

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013

	Notes	30 September 2013	30 September 2012	31 March 2013
		\$Millions	\$Millions	\$Millions
		Unaudited	Unaudited	Audited
Cash and cash equivalents		-	-	-
Trade and other accounts receivable and prepayments		1.7	0.5	1.6
Income tax receivable		17.7	-	3.8
Current assets		19.4	0.5	5.4
Deferred tax		4.7	1.9	9.4
Investments in and advances to subsidiaries	13	1,496.7	1,491.9	1,565.9
Non current assets		1,501.4	1,493.8	1,575.3
Total assets		1,520.8	1,494.3	1,580.7
Accounts payable, accruals and other liabilities		11.1	8.7	10.9
Derivative financial instruments		-	-	-
Income tax payable		-	-	-
Infrastructure bonds	8	-	142.7	85.3
Total current liabilities		11.1	151.4	96.2
Derivative financial instruments		16.7	29.8	26.2
Infrastructure bonds	8	679.2	476.7	586.8
Perpetual Infratil infrastructure bonds	8	232.4	232.3	232.2
Non current liabilities		928.3	738.8	845.2
Attributable to owners of the Company		581.4	604.1	639.3
Total equity		581.4	604.1	639.3
Total equity and liabilities		1,520.8	1,494.3	1,580.7

Approved on behalf of the Board on 9 December 2013



Director



Director

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2013

Notes	6 months ended 30 September 2013	6 months ended 30 September 2012	12 months ended 31 March 2013
	\$Millions Unaudited	\$Millions Unaudited	\$Millions Audited
Cash flows from operating activities			
<i>Cash was provided from:</i>			
Receipts from customers	-	0.1	0.3
Interest received	0.1	-	0.1
Taxation received	2.1	-	-
Dividends	-	130.9	136.9
	2.2	131.0	137.3
<i>Cash was disbursed to:</i>			
Payments to suppliers and employees	(13.0)	(13.0)	(25.1)
Interest paid	(36.5)	(32.5)	(68.5)
Taxation paid	-	(4.0)	(5.2)
	(49.5)	(49.5)	(98.8)
Net cash inflow from operating activities	9	81.5	38.5
Cash flows from investing activities			
<i>Cash was provided from:</i>			
Advanced from subsidiaries	69.2	-	-
	69.2	-	-
<i>Cash was disbursed to:</i>			
Advanced to subsidiaries	-	(37.9)	(25.8)
	-	(37.9)	(25.8)
Net cash (outflow) from investing activities	69.2	(37.9)	(25.8)
Cash flows from financing activities			
<i>Cash was provided from:</i>			
Proceeds from issue of shares	6.6	3.6	5.8
Proceeds from issue of shares to non-controlling shareholders	-	-	-
Issue of bonds	93.7	-	111.4
	100.3	3.6	117.2
<i>Cash was disbursed to:</i>			
Repayment of bonds/PIIB buyback	(85.4)	(0.3)	(57.9)
Share buyback	-	(17.2)	(21.8)
Infrastructure bond issue expenses	(1.8)	-	(2.0)
Dividends paid to owners of the Company	(35.0)	(29.7)	(48.2)
	(122.2)	(47.2)	(129.9)
Net cash (outflow) from financing activities	(21.9)	(43.6)	(12.7)
Net cash movement	-	-	-
Cash balances at beginning of period	-	-	-
Cash at end of period	-	-	-

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2013
Attributable to equity holders of the Company**

	Capital	Other reserves	Retained earnings	Total
	\$Millions	\$Millions	\$Millions	\$Millions
<i>Unaudited</i>				
Balance as at 1 April 2013	414.1	0.4	224.8	639.3
Net loss for the period	-	-	(29.5)	(29.5)
<i>Other comprehensive income, after tax</i>				
Fair value movements in relation to executive share scheme	-	-	-	-
Total comprehensive income for the period	-	-	(29.5)	(29.5)
<i>Contributions by and distributions to owners</i>				
Share buyback	-	-	-	-
Treasury stock reissued under dividend reinvestment plan	6.6	-	-	6.6
Dividends to equity holders	-	-	(35.0)	(35.0)
Total contributions by and (distributions) to owners	6.6	-	(35.0)	(28.4)
Balance as at 30 September 2013	420.7	0.4	160.3	581.4
<i>Unaudited</i>				
Balance as at 1 April 2012	421.4	0.3	213.0	634.7
Net surplus for the period	-	-	4.1	4.1
<i>Other comprehensive income, after tax</i>				
Fair value movements in relation to executive share scheme	-	-	-	-
Total comprehensive income for the period	-	-	4.1	4.1
<i>Contributions by and distributions to owners</i>				
Share buyback	(8.6)	-	-	(8.6)
Treasury stock reissued under dividend reinvestment plan	3.6	-	-	3.6
Dividends to equity holders	-	-	(29.7)	(29.7)
Total contributions by and (distributions) to owners	(5.0)	-	(29.7)	(34.7)
Balance as at 30 September 2012	416.4	0.3	187.4	604.1
<i>Audited</i>				
Balance as at 1 April 2012	421.4	0.3	213.0	634.7
Net surplus for the period	-	-	60.0	60.0
<i>Other comprehensive income, after tax</i>				
Fair value movements in relation to executive share scheme	-	0.1	-	0.1
Total comprehensive income for the period	-	0.1	60.0	60.1
<i>Contributions by and distributions to owners</i>				
Share buyback	(13.3)	-	-	(13.3)
Treasury stock reissued under dividend reinvestment plan	5.7	-	-	5.7
Conversion of executive redeemable shares	0.3	-	-	0.3
Dividends to equity holders	-	-	(48.2)	(48.2)
Total contributions by and (distributions) to owners	(7.3)	-	(48.2)	(55.5)
Balance as at 31 March 2013	414.1	0.4	224.8	639.3

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2013**

(1) Accounting policies

Basis of preparation

These unaudited condensed half year financial statements of Infratil Limited ('the Company') have been prepared in accordance with NZ IAS 34 Interim Financial Reporting. These half year statements also comply with IAS 34 Interim Financial Reporting. The half year statements for the six months to 30 September 2013 have been prepared in accordance with the accounting policies stated in the published financial statements for the year ended 31 March 2013 and should be read in conjunction with the previous annual report. No changes have been made from the accounting policies used in the most recent annual report which can be obtained from Infratil's registered office or www.infratil.com.

These are not the consolidated interim financial statements of the Infratil Group. The consolidated interim group financial statements can be obtained from Infratil's website <http://www.infratil.com/for-investors/company-reports/>.

The presentation currency used in the preparation of these financial statements is New Zealand dollars, which is also the Company's functional currency. Comparative figures have been restated where appropriate to ensure consistency with the current period.

A number of new standards, amendments to standards came into effect for interim periods ended on 30 September 2013, and have been applied in preparing these financial statements. None of these has had a material effect on the financial statements of the Company.

(2) Discontinued operations

There were no discontinued operations in the current period or prior periods presented.

(3) Nature of business

Infratil Limited is the parent company of the Infratil Group which 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 5 Market Lane, Wellington, New Zealand.

(4) Other operating expenses

	Note	6 months ended 30 September 2013 \$Millions Unaudited	6 months ended 30 September 2012 \$Millions Unaudited	12 months ended 31 March 2013 \$Millions Audited
<i>Fees paid to auditors</i>				
Audit fees		0.1	0.1	0.2
Taxation and other services		-	0.1	0.7
Directors' fees		0.3	0.2	0.5
Administration and other		4.4	4.1	9.1
Management fee (to related party Morrison & Co Infrastructure Management ('MCIM'))	13	8.8	8.0	15.9
Total other operating expenses		13.6	12.5	26.4

(5) Seasonality

There are no seasonality effects on the operations of the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2013

(6) Share Capital

	6 months ended 30 September 2013	6 months ended 30 September 2012	12 months ended 31 March 2013
	Unaudited	Unaudited	Audited
<i>Ordinary shares (fully paid)</i>			
Total issued capital at the beginning of the period	583,321,349	586,930,830	586,930,830
<i>Movements in issued and fully paid ordinary shares during the year</i>			
Share buybacks held as treasury stock	-	(4,500,000)	(6,425,000)
Treasury stock reissued under Dividend Reinvestment Plan	2,913,162	1,812,092	2,688,534
Conversion of Executive Redeemable Shares	-	-	126,985
Total issued capital at the end of the period	586,234,511	584,242,922	583,321,349

All fully paid ordinary shares have equal voting rights and share equally in dividends and equity.

	6 months ended 30 September 2013	6 months ended 30 September 2012	12 months ended 31 March 2013
	Unaudited	Unaudited	Audited
<i>Infratil Warrants (IFTWC's)</i>			
Total warrants at the beginning of the period	-	52,825,458	52,825,458
Warrants lapsed	-	(52,825,458)	(52,825,458)
Total warrants at the end of the period	-	-	-

	6 months ended 30 September 2013	6 months ended 30 September 2012	12 months ended 31 March 2013
	Unaudited	Unaudited	Audited
<i>Dividends paid on ordinary shares (cents per share)</i>			
Final dividend prior year	6.00	5.00	5.00
Interim dividend paid current year	-	-	3.25
	6.00	5.00	8.25

	6 months ended 30 September 2013	6 months ended 30 September 2012	12 months ended 31 March 2013
	Unaudited	Unaudited	Audited
<i>Dividends paid on ordinary shares (\$ millions)</i>			
Final dividend prior year	35.0	29.7	29.2
Interim dividend paid current year	-	-	19.0
	35.0	29.7	48.2

(7) Taxation

	6 months ended 30 September 2013	6 months ended 30 September 2012	12 months ended 31 March 2013
	\$Millions Unaudited	\$Millions Unaudited	\$Millions Audited
Net surplus/(loss) before taxation	(40.7)	3.0	48.8
Taxation on the surplus for the period	(11.4)	0.8	13.7
<i>Plus/(less) taxation adjustments:</i>			
Exempt dividends	-	(36.6)	(38.3)
Tax losses not recognised	-	12.4	-
Recognition of previously unrecognised deferred tax	-	-	(6.5)
(Over)/Under provision in prior years	-	0.8	(1.8)
Net investments (realisations)/impairment	-	21.4	21.4
Other permanent differences	0.2	0.1	0.3
Taxation expense	(11.2)	(1.1)	(11.2)
Current taxation	(13.9)	0.8	(1.8)
Deferred taxation	2.7	(1.9)	(9.4)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2013**

(8) Infrastructure bonds

	30 September 2013 \$Millions Unaudited	30 September 2012 \$Millions Unaudited	31 March 2013 \$Millions Audited
Balance at the beginning of the period	904.3	851.6	851.6
Issued during the period	93.7	-	111.4
Matured during the period	(85.3)	-	(21.0)
Exchanged during the period	-	-	(36.4)
Purchased by Infratil during the period	(0.1)	(0.6)	(0.8)
Bond issue costs capitalised during the period	(1.8)	-	(1.9)
Bond issue costs amortised during the period	0.8	0.7	1.4
Balance at the end of the period	911.6	851.7	904.3
Current	-	142.7	85.3
Non current fixed coupon	679.2	476.7	586.8
Non current perpetual variable coupon	232.4	232.3	232.2
Balance at the end of the period	911.6	851.7	904.3
<i>Repayment terms and interest rates:</i>			
Maturing in November 2012, 7.75% per annum fixed coupon rate	-	57.4	-
Maturing in September 2013, 8.50% per annum fixed coupon rate	-	85.3	85.3
Maturing in November 2015, 8.50% per annum fixed coupon rate	152.8	152.8	152.8
Maturing in June 2016, 8.50% per annum fixed coupon rate	100.0	100.0	100.0
Maturing in June 2017, 8.50% per annum fixed coupon rate	66.3	66.3	66.3
Maturing in November 2017, 8.00% per annum fixed coupon rate	81.1	81.1	81.1
Maturing in November 2018, 8.50% per annum fixed coupon rate	111.4	-	111.4
Maturing in February 2020, 8.50% per annum fixed coupon rate	80.5	80.5	80.5
Maturing in June 2022, 6.85% per annum fixed coupon rate	93.7	-	-
Perpetual Infratil infrastructure bonds (PIIBs)	234.9	235.2	234.9
Bond issue costs capitalised and amortised over term	(9.1)	(6.9)	(8.1)
Balance at the end of the period	911.6	851.7	904.3

Fixed coupon

The fixed coupon bonds the Company has on issue are at a face value of \$1.00 per bond. Interest is payable quarterly on the bonds, 25 days prior to the maturity date of bonds issued prior to November 2011, Infratil can elect to redeem those 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 234,857,200 (September 2012: 235,242,200, March 2013: 234,943,200) PIIBs on issue at a face value of \$1.00 per bond. Interest is payable quarterly on the bonds. For the period to 15 November 2013 the coupon is fixed at 3.97% per annum (September 2012: 4.22%, March 2013: 3.97%). 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. 86,000 PIIBs (September 2012: 520,000, March 2013: 819,000) were repurchased by Infratil Limited during the period.

At 30 September 2013 the Infrastructure bonds (including PIIBs) had a fair value of \$872.7m (30 September 2012: \$797.2m, 31 March 2013: \$858.6m).

(9) Financial Instruments

In accordance with the transitional provisions of NZ IFRS 13, the Company has included the following disclosures in relation to the fair value of its financial instruments. In accordance with these transitional provisions, comparative information is not required to be disclosed.

Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements is their fair value, with the exception of bond debt held at amortised cost which has a fair value at 30 September 2013 of \$872.7 million compared to a carrying value of \$911.6 million.

Estimation of fair values

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

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:

<i>Valuation Input</i>	<i>Source</i>
Interest rate forward price curve	Published market swap rates
Foreign exchange forward prices	Published spot foreign exchange rates
Discount rate for valuing interest rate derivatives	Published market interest rates as applicable to the remaining life of the instrument.
Discount rate for valuing forward foreign exchange contracts	Published market rates as applicable to the remaining life of the instrument.

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.

Fair value hierarchy

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

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

All the Company's financial instruments are level 2.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2013**

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

	6 months ended 30 September 2013	6 months ended 30 September 2012	12 months ended 31 March 2013
	\$Millions Unaudited	\$Millions Unaudited	\$Millions Audited
Net surplus/(loss) for the period	(29.5)	4.1	60.0
<i>Less items classified as investing activity</i>			
Loss on investment realisations and impairments	-	76.3	76.2
<i>Add items not involving cash flows</i>			
Movement in financial derivatives taken to the profit or loss	(9.5)	6.6	3.0
Increase/(Decrease) in deferred tax liability excluding transfers to reserves	-	-	(9.4)
Non cash movements in advance to subsidiaries	-	-	(85.9)
Other	0.9	0.6	1.6
<i>Movements in working capital</i>			
Change in trade and other accounts receivable and prepayments	(0.1)	0.1	0.3
Change in accounts payable, accruals and other liabilities	0.1	(1.1)	(0.3)
Change in current and deferred taxation	(9.2)	(5.1)	(7.0)
Net cash flow from operating activities	(47.3)	81.5	38.5

(11) Segments

The Company currently operates within one primary segment, being the investment in companies which invest in infrastructure and utility assets. The Company currently operates within one geographical segment, being the investment in New Zealand companies.

(12) Contingent liabilities

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

The Company has a contingent liability under the management agreement with MCIM in the event that the Company sells its international or venture capital fund assets or valuation of the assets exceeds the performance thresholds set out in the management agreement.

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.

(13) Related parties

The company has a loan advanced to 100% owned subsidiary Infratil Finance Limited of \$1,346m (30 September 2012: \$1,392m, 31 March 2013: \$1,415m). This loan is repayable on demand with interest charged annually at a rate of up to 10%.

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 subsidiary companies. Transactions undertaken with Group companies have been entered into on an arm's length commercial basis.

MCIM is the management company for the Company. MCIM received management fees in accordance with the management agreement of \$8.8 million (September 2012: \$8.0 million, March 2013: \$15.9 million) from the Company. Included in trade creditors is an amount owing to MCIM of \$2.0 million (September 2012: \$1.8 million, March 2013: \$2.2 million).

MCIM is owned by H.R.L. Morrison & Co Group Limited ('MCO'). Messrs M Bogoievski and D P Saville are directors of the Company, and Mr Muh (an alternate director) is also a Director and executive of MCO. Mr Bogoievski is Chief Executive Officer of MCO. Entities associated with Mr Saville, Mr Bogoievski and Mr Muh own shares in MCO.

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

	6 months ended 30 September 2013	6 months ended 30 September 2012	12 months ended 31 March 2013
	\$Millions Unaudited	\$Millions Unaudited	\$Millions Audited
Financial management, accounting, treasury, compliance and administrative services	0.6	0.6	1.3
Investment banking services	0.2	0.6	0.9
Total other fees and services	0.8	1.2	2.2

(14) Events after balance date

Dividend

Subsequent to 30 September 2013 the Directors approved a fully imputed interim dividend of 3.75 cents per share to holders of fully paid ordinary shares to be paid on the 13th of December 2013.

Share Buyback

On 27 September 2013, the Group announced its intention to undertake an on market buyback up to 24.8 million shares at a maximum share price of \$2.60. The buyback took place on the 5th of December 2013 where 24.8 million ordinary shares were acquired at a price of \$2.38.



Independent auditor's report

To the shareholders of Infratil Limited

We have completed a review of the interim financial statements on pages 1 to 8 in accordance with the Review Engagement Standard RS-1 issued by the External Reporting Board. The financial statements provide information about the past financial performance of Infratil Limited (the "Company") and its financial position as at 30 September 2013.

Directors' responsibilities

The Directors of Infratil Limited are responsible for the preparation of interim financial statements which give a true and fair view of the financial position of the Company as at 30 September 2013 and the results of its operations and cash flows for the six month period ended on that date.

Reviewers' responsibilities

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

Basis of opinion

A review is limited primarily to enquiries of Company personnel and analytical review procedures applied to the financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Our firm has also provided other assurance and taxation services to the Company. Partners and employees of our firm may also deal with the Company on normal terms within the ordinary course of trading activities of the business of the Company. These matters have not impaired our independence as auditors of the Company. The firm has no other relationship with, or interest in, the Company.

Review opinion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements on pages 1 to 8 do not give a true and fair view of the financial position of the Company as at 30 September 2013 and the results of its operations and cash flows for the six month period on that date in accordance with NZ IAS 34 *Interim Financial Reporting*.

Our review was completed on 9 December 2013 and our opinion is expressed as at that date.

A handwritten signature in blue ink that reads 'KPMG'.

Wellington



Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Infratil Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the six months ended 30 September 2013 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

A handwritten signature in blue ink, appearing to read 'Graeme Edwards'.

Graeme Edwards
Partner
Wellington, New Zealand
9 December 2013