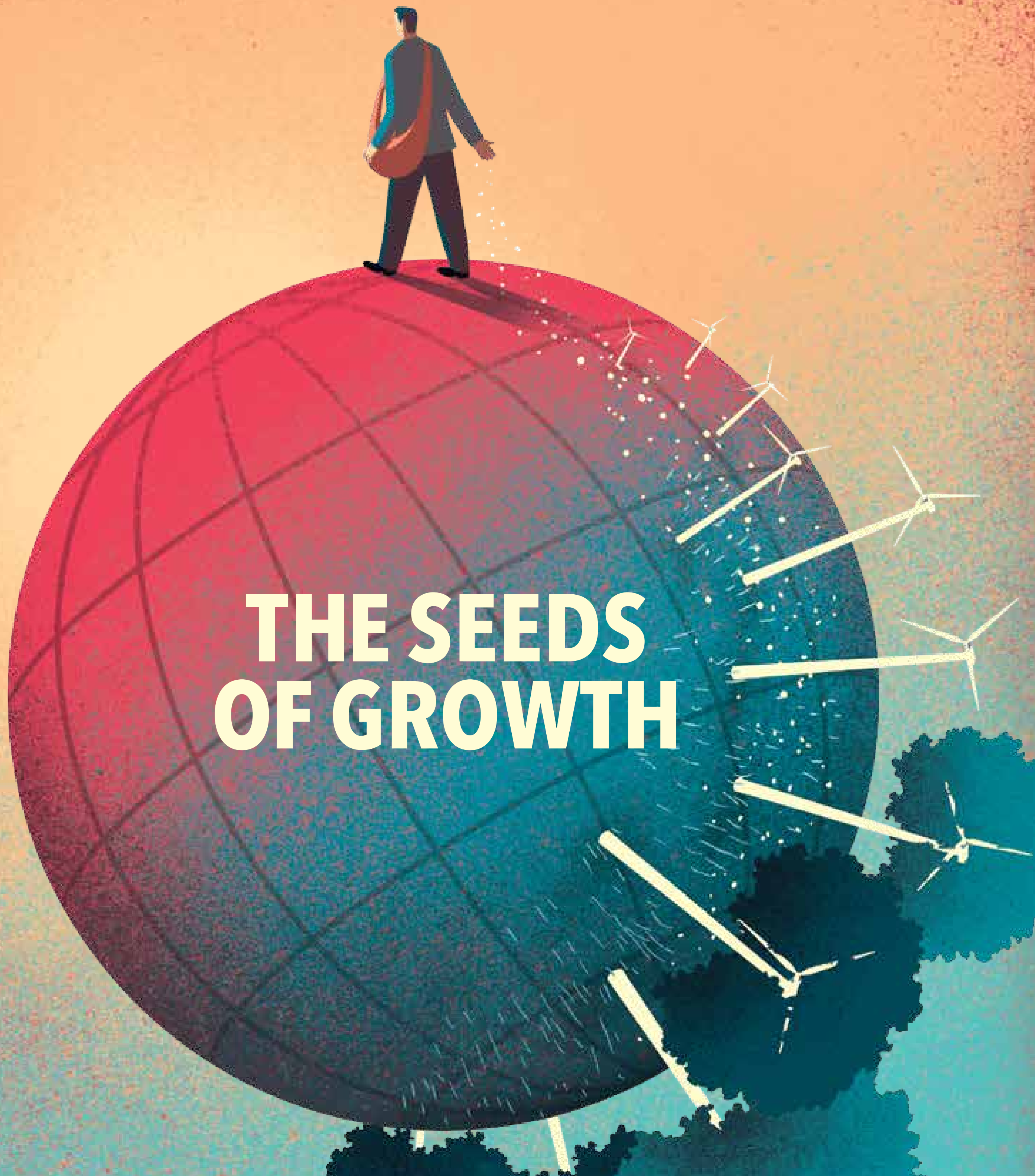
THE SEEDS OF GROWTH



Infratil Annual Report 2017

Infratil owns infrastructure businesses that provide essential facilities to individuals and communities.

If they are efficient and provide good services they create opportunities for profitable growth. This requires continual refinement and improvement because the needs of individuals and communities evolve, business practices and models improve, and technology changes.

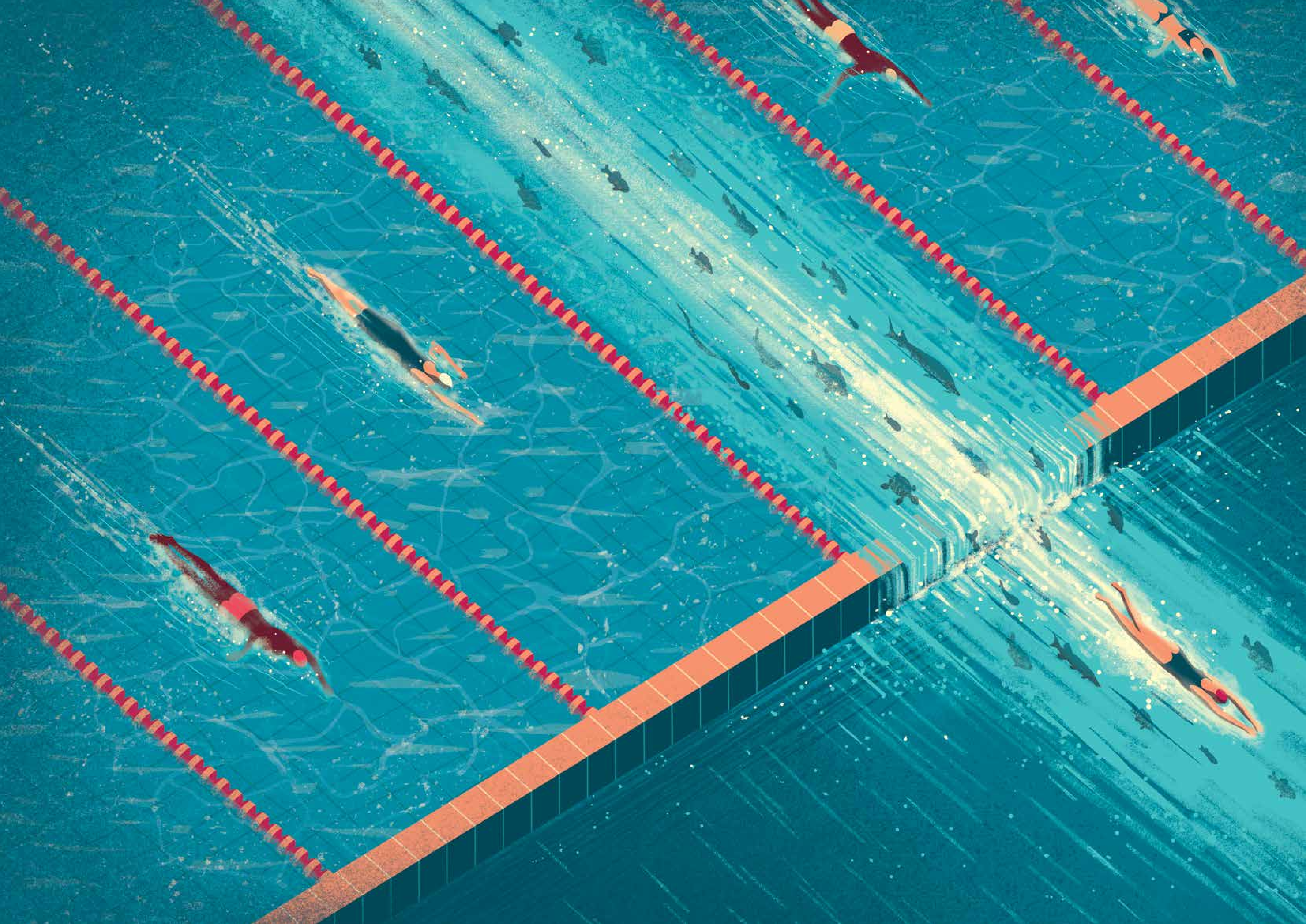
THE SEEDS OF GROWTH

Over the last four years Infratil has raised over $1,500 million from divestments and allocated $940 million to the purchase of ownership interests in RetireAustralia, ANU Student Accommodation, Envision Funds, Canberra Data Centres and Longroad Energy. It has also supported the creation of Tilt Renewables.

The object of these transactions is to position Infratil to be able to take advantage of sectors experiencing strong demand growth. Z Energy was an excellent investment, but consumption of motor fuel is not rising. On the other hand, Canberra Data Centres is in a sector with seemingly limitless growth potential.

However, there is always a gap between planting a seed and harvesting the fruit. For instance, Tilt Renewables was formed in October 2016; the earliest date its first wind farm development could be generating is October 2018, and it would be some time after that before the value created by the development is known.

Investing involves patience and a willingness to forgo now in expectation of later rewards. Infratil's board and management are confident that businesses such as CDC, Tilt Renewables, Longroad and RetireAustralia will be making growth investments in the near term that will create value for Infratil shareholders.



Shareholders → Equity → Infratil

Bondholders → Debt → Infratil

Banks ↔ Cash/Debt ↔ Infratil Financing Subsidiaries

Board — Control/Governance → Management — H.R.L. Morrison & Co

Co-shareholder	Infratil	Co-shareholder %	Investment
Tauranga Energy Consumer Trust	51%	27%	Trustpower
Tauranga Energy Consumer Trust	51%	27%	Tilt Renewables
New Zealand Superannuation Fund	45%	45%	Longroad Energy
Wellington City Council	66%	34%	Wellington Airport
	100%		NZ Bus
New Zealand Superannuation Fund	50%	50%	Retire Australia
Commonwealth Superannuation Corporation	50%	50%	Australian National University Student Accommodation
Commonwealth Superannuation Corporation	48%	48%	CDC

Various

Perth Energy
Snapper
Infratil Infrastructure Property
ASIP
Envision

Trustpower is listed on the NZX. Tilt Renewables is listed on the NZX and ASX.

Only Infratil and other major shareholdings are shown above.

OUR PEOPLE. DIRECTORS

Left to right: Peter Springford, Paul Gough, Mark Tume, Marko Bogoievski, Alison Gerry and Humphry Rolleston.

The directors are appointed by shareholders to ensure that management are performing, creating value, operating within their mandate, and are generally pursuing goals which align with shareholder interests.

To be effective, directors need good judgement, integrity and common sense.

Given Infratil's wide range of activities, it isn't practical for the Board to have expertise in every part, but the Board must be fully informed of, and engaged with, the group's material risks and with its key capital allocation decisions. This means that board meeting discussions range from the customer relationships of our businesses, through to decisions about the investment of hundreds of millions of dollars. Both are crucial for the long-term delivery of value to Infratil's shareholders.

Over recent years there has been growing awareness of director responsibilities and the need for boards to have a diverse range of talents. "Diversity" is a word at risk of becoming a cliché, but at Infratil it means having the breadth of expertise and experience required to engage with the risks and opportunities faced by the group so there are different perspectives and robust debate.

After twenty two years on the Infratil Board Duncan Saville retired last year, and his alternate, Anthony Muh also stood down. Peter Springford was appointed by the Board on the recommendation of the Nomination Committee. His appointment will be put to a vote of shareholders at the 2017 annual meeting.

Further commentary on the role of the Board, the credentials of directors and their remuneration are set out from page 100 of this annual report.

MARK TUME

Independent. Appointed 2007. Last elected 2016

One of my responsibilities is to maintain the ties with Infratil's diverse range of stakeholders and to ensure that governance is robust, honest and visible.

My experience in finance and on the boards of several infrastructure companies (Transpower, Kiwi Rail, NZ Refining) has given me an appreciation of the sectors in which Infratil operates and the types of operational, regulatory and financial risks it faces.

PETER SPRINGFORD

Director. Independent. Appointed 2016. Up for election 2017

I have been the leader of a major industrial company based in New Zealand and Australia and of industrial businesses in Asia, as well as the chair or director of several companies which operate in New Zealand and in international markets.

These roles have reinforced for me the importance of people, and especially their safety; the need to act with integrity in offshore markets just as we would in New Zealand; and that top operational performance and strong customer relationships are key to long term returns for shareholders.

PAUL GOUGH

Director. Independent. Appointed 2012. Last elected 2015

As a Kiwi who works in London I'm very aware of how events unfolding in the northern hemisphere will impact in New Zealand and Australia.

In London I manage investments in similar fields to Infratil's but with more build-up or development risk. You learn a lot about the critical need to encourage the best from people. The focus on performance and people is consistent with what I see happening at Infratil.

ALISON GERRY

Director, Chair of the Audit & Risk Committee. Independent. Appointed 2014. Last elected 2016

My background in finance and risk management helps me engage with the complex and diverse array of risks and opportunities Infratil faces; from financial markets, technology, regulation and the natural environment.

Being proactive isn't just about moving capital or buying insurance, the people culture really matters too, building values based on respect for our people and our customers, transparency and social awareness.

MARKO BOGOIEVSKI

Director. Chief Executive. Appointed 2009. Last elected 2014

Managing an investment company requires an awareness of external markets, a thorough understanding of each of our businesses, and discipline around the potential value impacts on the portfolio.

As an active manager, Infratil has a history of achieving financial targets while contributing to the communities within which we operate – our job is to make sure this continues.

HUMPHRY ROLLESTON

Director. Independent. Appointed 2006. Last elected 2015

My business experiences range from start-ups, property investment and development, owning and operating businesses in the UK, SE Asia, Fiji, Australia and New Zealand, being a director of large and small listed New Zealand companies, and involvement in charitable organisations.

It's given me a good appreciation of what works at a practical level and how to get the best from the people you work with.

OUR PEOPLE. MANAGEMENT

Infratil's management comprises people employed by Infratil's manager, H.R.L. Morrison & Co, and those employed by Infratil's subsidiaries and investee companies.

H.R.L. Morrison & Co is an investment manager with a specialist focus on the infrastructure sector. In addition to managing Infratil it also manages public-private infrastructure funds in New Zealand and Australia and investments for Australasian superannuation funds, including the New Zealand Superannuation Fund and the Commonwealth Superannuation Corporation.

Infratil benefits from its management having the expertise of a larger more expert group of individuals than a company of Infratil's scale could normally hope to exclusively retain. It also gets access to opportunities and market developments through H.R.L. Morrison & Co's contacts and relationships.

Left To Right

MARKO BOGOIEVSKI
Chief Executive. Director of Infratil, Trustpower and Longroad Energy

PHILLIPPA HARFORD
Chief Financial Officer. Director of Snapper

KEVIN BAKER
Chair of NZ Bus and director of Canberra Data Centres

GREG BOORER
CEO Canberra Data Centres

JASON BOYES
Legal. Compliance, transaction structuring and execution. Director of Wellington Airport and NZ Bus

TIM BROWN
Capital markets, and economic regulation. Chair of Wellington Airport

FIONA CAMERON
Group Treasurer and Risk Manager

PETER COMAN
Property and social infrastructure. Director of Infratil Infrastructure Property

Left To Right

ROGER CRAWFORD
Australian energy sector activities. Director of Perth Energy

RACHEL DREW
Technology and business efficiency initiatives

ROBERT FARRON
CEO of Tilt Renewables

STEVEN FITZGERALD
Chair of Perth Energy and a director RetireAustralia and ANU Student Accommodation concession

MARK FLESHER
Capital markets and investor relations

ZANE FULLJAMES
CEO NZ Bus

PAUL GAYNOR
CEO Longroad Energy

BRUCE HARKER
Energy team. Chair of Tilt Renewables

MATTHEW HARRISON
Acquisitions and operational efficiency

VINCE HAWKSWORTH
CEO Trustpower

MICHAEL HRUBY
Acquisition management. Alternate Director Canberra Data Centres

ANDREW LAMB
Development Director Infratil Infrastructure Property

NICK LOUGH
Company Secretary and Legal. Compliance, transaction structuring and execution

DAVID MCKINNON
Social infrastructure. Director ANU Student Accommodation concession

MARK MUDIE
Social infrastructure. Director ANU Student Accommodation concession

ANTHONY MUH
Asian operations and investment activities

PAUL NEWFIELD
Strategy, sector analysis and transaction execution. Director Tilt Renewables

ALISON QUINN
CEO RetireAustralia. President of the Australian Retirement Living Council

PAUL RIDLEY-SMITH
Chair of Trustpower

MATTHEW ROSS
Infratil Financial Controller

STEVE SANDERSON
CEO Wellington Airport

WILLIAM SMALES
Private markets investment activity. Director of RetireAustralia and Canberra Data Centres

MIKI SZIKSZAI
CEO Snapper

VIMAL VALLABH
Energy team. Director Tilt Renewables and Longroad Energy

CUSTOMERS & COMMUNITY

Infratil's businesses provide services and facilities that are critical to their users and communities. To be trusted with these responsibilities requires integrity and a commitment to never forget that customers and communities are people and not statistics.

It's not just about a human saying "thank you" or making eye contact, it's also about listening to what people want. Everyone knows the feeling of encountering the expert, the impenetrable processes, the person with discretion and no accountability.

The smart-phone and data revolutions of the last decade have increased the ability to interact through technology and to use remote measurement and data. We can push a button on our phone and a taxi appears. At the end of the taxi ride payment happens without any physical exchange or conversation. You can electronically assess and mark the driver and he can electronically assess and mark you, without either person uttering a word.

Not everyone who uses or relies on Wellington Airport, Trustpower, NZ Bus, RetireAustralia, etc. needs a conversation or a hug from the staff. But each of those businesses is ready to talk, to listen and to learn. Each relies on building high-trust personal relationships.

One way Infratil and its businesses engage with their communities is through sponsorships. These range from Trustpower's National Community Awards, to Wellington Airport's support of the CubaDupa art festival to Infratil's backing of the New Zealand Youth Choir. These initiatives do give something back, they also build connections and trust.

REPORT

Of the Chairman & the Chief Executive

Reporting on Infratil's last 12 months and prospects as at 31 March 2017 has two distinct aspects. One relates to the performance and circumstances of our operating businesses, the other to our capital allocation decisions.

On both fronts Infratil had a positive year and is well placed to provide good returns going forward.

We are mindful that shareholders may question this given the performance of Infratil's share price over the year (see page 23 of this report). The reality of investments such as Canberra Data Centres and Longroad Energy is that they will take time to prove their worth to the market and the horizons of some shareholders may be shorter. We are confident that patience will pay off.

OPERATIONS

Our goal with Infratil's operating businesses is to provide good facilities at fair cost and create investment opportunities that will grow shareholder value over time. Each of our operating businesses faced challenges over the year, yet we can report outcomes across the portfolio that were within our range of expectations and this reflects well on the calibre of our managers and their teams.

At **Trustpower** and **Tilt Renewables,** being distracted could have been excused given the task of demerging, and both companies faced difficult regulatory and market situations. Yet in aggregate they lifted EBITDAF 11% per annum on the prior year and their contribution to Infratil's net income increased by over 20%, excluding demerger costs.

Wellington Airport resembles a building site and the frustratingly slow progress getting consents to extend the runway isn't made easier by witnessing the explosive traffic growth at New Zealand airports that accept long-haul air services. Nevertheless, the Airport has unveiled a well-received expansion to its domestic terminal, has added a popular Singapore Airways link with Canberra and Singapore, and lifted EBITDAF 5% per annum.

NZ Bus faces the dual challenge of the implementation of a new regulatory regime and significant changes to vehicle technology. Management's focus throughout has been on efficiency which saw improved earnings despite the loss of service contracts. Regrettably the loss of contracts means NZ Bus will reduce its size and in future its contribution will be lower.

RetireAustralia is enhancing the care and facilities it provides its residents to better meet their needs. A part of this involves rethinking the form and function of accommodation that is to be built at both existing villages and greenfield projects. In the short term this means commissioning fewer units and apartments as redesign works its way through the planning process. Underlying earnings rose because of demand to live in RetireAustralia's villages and the strength of the residential property market, particularly in NSW.

Perth Energy experienced a series of market difficulties which resulted in a significant loss. However, the team at Perth Energy has been exceptional in addressing the issues; and the business is responding well. As part of this restructuring Infratil provided additional financial support.

INVESTMENT ACTIVITIES

Last year Infratil invested $728.2 million; $168.1 million was internal capital spending and $560.1 million was spent acquiring new investments. This was the most active year for acquisitions in Infratil's 23 year history.

We have not purchased interests in Canberra Data Centres, Longroad Energy and ANU Student Accommodation or established Tilt Renewables with the aim of sitting back and collecting dividends. We see these four businesses as platforms for future growth, just as we also see Trustpower, Wellington Airport and RetireAustralia continuing to deploy growth capital to expand their operations.

INVESTMENT SPENDING: INFRATIL'S RECIPE FOR LONG-RUN COMPOUND RETURNS

YEAR ENDED 31 MARCH ($MILLIONS)	2017	2016	2015	2014	2013	5 YEARS
Trustpower	$26.7	$119.3	$157.4	$349.7	$214.1	$867.2
Tilt Renewables	$6.3	-	-	-	-	$6.3
Perth Energy	$24.8	$0.6	$0.1	$0.1	$0.7	$26.3
Longroad Energy	$33.2	-	-	-	-	$33.2
Lumo	-	-	$16.2	$22.0	$27.0	$65.2
Z Energy	-	-	-	-	$70.7	$70.7
Wellington Airport	$79.3	$56.7	$21.9	$20.3	$12.0	$190.2
NZ Bus	$16.2	$11.2	$15.3	$68.1	$56.7	$167.5
RetireAustralia*	$37.8	$27.8	$219.1	-	-	$284.7
Metlifecare	-	$0.6	$1.6	$147.9	-	$150.1
ANU Student Accommodation	$84.8	-	-	-	-	$84.8
Canberra Data Centres	$411.5	-	-	-	-	$411.5
ASIP	$0.7	$0.8	$32.0	-	-	$33.5
Envision	$6.0	$3.6	-	-	-	$9.6
Other	$0.9	$0.2	$1.7	$8.0	$29.8	$40.6
Total	**$728.2**	**$220.8**	**$465.3**	**$616.1**	**$411.0**	**$2,441.4**

* Subsequent to acquiring 50% of RetireAustralia for $219.1 million in FY2015, the figures show 50% of RetireAustralia's capital spending.

FINANCIAL

Infratil's consolidated underlying EBITDAF[1] from continuing operations was $519.5 million up from $462.1 million last year. Free cash flows from operations amounted to $245.0 million (previously $250.5 million).

Net parent surplus was $66.1 million (the $438.3 million posted last year benefited from a $436.3 million contribution from gains on the sale of Z Energy and iSite).

Excluding asset sales gains; earnings and net surplus improved relative to last year, but were still impacted by Infratil's investment activities and conservative approach to funding. Investing and financial conservatism impose costs in the short-term, which we believe will pay off over the long-term.

The investments noted above resulted in the net debt of the wholly-owned group rising $617.4 million to $913.3 million as at 31 March 2017. On 11 April 2017 this was reduced by $237.9 million with receipt of the Metlifecare sales proceeds.

Although Infratil does not have a credit rating, we seek to maintain credit metrics consistent with BBB (investment grade) comparators, with an overarching objective of maximising flexibility and minimising pressure from debt servicing obligations.

Given that one of Infratil's objectives is putting more capital to work through the businesses in which it has holdings, additional investing and borrowing can be anticipated as opportunities arise.

1. Underlying EBITDAF is a non-GAAP measure of financial performance, presented to show management's view of the underlying business performance. Underlying EBITDAF represents consolidated net earnings before interest, tax, depreciation, amortisation, financial derivative movements, revaluations, gains or losses on the sales of investments, and includes Infratil's share of Metlifecare and RetireAustralia's underlying profits. Underlying profit for Metlifecare and RetireAustralia removes the impact of unrealised fair value movements on investment properties, impairment of property, plant and equipment and excludes one-off gains and deferred taxation, and includes resale gains and realised development margins.

The desirability of maintaining investment headroom is behind Infratil's ongoing issuance of Infrastructure Bonds, even when that has meant occasionally placing funds on deposit. Infratil's bond activities are covered on page 25 of this Report. This factor was also behind the sale (after balance date) of Infratil's holding in Metlifecare realising net proceeds of $237.9 million (it was acquired in November 2013 for $147.9 million).

MARKETS. REGULATION. CHANGE

The last year has continued to see predictions confounded. Perhaps best illustrated by the UK's Brexit decision and the election of the U.S. President. These outcomes weren't expected and have been subject to continual reinterpretation ever since.

While forecasters continue to be off the mark, change is clearly underway and many forecast errors can be explained by the contradictory forces driving the changes.

> Infratil's response has been to focus on what it does best; seek sectors with robust growth, with investment opportunities that fit Infratil's capability and risk appetite, and where there is a good prospect of a healthy return on capital invested.

Increasing numbers of elderly people seeking a high quality of life; reduced carbon emissions; increasing air travel; and increasing electronic data storage, processing and communication. These are not transitory and they will outlast the next several U.S. Presidents.

When there is considerable uncertainty about the path or the future, it justifies caution; maintaining and developing options and financial capability and strength. Over the last few years we have proactively issued bonds to fund possible capital outlays and we have sold investments before new investments were fully committed. We anticipate continuing this approach.

Last year Infratil became a member of the New Zealand Initiative, an organisation which undertakes research and attempts to educate policy makers about ways to lift the wellbeing of New Zealanders. On both fronts, they can legitimately point to success and it is apparent that their research informs the policies of several parties contesting this year's General Election. Infratil has a track record of participation in debates about societal change. We hold to the view that our businesses and our shareholders can only succeed when our communities prosper. We also know that changes in social attitude can be powerful drivers of value so it is good to be at the coalface where ideas are debated and policies formulated.

OUR PEOPLE

Almost 5,000 people work for Infratil's operational businesses and 70 for Infratil's manager. The results which have been achieved for shareholders, customers and communities of those businesses warrant a note of thanks to those people. We know that the changes and challenges described in this Report have involved a lot of hard work and dedication. It is appreciated.

SHAREHOLDERS

For Financial Year 2017, Infratil paid 5.75 cents per share interim dividend in December 2016 and will pay 10.0 cents per share final dividend on 15 June 2017 (5.25 and 9.0 cps respectively last year). The 11% increase is consistent with Infratil's objective of providing a reliable and increasing dividend.

Because of Infratil's capital position, the dividend reinvestment plan continues to be on hold.

FINANCIAL YEAR 2018

Guidance for underlying EBITDAF is between $460 million and $500 million.

This reflects the sale of Metlifecare with no allowance made for reinvestment of the proceeds. The contribution from NZ Bus will be reduced as the company is impacted by the new contracting regime. RetireAustralia's contribution is also expected to be lower as the company reconfigures its development programme and defers some investment into FY2019.

For Tilt Renewables and Trustpower, earnings forecasts reflect long run average wind and rain conditions.

Infratil's goal is to deliver good risk-adjusted returns for its shareholders over the long term. Last year we allocated a lot of capital to advance that goal. It has positioned Infratil to be able to undertake further investment in renewable generation, aged care and accommodation, student accommodation, data and communication services, and airport facilities. While we are confident that each of these sectors warrants investment, our future decisions will benefit from having discretion over timing and amounts. As always, we are mindful that our capital is owned by our shareholders.

MARK TUME
Chairman

MARKO BOGOIEVSKI
Chief Executive

Wellington Airport
Canberra Data Centres
Snowtown wind farm

HIGHLIGHTS

276,000 households using renewably generated electricity; 76,000 households with internet and telephone; 5,960,000 airport passengers; 5,300 residents in retirement accommodation or care; 3,800 student residents; and 58 million public transport trips.

YEAR ENDED 31 MARCH	2017	2016
Net Parent Surplus [1]	$66.1m	$438.3m
Underlying EBITDAF	$519.5m	$462.1m
Capital Expenditure	$728.2m	$220.9m
Divestments	-	$530.5m
Net Debt (Infratil and 100% subsidiaries)	$913.3m 36% of capitalisation	$295.9m 14% of capitalisation
Ordinary Dividends Declared	15.75cps	14.25cps

1. In FY2017 there was no contribution from discontinued operations. In FY2016 $436.3 million was contributed by the earnings and sale gains from businesses sold in that year.

Underlying EBITDAF increased 12%. The net surplus for FY2017 did not include contributions from one-offs or divestments and it was reduced by acquisition costs, the cost of the Trustpower demerger, an adverse accounting adjustment resulting from the Metlifecare sale and by Infratil maintaining cash deposits throughout the year.

Infratil delivered $728.2 million of investment, including $161.1 million of internal capital spending and $560.1 million spent acquiring new holdings. It is the largest value of investment the group has ever undertaken in one year.

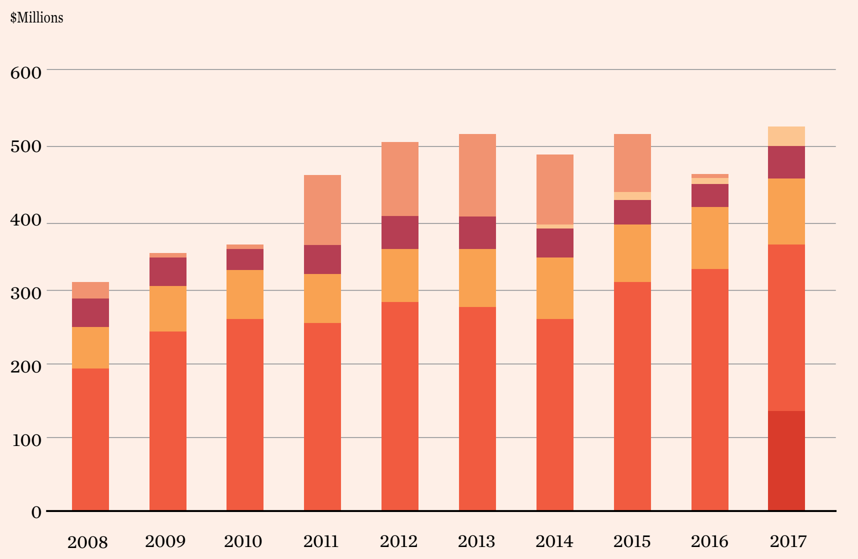
The investments resulted in the net debt of the wholly-owned group rising to $913.3 million, although on 11 April 2017 this was reduced by $237.9 million with receipt of the Metlifecare sales proceeds (the shareholding was purchased in November 2013 for $147.9 million).

FINANCIAL TRENDS

The graphs show the evolution of Infratil's underlying EBITDAF, cash flow, dividend, investment spending, portfolio of businesses and capital structure.

UNDERLYING EBITDAF (Earnings before interest, tax, depreciation, amortisation and adjustments for fair value movements, realisations and impairments)

- Discontinued operations & other
- Retirement (Metlifecare and RetireAustralia)
- NZ Bus
- Wellington Airport
- Trustpower
- Tilt Renewables

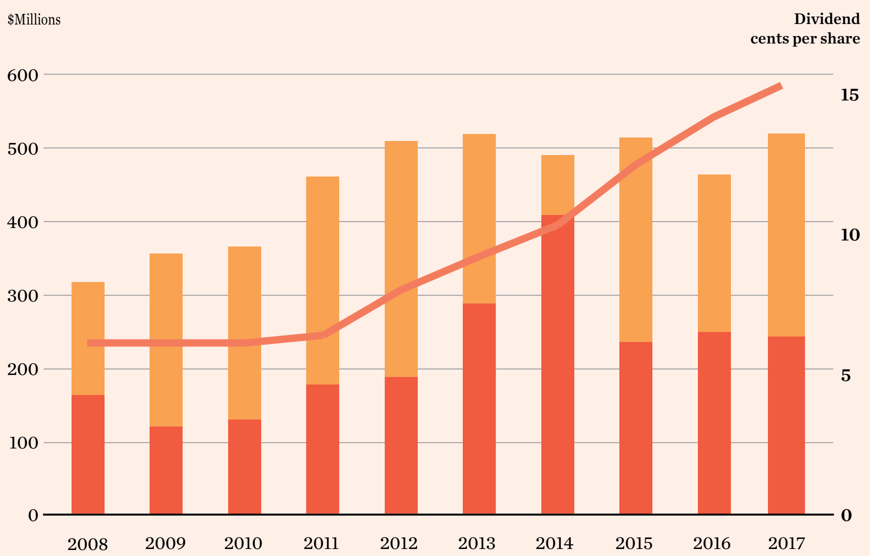


OPERATING CASH FLOWS AND DIVIDENDS

Operating cash flow comprises underlying EBITDAF less payments of interest and tax and changes in working capital.

Dividends are shown on a per share basis and exclude special dividends.

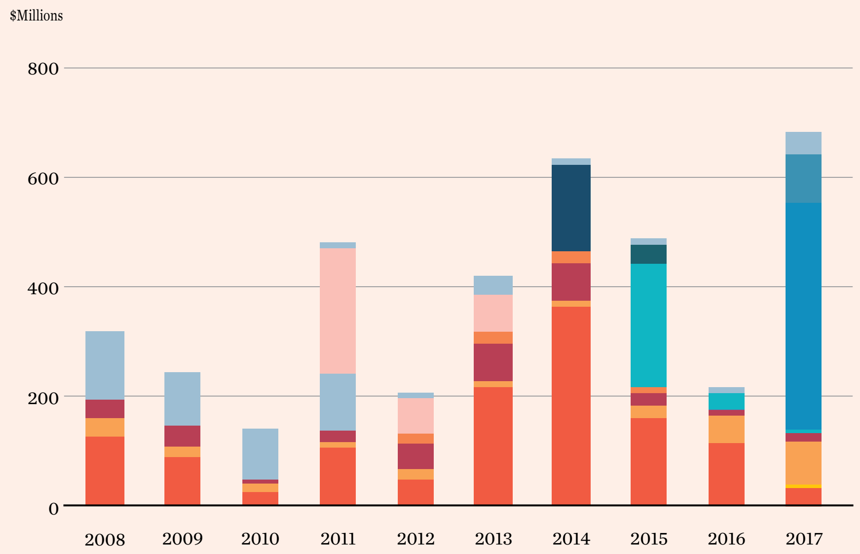
- Dividend (rhs)
- Interest, tax, working capital
- Operating cash flow



INVESTMENT OUTLAYS

Over the decade Infratil has invested $4,082 million. 71% of this amount involved Infratil's businesses investing in their own activities and the remaining 29% involved Infratil acquiring shareholdings in businesses. Infratil also divested assets amounting to $2,070 million.

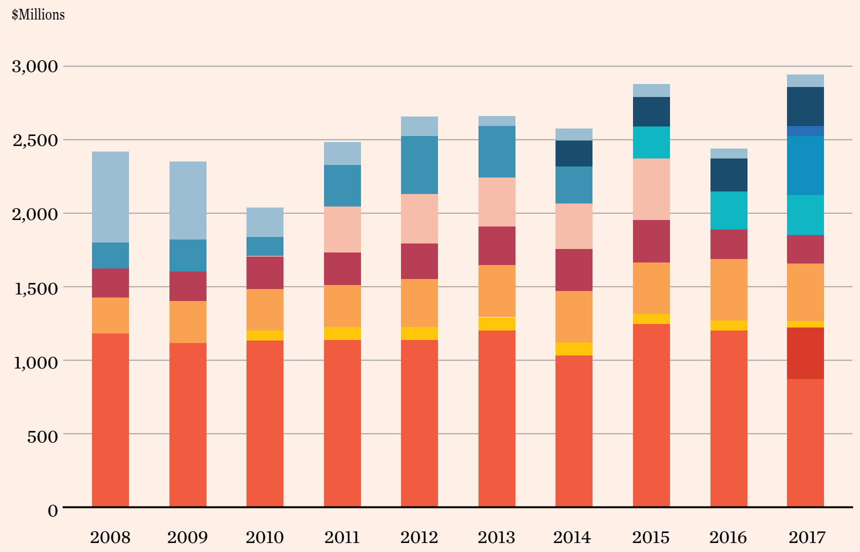
- Other
- Infratil Energy Australia
- Z Energy
- ASIP
- Metlifecare
- ANU Student Accommodation
- CDC
- RetireAustralia
- NZ Bus
- Wellington Airport
- Perth Energy
- Trustpower



INFRATIL'S ASSETS

Changes to Infratil's asset profile reflect the investments and divestments noted above, depreciation and changes in market values.

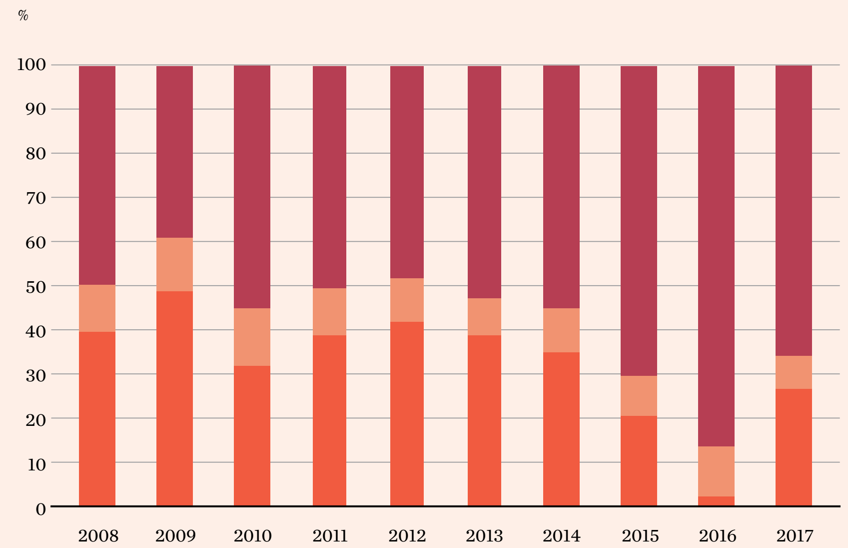
- Other
- Infratil Energy Australia
- Z Energy
- ASIP
- Metlifecare
- ANU Student Accommodation
- CDC
- RetireAustralia
- NZ Bus
- Wellington Airport
- Perth Energy
- Tilt Renewables
- Trustpower



INFRATIL'S CAPITAL STRUCTURE

The proportion of Infratil's funding provided by equity (at market value) and perpetual and dated debt.

- Equity (market value)
- Perpetual bonds
- Net bank debt and dated bonds



FINANCIAL PERFORMANCE & POSITION

CONSOLIDATED RESULTS

YEAR ENDED 31 MARCH $MILLIONS	2017	2016
Operating revenue	$1,913.8	$1,775.7
Operating expenses	($1,380.4)	($1,284.3)
Depreciation & amortisation	($186.5)	($172.1)
Net interest	($165.7)	($169.9)
Tax expense	($24.6)	($24.8)
Revaluations	($26.2)	($65.4)
Discontinued operations	-	$436.3
Net profit after tax	**$130.4**	**$495.5**
Minority earnings	($64.3)	($57.2)
Net parent surplus	**$66.1**	**$438.3**

The rise in revenue and operating costs was largely due to Trustpower and Tilt Renewables increasing energy generation and retailing activities.

Net interest fell as lower interest rates offset increased net average debt.

Revaluations include gains and changes of value of hedges used to cover energy prices, interest rates and foreign exchange rates. It also includes a charge to reflect the difference between the book and sale value, after balance date, of the Metlifecare shareholding.

Discontinued operations in 2016 were Z Energy and iSite. There were no businesses sold during the current year. The sale of Metlifecare subsequent to balance date resulted in a $54.5 million change which is included under revaluation.

RECONCILIATION OF NET PARENT SURPLUS TO UNDERLYING EBITDAF

YEAR ENDED 31 MARCH $MILLIONS	2017	2016
Net Parent Surplus	**$66.1**	**$438.3**
Minority interests	$64.3	$57.2
Metlifecare & RetireAustralia underlying earnings	$46.3	$33.5
Metlifecare & RetireAustralia equity accounted earnings	($82.5)	($67.0)
NZ Bus onerous depot lease provision	-	$4.2
Trustpower demerger costs	$16.7	-
Canberra Data Centres transaction costs	$5.6	-
Loss/(gain) on foreign exchange & derivatives	($29.0)	$13.6
Net realisations, revaluations & impairments	$55.2	$51.8
Discontinued operations	-	($437.1)
Underlying earnings	**$142.7**	**$94.5**
Depreciation & amortisation	$186.5	$173.2
Net interest	$165.7	$169.9
Tax expense	$24.6	$24.5
Underlying EBITDAF	**$519.5**	**$462.1**

The shaded area covers adjustments required to give underlying earnings. They remove the effects of one-off events and for the two retirement companies they remove unrealised fair value changes and add back realised gains and development margins.

BREAKDOWN OF CONSOLIDATED UNDERLYING EBITDAF & NET SURPLUS BEFORE REVALUATIONS

The following tables give the breakdown of Infratil's underlying EBITDAF, depreciation & amortisation, interest and tax by business, for the last two financial years.

YEAR ENDED 31 MARCH 2017

$MILLIONS	UNDERLYING EBITDAF	D&A	INTEREST	TAX	UNDERLYING EARNINGS	OWNERSHIP	INFRATIL SHARE OF EARNINGS
Trustpower	$234.5	($47.5)	($40.6)	($36.9)	$109.5	51%	$55.9
Tilt Renewables	$131.7	($78.6)	($33.8)	($10.1)	$9.2	51%	$4.7
Perth Energy	($14.1)	($5.6)	($5.1)	$7.4	($17.4)	80%	($13.9)
Longroad Energy [1]	($2.9)	-	-	-	($2.9)	45%	($2.9)
Wellington Airport	$90.5	($21.7)	($21.5)	($11.9)	$35.4	66%	$23.4
NZ Bus	$43.7	($32.3)	($7.3)	($1.2)	$2.9	100%	$2.9
RetireAustralia [1]	$31.4	-	-	-	$31.4	50%	$31.4
Metlifecare [1]	$14.9	-	-	-	$14.9	20%	$14.9
ANU Student Accommodation [1]	$7.0	-	-	-	$7.0	50%	$7.0
Canberra Data Centres [1]	$10.6	-	-	-	$10.6	48%	$10.6
Corporate & Other	($27.8)	($0.8)	($57.4)	$28.1	($57.9)	100%	($57.9)
Total	**$519.5**	**($186.5)**	**($165.7)**	**($24.6)**	**$142.7**		**$76.1**

1. With Metlifecare, RetireAustralia, Canberra Data Centres, ANU Student Accommodation, and Longroad Energy, Infratil accounts for its share of their earnings.

YEAR ENDED 31 MARCH 2016

$MILLIONS	UNDERLYING EBITDAF	D&A	INTEREST	TAX	UNDERLYING EARNINGS	OWNERSHIP	INFRATIL SHARE
Trustpower	$329.4	($117.0)	($81.1)	($33.2)	$98.1	51%	$50.1
Perth Energy	$2.9	($6.4)	($4.2)	$2.1	($5.6)	80%	($4.5)
Wellington Airport	$86.1	($16.5)	($16.8)	($11.1)	$41.7	66%	$27.5
NZ Bus	$42.0	($31.4)	($3.0)	$0.4	$8.0	100%	$8.0
RetireAustralia [1]	$21.1	-	-	-	$21.1	50%	$21.1
Metlifecare [1]	$12.4	-	-	-	$12.4	20%	$12.4
Corporate & Other	($31.8)	($0.8)	($64.8)	$17.0	($80.4)	100%	($80.4)
Total	**$462.1**	**($172.1)**	**($169.9)**	**($24.8)**	**$95.3**	-	**$34.2**
Discontinued operations	$18.4	($1.1)	-	$0.3	$17.6	100%	$17.6

1. With Metlifecare and RetireAustralia, Infratil accounts for its share of their earnings.

UNDERLYING EBITDAF

EBITDAF is a common measure of a company's operational earnings. From this figure a number of cost and contributions (as highlighted in the table on the previous page) are deducted to give the underlying value.

YEAR ENDED 31 MARCH $MILLIONS	2017	2016
Trustpower	$234.5	$329.4
Tilt Renewables	$131.7	-
Perth Energy	($14.1)	$2.9
Longroad Energy [1]	($2.9)	-
Wellington Airport	$90.5	$86.1
NZ Bus	$43.7	$42.0
RetireAustralia [1]	$31.4	$21.1
Metlifecare [1]	$14.9	$12.4
ANU Student Accommodation [1]	$7.0	-
Canberra Data Centres [1]	$10.6	-
Corporate & Other	($27.8)	($31.8)
Underlying EBITDAF (continuing operations)	**$519.5**	**$462.1**
Discontinued operations	-	$18.4

1. The EBITDAF contributions of Metlifecare, Canberra Data Centres, ANU Student Accommodation, Longroad Energy and RetireAustralia reflect 20%, 48%, 50%, 45% and 50% respectively of those companies' net surplus excluding unrealised fair value movements on investment properties.

CONSOLIDATED OPERATING CASH FLOW

YEAR ENDED 31 MARCH $MILLIONS	2017	2016
Underlying EBITDAF (continuing operations)	**$519.5**	**$462.1**
Net interest	($156.4)	($161.8)
Tax paid	($47.7)	($51.8)
Working capital & other	($70.4)	($12.4)
Discontinued operations	-	$14.4
Operating cash flow	**$245.0**	**$250.5**

INFRATIL'S ASSETS

$MILLIONS	31 MARCH 2017	31 MARCH 2016
Trustpower	$734.8	$1,223.6
Tilt Renewables	$341.8	-
Perth Energy	$73.4	$69.2
Longroad Energy	$33.2	-
Wellington Airport	$414.5	$408.9
NZ Bus	$191.2	$201.5
Metlifecare	$237.9	$222.7
RetireAustralia	$278.2	$252.9
ANU Student Accommodation	$91.2	-
Canberra Data Centres	$426.3	-
Other	$84.8	$73.2
	$2,907.5	**$2,452.0**

For 31 March 2017 an NZ$/A$ exchange rate of 0.9142 was used (0.9027 for 2016). Values exclude 100% subsidiaries' cash balances and deferred tax where capital gains tax does not apply.

Over the period Trustpower demerged into two companies (Trustpower and Tilt Renewables). Infratil retained the same 51% shareholding in both.

Metlifecare's 31 March 2017 value reflects the net value received for the shareholding when it was sold on 11 April 2017 after balance date.

Changes in the value of Wellington Airport, RetireAustralia and NZ Bus reflect the difference between the companies' net surplus over the period and payments to shareholders. The value of the Group's Australian assets also changed with fluctuations in the NZ$/A$ exchange rate. Perth Energy's value change reflects all the above noted factors and Infratil's advance of an additional $25.0 million.

The values of Longroad Energy, ANU Student Accommodation and Canberra Data Centres reflect the cost of these investments and the share of their net surplus during the period.

"Other" now includes Snapper, Infratil Infrastructure Property, ASIP and Envision.

INFRATIL'S FUNDING

$MILLIONS	31 MARCH 2017	31 MARCH 2016
Net cash of 100% subsidiaries	($92.2)	($661.1)
Dated Infrastructure Bonds	$773.6	$723.6
Perpetual Infrastructure Bonds	$231.9	$233.4
Market value Infratil equity	$1,629.8	$1,844.4
Total capital	**$2,543.2**	**$ 2,140.3**
Net dated debt / total capital	26.8%	2.9%
Net debt / total capital	35.9%	13.8%

The $617.4 million increase in net debt reflected the $728.2 million invested over the year.

As at 31 March 2017 Infratil and 100% subsidiaries had $298.8 million of committed bank funding facilities of which $246.0 million was undrawn.

Infratil guaranteed borrowing facilities of Perth Energy which as at 31 March 2017 amounted to $74.1 million and were drawn to $47.7 million.

SHAREHOLDER RETURNS & OWNERSHIP

Infratil's share price fell from $3.28 on 31 March 2016 to $2.91 on 31 March 2017. Fully imputed dividends of 9.0 cents and 5.75 cents per share were paid in June and December 2016 respectively.

Had the dividends been reinvested in Infratil shares at the time they were paid they would have provided a fully imputed return of 5.0% per annum on the 31 March 2016 share price.

Added together, the dividend and share price movement resulted in shareholders incurring a fall in value of 6.8% per annum.

Over the last five years Infratil's compound return after tax to shareholders has been 15.5% per annum. Over the 23 years since Infratil listed compound after tax returns have been 16.8% per annum.

Someone who invested $1,000 in Infratil shares on 31 March 1994 and subsequently reinvested all dividends and the value of rights issues, etc. (i.e. who neither took money out nor put money in) would, as at 31 March 2017, own 12,099 shares worth $35,209.

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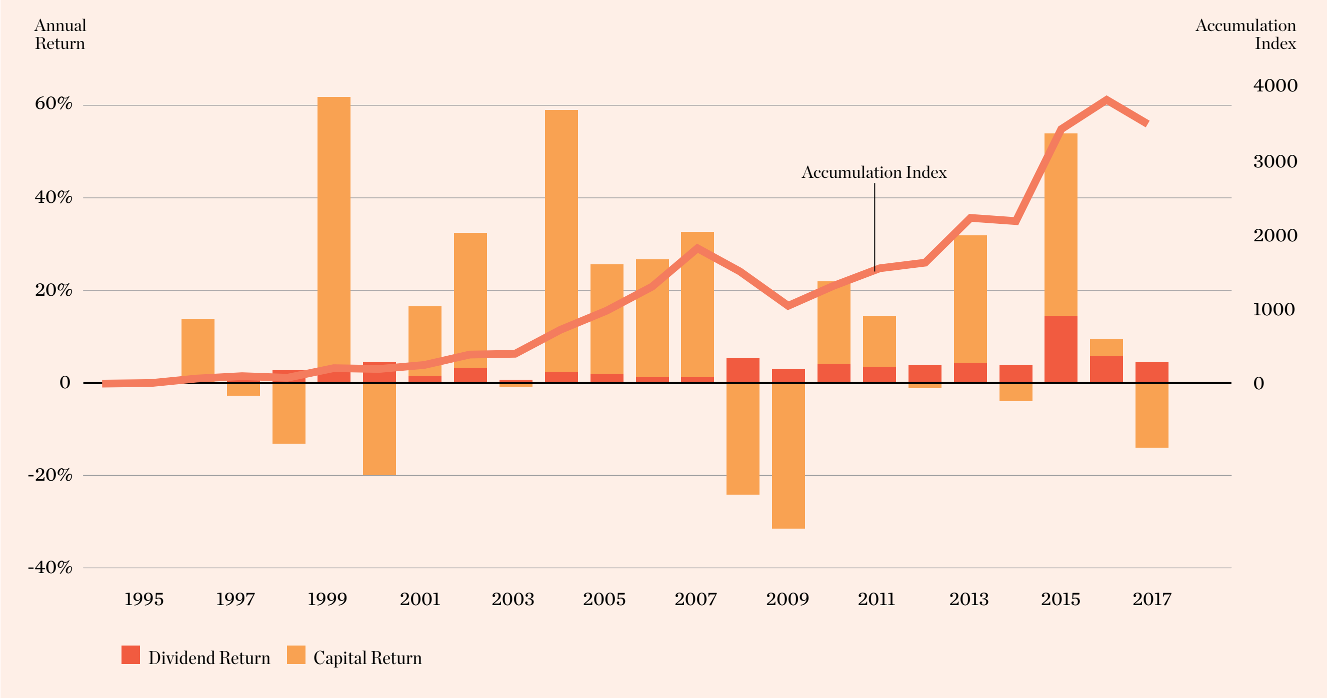
23 YEAR TRACK RECORD



OWNERSHIP

Approximately 25% of Infratil's shares changed hands over the year, slightly more than the prior year.

Infratil repurchased 2,510,000 shares for $7.0 million (average price $2.80) which were cancelled (along with 4,500,000 shares purchased in prior years). 237,521 shares were issued for $548,199 under incentive arrangements with operating company management.

New Zealand domiciled ownership was stable at slightly over 75%. The ten largest New Zealand institutional holdings amounted to 113 million shares as at 31 March 2017 from 140 million shares a year ago. The ten largest offshore institutional holdings rose to 100 million shares from 88 million a year prior. Interests associated with ex management employees and directors sold 12 million shares.

	31 MARCH 2017		31 MARCH 2016	
	MILLION SHARES	%	MILLION SHARES	%
New Zealand retail investors	276	49%	250	44%
New Zealand institutions	121	22%	149	27%
Management/other	38	7%	50	9%
Offshore[1]	125	22%	113	20%
	560		**562**	

1. As at 31 March 2017 12.5 million shares held by interests associated with a retired director were also deemed to be held by an offshore party, giving total offshore ownership of 24.5%.

Infratil has approximately 23,000 individual shareholders and 16,000 bondholders.

BONDHOLDERS

THE INFRASTRUCTURE BOND YEAR IN REVIEW

On 15 June 2016 Infratil repaid a maturing bond and issued two new bonds:

- Repayment of $100,000,000 of bonds paying an 8.5% coupon that were issued in 2011.
- Two new bonds were issued $93,833,000 with a 4.9% coupon maturing 15 June 2021, and $56,117,000 with a 5.5% coupon maturing 15 June 2024.

Infratil also established an explicit $30 million bond buy back capability, the first time a New Zealand company has done this. The secondary market for bonds has undergone changes in the period since the GFC which have raised doubts about liquidity and pricing. Reflecting its commitment to its bondholders, Infratil has established this buy back capability; recognising that concerns may well turn out to be unfounded.

Infratil did buy back $1,489,000 of its Infratil Infrastructure Perpetual Bonds (PiiBs) over the year. These bonds become illiquid from time to time and when that occurs their secondary market price can fall to levels that are a poor reflection of value. Their valuation considerations are described at length on the Infratil website.

Notwithstanding concerns about the bond secondary market, trading of Infratil's fixed-maturity bonds appears to have been effective at providing fair value for those who wished to liquidate their holdings. The start and end of year yields of three of the bonds is set out in the table, along with their yield-spread relative to government bonds.

MATURITY	YIELD 31 MARCH 2017	RELATIVE TO GOVT BONDS	YIELD 31 MARCH 2016	RELATIVE TO GOVT BONDS
November 2018	4.70% p.a.	+2.50% p.a.	4.40% p.a.	+2.40% p.a.
February 2020	4.90% p.a.	+2.40% p.a.	4.70% p.a.	+2.50% p.a.
June 2022	5.40% p.a.	+2.60% p.a.	5.20% p.a.	+2.60% p.a.

CONTINUOUS DISCLOSURE OF INFORMATION

As Infratil has shares and bonds listed on the NZX it is required to continuously disclose information which could be relevant to investors. This includes:

- Annual and interim reports which are released each May and November. They provide financial statements, a summary of key developments and activities, and guidance as to expectations of short term earnings and investments.
- Update newsletters which give in-depth coverage of topics relevant to Infratil's businesses. Recently that has included Wellington Airport's plans to provide direct air links to the northern hemisphere, the economics of electric buses, and the investment plans of Canberra Data Centres, Tilt Renewables, and Longroad.
- Occasional announcements on matters which could be material to the value of Infratil's shares and bonds, such as changes in personnel, transactions, financial results, payments to share and bond holders, and so on.
- Infratil hosts an annual investor day where management presents on investment market conditions, strategies and specific business plans. The presentations are available on Infratil's website.

INFRATIL'S CAPITAL STRUCTURE

Infratil's capital structure means lender rights are tiered. A lender to, say, Trustpower will have direct recourse to the assets of Trustpower and no recourse to the assets of Infratil. A lender to Infratil will have recourse to Infratil's assets including its shareholding in Trustpower, but no direct recourse to the assets of Trustpower.

There is also a distinction between the rights of the banks that lend to the Infratil 100% group and the rights of Infratil's bondholders. The banks have preferred recourse to Infratil's shareholdings (in companies such as Trustpower) and other assets of members of the Infratil 100% group that provide a guarantee to the banks.

The upshot is that Infratil's bondholders have rights to all of Infratil's assets and are not limited to the assets of just one subsidiary, but their recourse to assets of Infratil's subsidiaries is only after the direct recourse of other lenders and creditors.

As at 31 March 2017, the Infratil group debt comprised:

- $1,636.8 million of net debt of subsidiaries in which Infratil had less than a 100% interest. This included $47.7 million of Perth Energy debt which was guaranteed by Infratil. None of the other debt of these subsidiaries is guaranteed by Infratil.
- $1,005.5 million of Infratil Infrastructure Bonds.
- The wholly-owned group also had $92.2 million of net bank deposits (which increased on 11 April 2017 by $237.9 million when the proceeds from selling the stake in Metlifecare were received).

These amounts do not include the borrowings of the companies in which Infratil owns less than 50%. Infratil does not guarantee any of the debt or other liabilities of these companies which include CDC, RetireAustralia, ANU Student Accommodation and Longroad.

TRUSTPOWER

51% Infratil ownership

Trustpower has demerged its wind operations to Tilt Renewables which is now an entirely separate company.

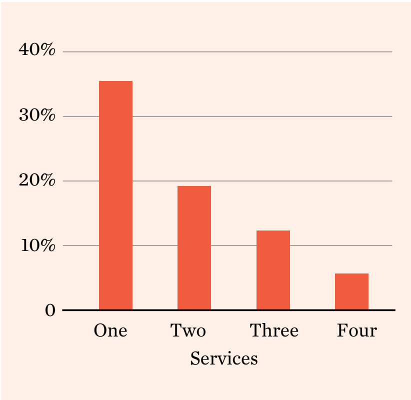
While the separation was largely driven by a desire to create a standalone wind generator and developer, Trustpower will benefit from its narrowed focus on hydro generation and utilities retailing.

The defining characteristic of the New Zealand electricity market for the last decade is excess capacity. Prior to about 2006 demand grew steadily, and then it stopped growing. However, building power stations is a slow methodical process and additional capacity continued to be commissioned. Since 2006 1,620 MW of capacity, an increase of about 17%, has been added, which has been only partially offset by the retirement of about 1,220 MW of mainly gas and coal fired generation which had become uneconomic.

The excess capacity has been a boon to consumers as wholesale prices have averaged about 6.5 cents/kwh over the decade, roughly 2 cents/kwh below the prices forecast for that period. Not only has this been a constraint on generation earnings, low wholesale electricity prices and a lack of price volatility has lead to an intensely competitive retail market. This includes competition from new energy retailers who have entered the market.

Trustpower's response has been to develop its multi-utility offering: electricity, gas, telephone and internet. This benefits provider and consumer alike as it reduces administrative hassle and cost. A recent Commerce Commission review of an application for a merger in the media sector saw evidence showing how UK households with bundled services were more satisfied and less likely to switch provider.

UK HOUSEHOLDS: ANNUAL PROPENSITY TO CHANGE PROVIDER (measured by the number of media services taken)



Over 90,000 customers now take more than one utility from Trustpower and surveys indicate that they are increasingly positive about the experience.

The goals for Trustpower now are to continue to grow its utility business and to do so cost efficiently by increasing the use of technology.

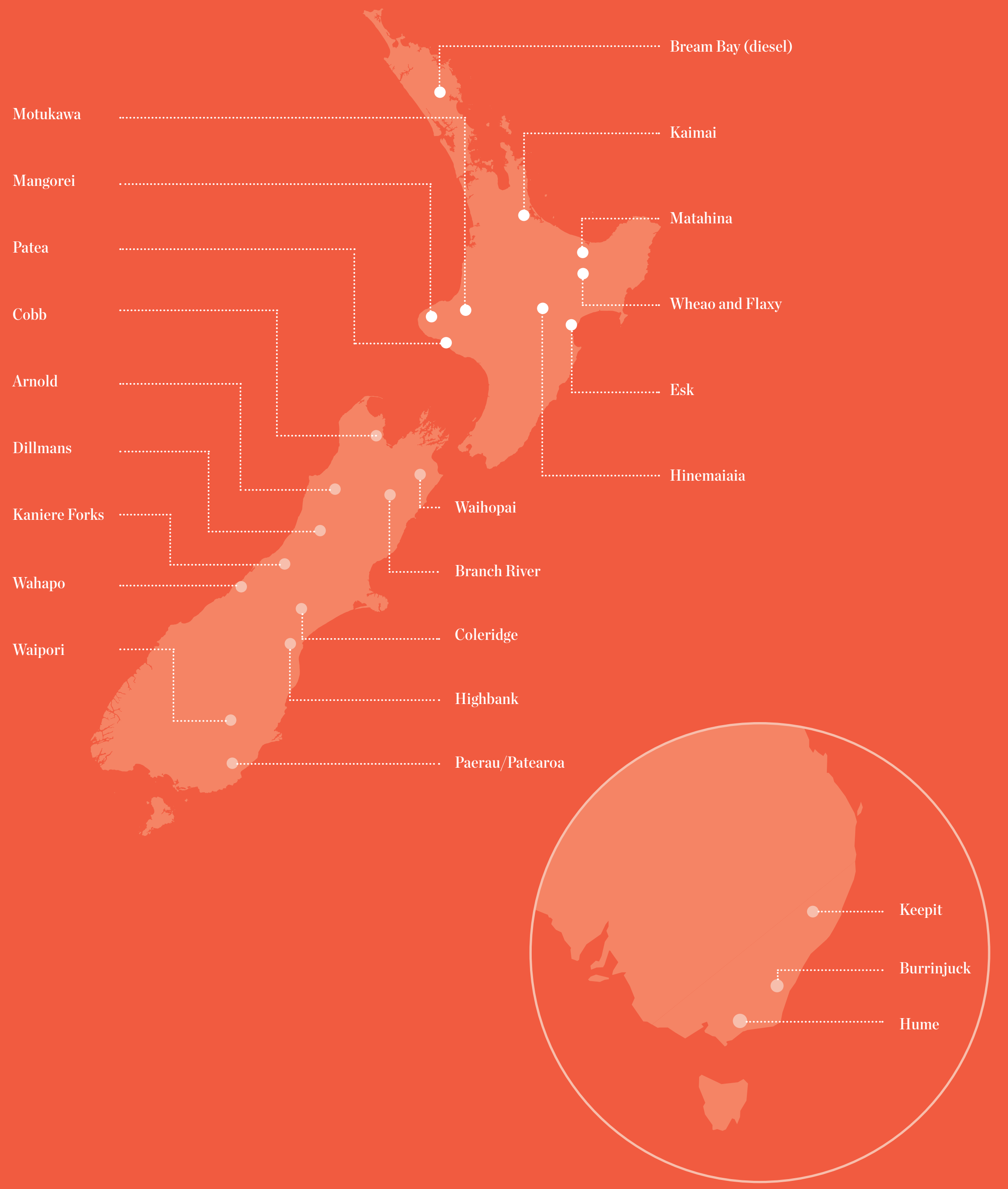
A challenge with owning very long life assets which are anchored to the ground comes from changes to markets or regulation. In the run-up to the last General Election the electricity industry became a political football when one of the contesting parties threatened an entirely unjustified industry restructure.

While that proposal vanished, an unrelated initiative by the industry regulator to change transmission pricing could adversely impact Trustpower by $10-20 million a year. It is widely regarded as failing the test of good regulation; transparency, justification, proportionality, predictability; and is now under review following the intervention of a new Minister of Energy.

YEAR ENDED 31 MARCH	2017	2016	2015
NZ retail electricity sales	1,895 GWh	1,820 GWh	1,659 GWh
NZ generation	2,017 GWh	1,588 GWh	1,566 GWh
Australian generation	359 GWh	254 GWh	278 GWh
Electricity accounts	276,000	277,000	242,000
Gas accounts	33,000	31,000	24,000
Telecommunication accounts	76,000	62,000	38,000
Av. NZ market spot price [1]	5.2c/kwh	6.4c/kwh	7.7c/kwh
EBITDAF [3]	$234.5m	$208.0m	$203.9m
Investment spend	$26.7m	$115.0m	$109.5m
Infratil's holding value [2]	$734.8m		

1. 5.2c/kwh is the same as $52,000/GWh (ie. 1 GWh = 1,000,000 kwh)
2. NZX market value at period end
3. Excludes $16.7 million of demerger costs

Waipori hydro power station in Otago first generated electricity in 1907. It has been upgraded and expanded many times over the subsequent 110 years.



TRUSTPOWER'S GENERATION NOW COMPRISES:

- 21 hydro power schemes spread across New Zealand, generating 1,670 GWh in a year of average hydrology.
- 65% shareholding in King Country Energy which owns three hydro schemes (187 GWh average output).
- Three schemes in NSW with 244 GWh of average output.
- Consents that allow the development of additional capacity in New Zealand, when demand and electricity prices warrant the investment.
- Trustpower also owns irrigation operations in Canterbury.

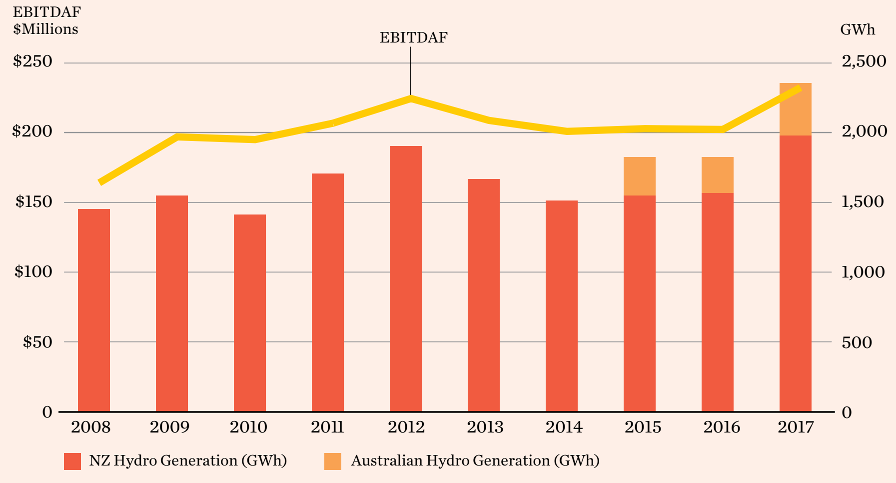
This is a portfolio of geographically diverse, mainly smaller scale hydro power stations. They have very long operational lives (the oldest pre-date WW1) and provide energy storage. In due course New Zealand will require further generation as thermal and wind plant is retired. Trustpower is well placed for this.

EBITDAF & GENERATION

Year ended 31 March

Over the last ten years Trustpower's hydro generation has risen via acquisition of operating plant and small scale development projects. Fluctuations come from rainfall changing from one year to the next.

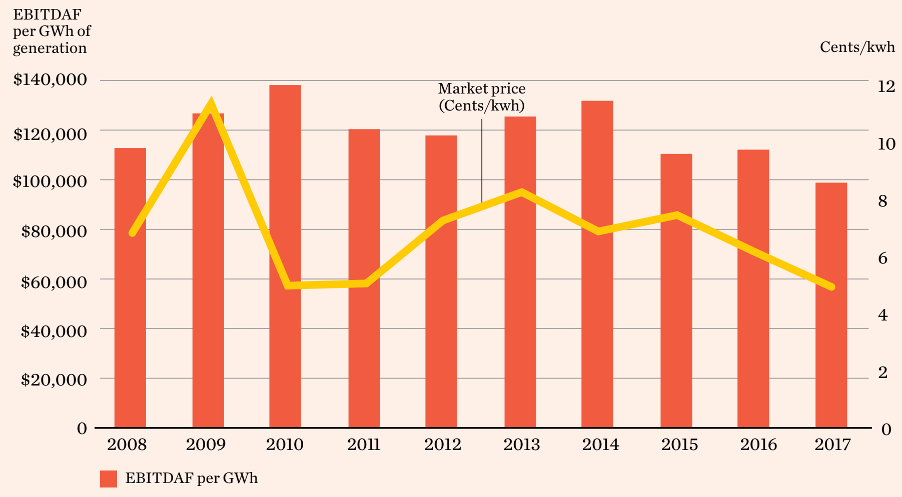
EBITDAF has shown some volatility reflecting hydrology conditions, but the trend has been flat. Increased generation has been largely offset by lower wholesale prices and increasing retail market competition.



EBITDAF PER UNIT OF GENERATION AND THE AVERAGE MARKET PRICE OF ELECTRICITY

Year ended 31 March

Trustpower's success as a utilities retailer, and with its irrigation activities, have ensured that earnings per unit of generation have remained comfortably above the wholesale market value of the generation.
But this hasn't offset the effect of New Zealand's surplus generation capacity on wholesale electricity prices.

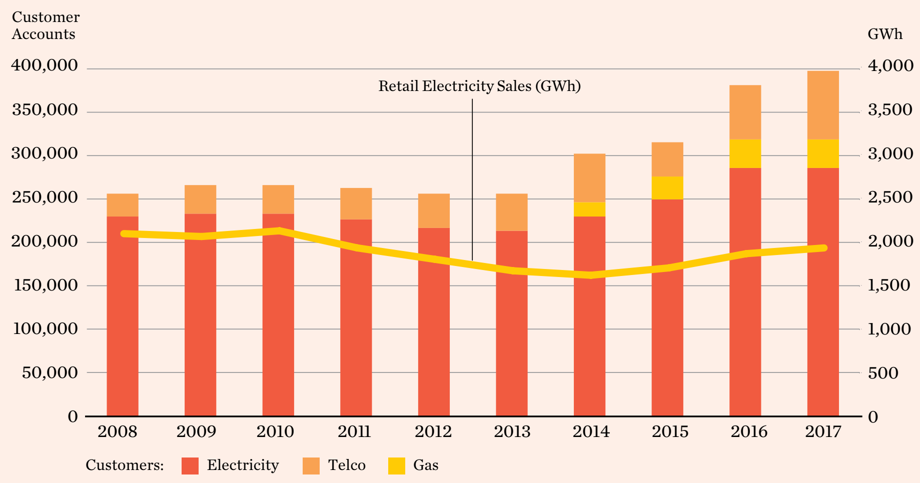


CUSTOMERS AND RETAIL ELECTRICITY SALES

Year ended 31 March

The success of Trustpower's utility retailing offer is apparent from the graph.

However, electricity sales per customer have fallen by about a quarter over the period, while costs per customer have been reasonably stable.



TILT RENEWABLES

51% Infratil ownership

Following its demerger from Trustpower, Tilt Renewables has begun life as a standalone generator with a focus on building new wind and solar capacity in Australia.

Tilt Renewables' first period of independent operation coincided with good wind conditions in both New Zealand and Australia. As all New Zealand and 96% of Australian output is sold on long term contracts there is a fairly predictable relationship between generation volume and revenue.

For Tilt Renewables, what matters most is the development of new power generation capacity. As the table illustrates, Tilt Renewables' Australian development projects where construction could commence over the next two years include more than twice as much capacity as Tilt Renewables currently owns.

Over the next year it will become apparent which of these projects progress, how they are structured and financed, and how wholesale market prices for renewable generation hold up.

Tilt Renewables management have indicated that a start on the Salt Creek project is imminent, but as Salt Creek is of a scale which is manageable by Tilt Renewables with its existing capital resources, it will be the project that follows that will be of greater interest.

EXISTING GENERATION

Tararua I	Manawatu	245 GWh	All output is sold to Trustpower at a price fixed for five years. The price then rises with the CPI or market electricity prices.
Tararua II	Manawatu	318 GWh	
Mahinerangi	Otago	101 GWh	
Snowtown I	SA	357 GWh	89% of output sold to Origin until 2018
Snowtown II	SA	875 GWh	All output sold to Origin to 2030
Blayney/Crookwell	NSW	26 GWh	Output sold to Origin until 2019/21
		1,922 GWh	

GENERATION PROJECTS

Salt Creek	Vic	170 GWh	Consented. Ready to go
Waddi Wind	WA	300 GWh	Consented. Potential start in 2017
Waddi Solar	WA	40 GWh	Almost consented
Palmer	SA	1,150 GWh	Consented. Potential start 2018
Dundonnell	Vic	1,000 GWh	Almost consented. Potential start 2017
NSW Project	NSW	1,700 GWh	Consent application underway
Rye Park	NSW	1,000 GWh	Consent application underway
		5,360 GWh	

Maintenance of Tilt Renewables wind turbines is contracted out leaving Tilt Renewables with little operating cost or availability risk.

Tilt Renewables owns 582 MW of wind generation capacity in New Zealand and Australia. Its development projects amount to over 1,700 MW of capacity in Australia and over 500 MW in New Zealand

YEAR ENDED 31 MARCH	2017	2016	2015
Australian generation	1,305 GWh	1,201 GWh	1,187 GWh
New Zealand generation	744 GWh	724 GWh	650 GWh
Average Australian market spot price [1] (A$)	9.7c/kwh	9.4c/kwh	-
Australian revenue	A$127.7m	A$114.3m	A$110.9m
Australian contracted sales	96%	95%	95%
Average New Zealand market spot price (A$)	4.9c/kwh	5.3c/kwh	-
New Zealand revenue	A$46.8m	A$48.0m	A$37.3m
New Zealand contracted sales	100%	-	-
EBITDAF	**A$124.0m**	**A$124.7m**	**A$103.6m**
Investment spend	A$6.0m	A$4.0m	A$44.4m
Net debt	A$544m	-	-
Infratil's holding value [2]	A$341.8m		

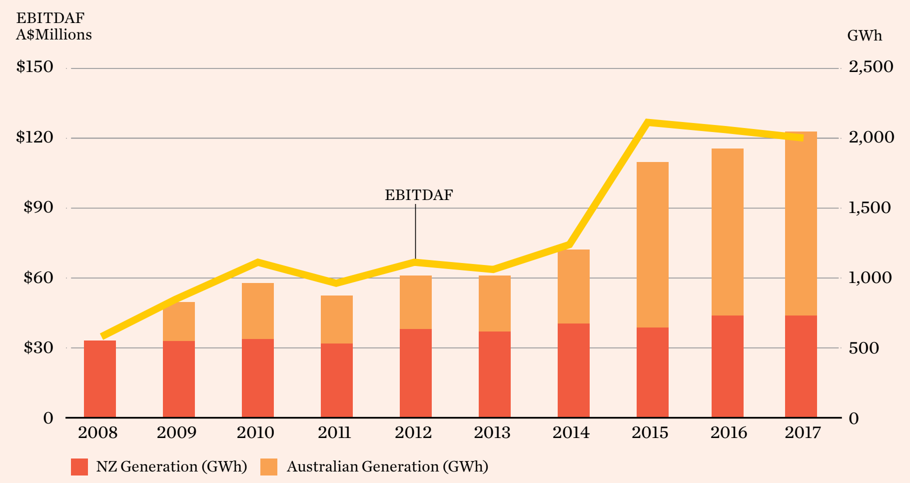
1. 9.7c/kwh is the same as A$97,000/GWh (ie. 1 GWh = 1,000,000 kwh). All prices are in A$
2. NZX market value at period end

EBITDAF & GENERATION

Year ended 31 March

The graph shows the trajectory of the generation and earnings of the assets that now make up Tilt Renewables.

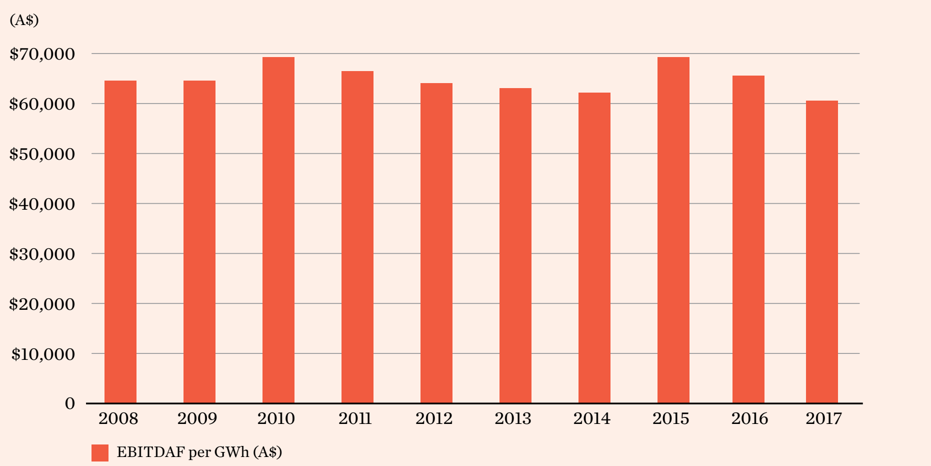
It has been some years since Tilt Renewables' New Zealand generation capacity rose. Australian generation has risen via the development of new wind farms, augmented by a couple of small recent acquisitions.



EBITDAF PER UNIT OF GENERATION

Year ended 31 March

The stability of Tilt Renewables' earnings per unit of generation reflect that most of Tilt Renewables' output is sold on fixed price variable quantity contracts. Last year less than 5% of Tilt Renewables' generation was sold on the uncontracted market.



WELLINGTON AIRPORT

66% Infratil ownership

Wellington Airport had a year of achievements and milestones, but also a few frustrations.

One highlight was the advent of a wide-bodied jet service by Singapore Airlines linking Wellington with Canberra and Singapore. This required commitment from Wellington and Canberra airports, Wellington City Council and the ACT State government, and of course the Airline. It is a substantial investment for all parties and its initial success is gratifying. While many from central New Zealand have already enjoyed the high-quality convenient service, for the region its importance comes from its impact on inbound visitor numbers. Government figures showing what tourists spend in New Zealand indicate that most visitors stay relatively close to their ports of entry, which means that spending in central New Zealand is constrained because most tourists arrive in New Zealand via Auckland. This situation has been exacerbated by recent growth in tourism coming largely from long-haul origins.

Another highlight of the year was former Prime Minister John Key unveiling the $65 million first stage of the domestic terminal upgrade. The project includes a new regional Koru lounge for Air New Zealand which the airline's passengers clearly enjoy. It also includes New Zealand's first airport drive-in car valet; a traveller can now drive right into the terminal on their way to the plane and collect their car in the same spot when they return.

For the first time, annual domestic passenger numbers exceeded 5 million following a 177,000 increase in the number of travellers, well above the last decade's 66,000 average rate of annual increase. The extra growth reflected the expansion of regional services provided by Sounds Air, the advent of Jetstar into the regional market, and increases in Air New Zealand's capacity on some routes.

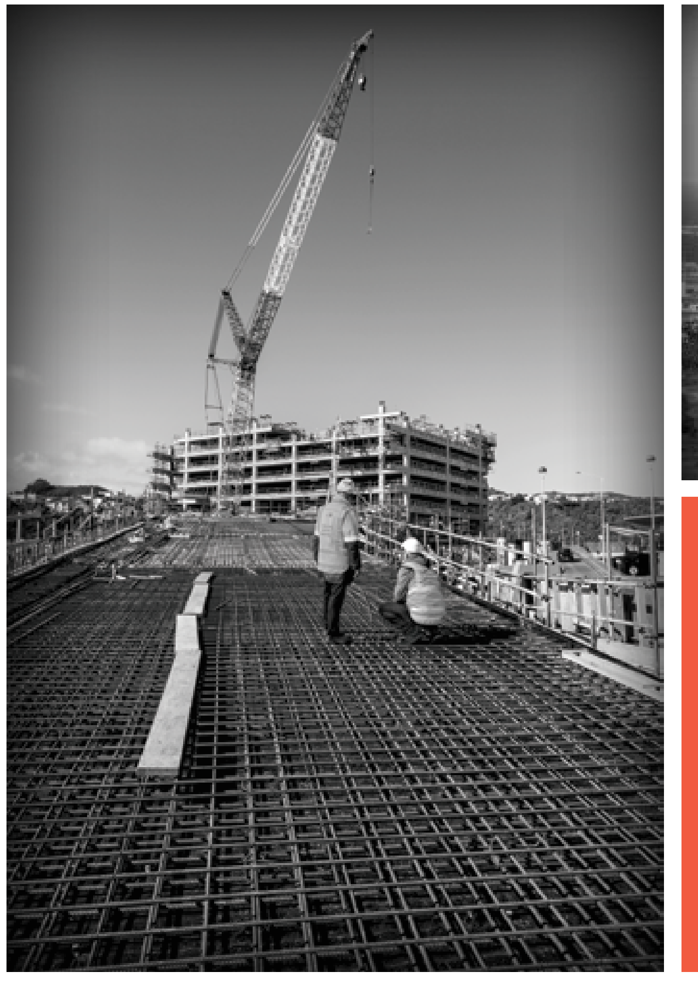
Regrettably it didn't include an increased flow-on from international as those passengers declined from last year. In part this was consolidation after last year's increase which was the equivalent of four year's normal growth. But there have been some changes to the airline market which appear to mean that traffic growth is focussed on long haul services, which (at least for now) excludes Wellington.

Wellington Airport's partnership project with Wellington City Council to lengthen its runway to facilitate long-haul air services was expected to receive consents later in 2017, but has been put on hold while uncertainties with the Civil Aviation Authority's regulations are resolved. CAA follows global best practice in its assessment of the safety features of New Zealand airports and when the uncertainty is resolved the application for consent to extend the runway will resume.

In November 2016 central New Zealand experienced the 7.8 Kaikoura Earthquake. It coincided with two aircraft having recently landed at Wellington Airport with two more international services approaching. Within 25 minutes the Airport had undertaken a full inspection of critical facilities and assessment of the risk of a Tsunami and had reopened. The event was well handled, vindicating the Airport's preparations (including its construction standards). The Airport has insurance of $550 million to cover material damages and business interruption, but this was not required on this occasion.

YEAR ENDED 31 MARCH	2017	2016
Passengers Domestic	5,076,479	4,899,326
Passengers International	888,427	897,316
Aeronautical income	$70.3m	$67.6m
Passenger services income	$37.0m	$35.7m
Property/other	$12.2m	$9.8m
Operating costs	($29.0m)	($27.0m)
EBITDAF	**$90.5m**	**$86.1m**
Investment spending	$79.3m	$56.7m
Infratil cash income	$38.9m	$39.5m
Infratil's holding value [1]	$414.5m	$408.9m

1. Infratil's share of net assets excluding deferred tax at period end



Wellington Airport is part way through a $300 million programme to improve its facilities.

In addition to being a crucial part of its region's infrastructure the Airport is also a major sponsor of community arts, sporting and cultural activities: including CubaDupa.

By the time it completes the upgrade projects now underway, Wellington Airport will have invested over $700 million since the Crown sold its shareholding in 1998.

It has the lowest aeronautical charges and most efficient operations (measured on a per passenger basis) of any international airport in New Zealand or Australia and is ranked second by users for services and facilities.

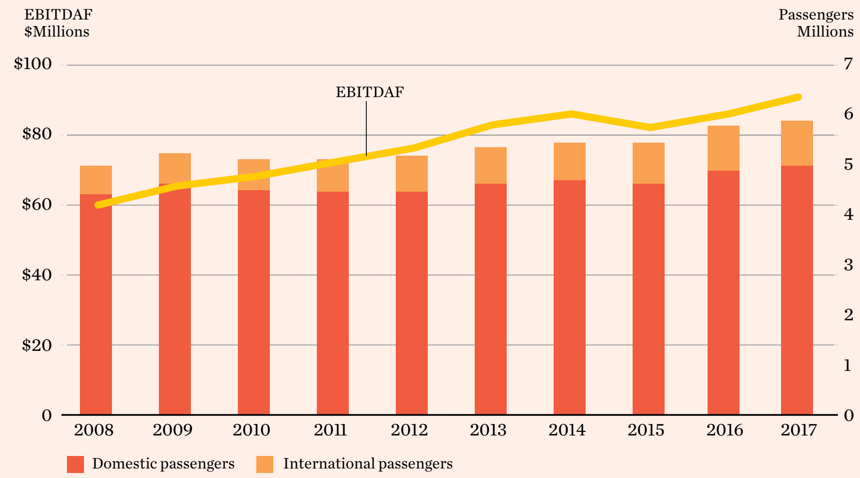
The goal now is for the Airport to lengthen its runway to be able to accommodate long-haul traffic so as to improve access to central New Zealand for visitors.

EBITDAF & PASSENGERS

Year ended 31 March

Over the ten year period EBITDAF rose from $60 million to $91 million.

Passenger numbers lifted by 945,000. On average an additional 66,000 domestic passengers each year (+1.6% p.a.), and an additional 28,500 international travellers (+4.4% p.a.).



AERONAUTICAL & SERVICES INCOME

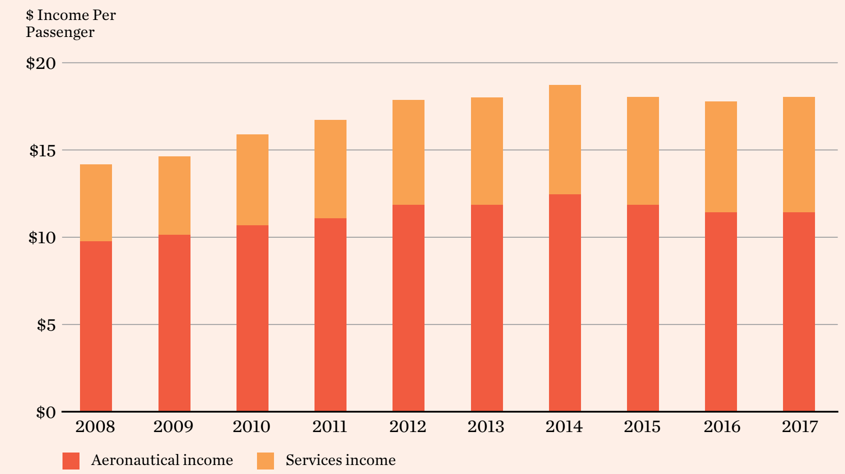
Year ended 31 March

Wellington Airport's 27% increase in EBITDAF/Passenger over the period (to $15.17) reflects better passenger services, an increase in property income, and good cost control.

Wellington has the lowest per passenger costs and aeronautical charges of New Zealand's international airports.

AERONAUTICAL	REV/PAX	COST/PAX
Auckland	$16.83	$5.68
Wellington	$12.07	$3.03
Christchurch	$14.51	$6.28
Queenstown	$12.45	$4.73

From Airport Disclosures



THE COST OF TRAVEL

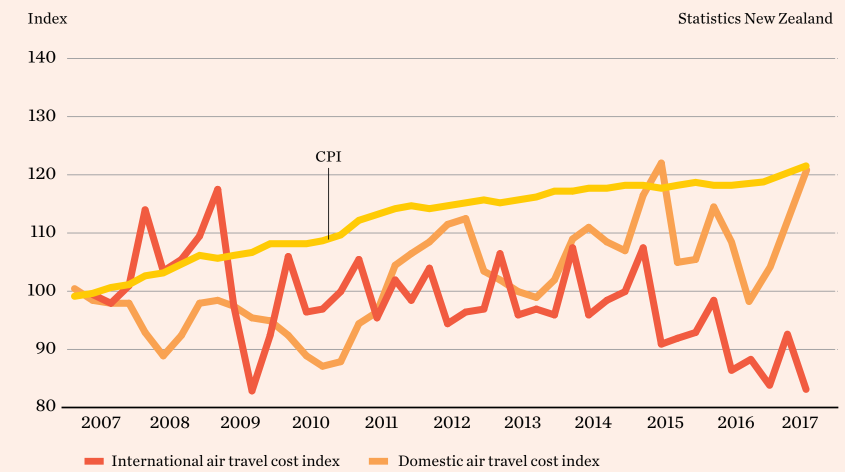
Year ended 31 March

Over the ten years, consumer prices have risen 21% as has the cost of domestic New Zealand air travel.

Remarkably the cost of international air travel for New Zealanders has actually fallen 17% over that period.

This means that since 2007 the cost of international air travel has fallen 45% relative to the cost of domestic air travel.

The relatively faster growth of international travel isn't a surprise.



NZ BUS

100% Infratil ownership

NZ Bus completed a strong financial year reflecting operating cost efficiencies, stable passenger numbers and some services moving to the gross revenue model.

Results were particularly good given the ceasing of NZ Bus operations in South Auckland following the loss of contracts from October 2016. With the loss of these services it was very pleasing that NZ Bus was able to place a large portion of the displaced staff into other operations in Auckland, mainly on consistent terms and conditions.

Tender processes have been completed for all NZ Bus services which are subject to tender. Results have been announced for South, West, and Central Auckland and the Wellington region, with only tender results for North Auckland outstanding. NZ Bus tendered for routes where it was well placed with its depot locations and where it could best deploy existing fleet and minimise technology and asset stranding risks.

NZ Bus tendered prices that reflect the real cost of operations, market labour rates, fleet capital expenditure requirements, and the associated cost of capital. Unfortunately NZ Bus was only successful with one Central Auckland unit tender which means that there will be downsizing of the company's operation and disruption for many loyal and long-term staff.

NZ Bus will actively work with its people, new operators and the regional authorities to ensure as smooth a transition as possible.

The final stage of the implementation of the new public transport operating model (PTOM) requires negotiation of prices of NZ Bus direct appointed units (DAU), which comprise around 500 vehicles in Auckland and 150 vehicles in Wellington. If NZ Bus and the relevant regional authority are unable to agree price, they will be set by either arbitration (to fix the price) or mediation (if mediation fails the unit can be retendered).

The future earnings of NZ Bus are at risk as they depend on the final prices determined for the DAU contracts.

NZ Bus has long recognised that the PTOM procurement process and rules were designed to increase contestability for services, reduce the strength of incumbency positions, and lower cost. All of which appears to have been achieved. The process also results in higher risks of stranded assets as technology improvements result in changes to future bus motive-power, either during or on maturity of the new contracts. It also locks operators into old technology for the term of the contract; an unfortunate by-product of prioritising short term cost reduction over long term quality benefits.

NZ Bus operating statistics show that it is a high-quality operator in its markets, which appears to have been given less emphasis in tender assessments of new entrants untested in metro areas. The employment terms and conditions of incumbent operator's people are also at risk of being diluted by new entrants.

Over recent years the dedicated and capable team of people at NZ Bus have delivered a wide range of improvements to meet the daily public transport needs of thousands of New Zealanders and international visitors. Better rides for passengers as measured by Telematics monitoring of drivers, a 14% reduction in lost time injuries over the last year, tertiary accreditation by ACC, and gold accreditation was recently achieved for environmental performance, along with the smooth rescheduling of services in Auckland to align timetables to road conditions.

A recent article in a newsletter by someone who immigrated to New Zealand two years ago said a lot "I would not have guessed that the bus ride home would be such a highlight of my day. For those unaccustomed to Wellington buses, this is what happens: Each time someone alights, they break the otherwise contemplative commuter silence and yell "Thanks driver!" all the way up to the front. I had previously understood that the gentle tui provides New Zealand with its sweetest song. That may be so in the animal kingdom. But the way that actual Kiwis thank their bus drivers is music to my ears".

NZ Bus is continuing the development of its electric bus fleet in partnership with WrightSpeed, a New Zealander led technology innovator based in San Francisco. While the conversion project is running behind the original targets, the benefits of success are substantial in terms of enduring environmental outcomes and warrant some patience. The first intended beneficiary is expected to be Wellington City with the replacement of trolley buses, although unfortunately GWRC's choice of diesel buses for other tenders means this technology (if successful) will have less deployment across the rest of the region.

YEAR ENDED 31 MARCH	2017	2016
Patronage north	37,330,208	39,165,255
Patronage south	20,911,727	20,743,515
Bus distance (million kilometres)	43.9	46.5
Bus numbers	1,072	1,071
Passenger income	$130.6m	$133.9m
Contract income	$91.8m	$91.5m
EBITDAF	**$43.7m**	**$42.0m**
Capital spending	$16.2m	$11.2m
Infratil's holding value[1]	$191.2m	$201.5m

1. Infratil's share of net assets excluding cash and deferred tax at period end.

The Wellington Regional Council has chosen to retire Wellington City's 10 year old electric trolley buses.

In Auckland, diesel double decker buses are being introduced on high use routes.

NZ Bus provides reliable, inexpensive public transport. Its management and workforce have also delivered continual improvements to operational efficiency.

Unfortunately NZ Bus is confronted by two external challenges. Buses are changing from diesel to electric power and bus public transport is becoming subject to a very different contracting regime which transfers much greater control, and risk, to the transport divisions of city and regional councils.

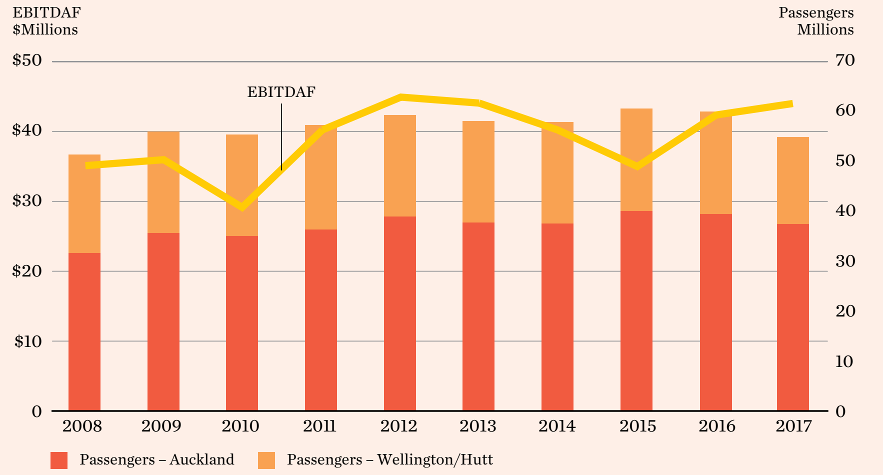
NZ Bus will enter the new contracting regime a smaller company, but well placed to grow and to benefit from technology changes.

EBITDAF & PASSENGERS ($m)

Year ended 31 March

Over the decade passenger trips in Wellington/Hutt rose 0.7% p.a. and in Auckland 0.2% p.a.

EBITDAF per passenger trip was $0.70/pax in 2008 and $0.75/pax in 2017.



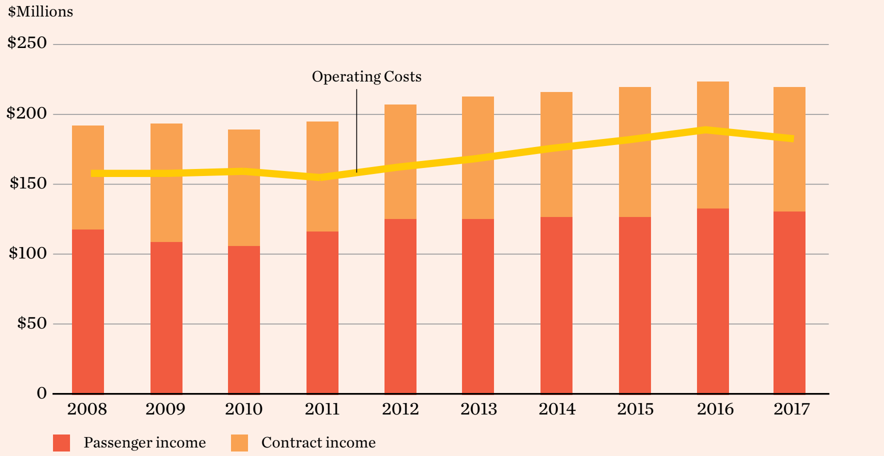
REVENUE & COSTS ($M)

Year ended 31 March

Since 2008 total fare income has risen 1.1% p.a. and contract income 1.9% p.a.

Costs have risen 1.8% p.a.

Per passenger, NZ Bus's contract income has risen from $1.37/pax to $1.58/pax (+1.6% p.a.)



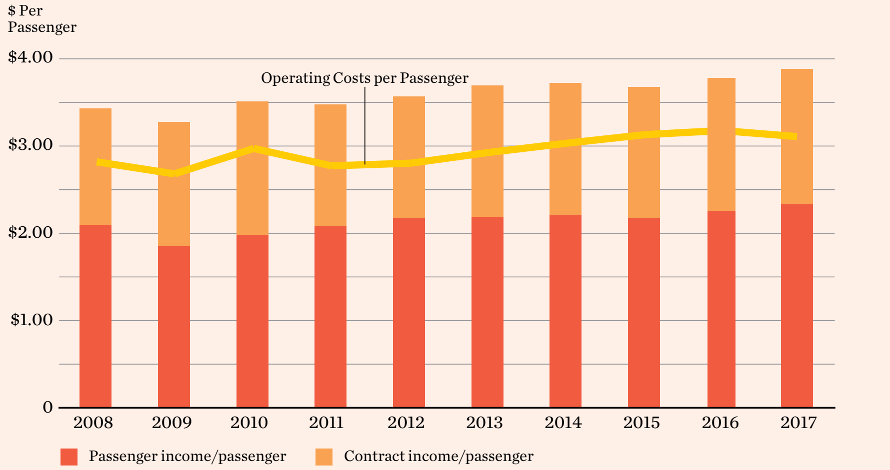
REVENUE & OPERATING COSTS PER PASSENGER

Year ended 31 March

Passenger income has increased from $2.12/pax to $2.24/pax (+0.6% p.a.)

Operating costs per passenger have risen from $2.79/pax to $3.16/pax (+1.4% p.a.)

Over the period the CPI rose 2.0% p.a.



RETIRE AUSTRALIA

50% Infratil ownership

RetireAustralia delivered a solid result and saw good demand for its village accommodation.

As illustrated in the graphs, the value of RetireAustralia has increased markedly over the period since Infratil's acquisition.

Most of RetireAustralia's tangible assets are its villages (most of the remainder is property held for future development). The value of retirement village accommodation has two components. Part is the "Deferred Fee"; the gap between what residents paid to occupy their units and what RetireAustralia is obliged to pay back when they leave. The other part is the gain which RetireAustralia anticipates it will receive when it again sells occupancy rights to the unit, which reflects increases in what people have shown they are willing to pay.

On a per unit/apartment basis, when Infratil acquired its shareholding the Deferred Fee averaged A$75,000, it is now A$94,550. The average capital gain value has risen from A$24,000 to A$39,300.

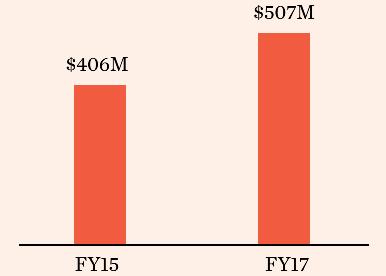
The value per unit increased significantly during the year due to price rises across the portfolio averaging 12% and changes to the terms of resident contracts. Resale gains are driven by sales prices and how a resident's exit value is set.

While the value uplift of existing assets is a good outcome, management's focus is on two initiatives to provide future value; by enhancing the benefits from being a resident in a RetireAustralia village, and by increasing the amount of accommodation provided. The initiatives are entwined as improved care facilities and services requires the construction of tailored accommodation.

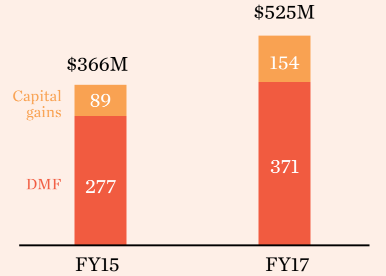
Because the initiatives to improve care services and facilities has required redesigning and reconsenting some of the accommodation which RetireAustralia was about to build, this has meant deferring some construction. Last year, when RetireAustralia sold 102 new units, it forecast that the rate of construction would rise to 300 units by 2020. The target is now expected to take about a year longer to achieve.

However, progress has by no means stopped. The construction of additional accommodation is underway at four existing Central Coast villages. Four new sites have been contracted in Queensland, with the first sales of accommodation in these new villages expected from 2020.

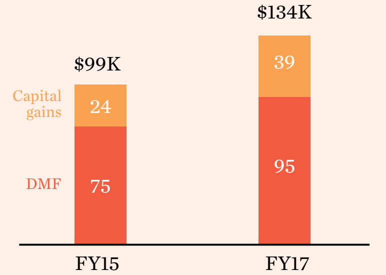
NET TANGIBLE ASSETS



DEFERRED FEES & VALUE INCREASES



EMBEDDED VALUE PER UNIT



YEAR ENDED 31 MARCH	2017	2016	2015
Residents	5,267	5,245	4,964
Serviced apartments	486	484	484
Independent Living Units	3,442	3,334	3,296
Unit resales	319	376	353
Resale cash gains per unit	A$113,000	A$106,000	A$96,000
New unit sales	105	102	45
New unit average price	**A$571,500**	**A$535,300**	**A$575,700**
Occupancy receivable/unit [1]	A$94,550	A$79,600	A$75,250
Embedded resale gain/unit [1]	A$39,300	A$28,300	A$23,250
Underlying profit	A$59.1m	A$38.8m	A$4.9m
Infratil's holding value	NZ$278.2m	NZ$252.9m	NZ$208.6m

1. The values are estimates of point in time value. What RetireAustralia would receive in cash for deferred occupancy fees and capital gains if all residents left and the occupancy rights were resold on that particular date. The resale values were estimated by independent valuers based on market and actual transactions.

Julie and William Webber.

Forresters Beach construction of units.

Malcolm and Marie Hundt and visiting granddaughter Mieka.

ANU – STUDENT ACCOMMODATION

50% Infratil ownership

On 4 August 2016 Infratil completed the acquisition for A$80.4 million (NZ$84.8 million) of a 50% shareholding in a student accommodation concession granted by the Canberra based Australian National University. The other 50% was acquired by Infratil's partner the Commonwealth Superannuation Corporation.

The concession is for 30 years and provides the partners with the net rental revenue from nine existing on-campus purpose built student residences comprising 3,760 beds, including a new 500 bed residence completed for the commencement of the 2017 academic year. All residences are full, with waiting lists.

While this is a good standalone investment, it is hoped to position Infratil for further opportunities. "Purpose-built student accommodation" (PBSA) is a major investment sector in the USA, but still in its fledgling stages in Australia and New Zealand. Universities have recognised they have a role providing suitable accommodation as more students come from out of town and family decisions about a university often depend on the availability and quality of accommodation.

ANU's residences provide convenient, good value, safe accommodation. The University is also committed to pastoral care. It pays to have a resident on every floor of each facility contact each new student and help them participate in social activities. It is also supportive of student initiatives which among other things have included vegetable gardens. As anyone who has visited Canberra will know, it has an excellent growing climate, so long as watering is kept up.

For Infratil the ANU investment provides a reliable cash yield with low vacancy risk. The rents have historically been set below market rates and are indexed giving an inflation protected return.

ANU has also provided Infratil with rights with respect to future developments and it is expected that this will lead to investment into additional accommodation and the social and cultural amenities required by students. Existing unmet demand and projected enrolment growth indicate that a 20% increase in accommodation at ANU will be required by 2021.

For the eight month holding period, Infratil's income from this investment amounted to NZ$7.0 million.

Kate Thomas, Hugo Hughes and Angus Vos cooking in the Bruce Hall communal kitchen.

ANU provides pastoral care for its students. Tamara Bohler is her floor's social warden.

Shelley Chu, Madeleine Moore and Lachlan Vild harvesting fruit and vegetables in the Lena Karmel rooftop garden.

CANBERRA DATA CENTRES

48% Infratil ownership

Following the receipt of regulatory approval, Infratil completed its acquisition of 48% of Canberra Data Centres on 14 September 2016 for A$385.7 million. (NZ$411.5 million)

48% was also acquired by Infratil's partner, the Commonwealth Superannuation Corporation, with the remaining 4% rolled over by existing CDC management shareholders. Taking into account its net debt, CDC's enterprise value at the time of purchase was A$1,075 million.

From acquisition through to 31 March 2017 CDC delivered EBITDAF of A$25.6 million (100% share). Although earnings over the last year were affected by the Federal Election, the medium term expectation is for strong growth.

CDC operates four data centres across two campuses (Hume 1, 2, 3 and Fyshwick 1) with total capacity of 39 MW. CDC's approach to building is modular. It can commission new centres as demand warrants with the two most recent additions being Fyshwick 1 which was commissioned in 2015 and Hume 3 in 2016. Development work is well progressed on Fyshwick 2 which is likely to be available in 2019.

While CDC has 43 federal government departments and agencies as customers, including nine of the ten largest, more demand is expected from outside of the government sector as companies that provide services to government agencies seek to co-locate their services.

Co-location provides advantages, in particular from faster communication and reduced communication costs (because the use of commercial communications networks is minimised).

For the period from acquisition to 31 March 2017, CDC's net surplus resulted in Infratil reporting net income of NZ$10.6 million.

As at 31 March 2017 CDC's net debt was A$290.4 million.

CDC's data centres contain client equipment with an estimated total cost of A$6 billion (hardware and software).

A centre must provide security as well as constant connectivity.

LONGROAD ENERGY

45% Infratil ownership

During the year Infratil participated in the establishment of Longroad Energy. The other establishment partners are the New Zealand Superannuation Fund (45%) and the Longroad management team (10%).

Longroad is based in Boston Massachusetts and San Francisco California and has projects to develop utility scale renewable electricity generation underway in several US states.

Infratil's decision to participate in the establishment of Longroad was based on the attractive investment opportunities available in the USA and the quality of the management team.

The 23 people who are the core of Longroad's management formed a similar venture in 2002 which in 2014 was sold for over US$2 billion. During those 12 years they developed 38 utility scale projects amounting to approximately 4,000 MW of capacity.

The US market is attractive for investors because of its scale and because in many states it operates as a market should; efficiently, transparently and with good risk management products and liquidity.

The three partners in the new venture have indicated support for an initial commitment of US$100 million (Infratil's share is NZ$65 million); it is hoped this will only be stage one.

The first transactions undertaken by Longroad; for which Infratil provided capital of NZ$33 million as at 31 March 2017, involved:

- The purchase of wind turbines in anticipation of their being deployed as developments become available. The purchase was undertaken because of the exceptional value then available.
- The purchase of a portfolio of early stage solar generation projects in over a dozen US states.

As explained in the Infratil May 2017 Update newsletter, the goal with Longroad is to develop a portfolio of cost-efficient generation projects with electricity price risk mitigated by long term sales contracts. There are a set of key variables which are expected to underpin returns; the availability of long term electricity sales contracts, the falling cost of renewable generation, state renewable energy targets, tax incentives, and the retirement of end-of-life thermal plant.

It expected that Longroad will provide a constant stream of announcements as its development projects progress, recognising that it will take time before the creation of value is externally visible.

OTHER INVESTMENTS

INFRATIL INFRASTRUCTURE PROPERTY

(100% Infratil)

The New Lynn development undertaken with Auckland Council (IIP 58%) has arrived at its final phase with the retail properties almost fully leased.

The joint-venture partners' effective cost was $1.5 million and they have a $8.5 million valuation. On the back of this success, the partners are progressing the development of two further Council owned sites in New Lynn with the objective of building about 200 homes.

These projects are helping IIP position for opportunities which are expected to arise following the commissioning of the Auckland Rail Loop. Better transport accessibility will change the optimal land use in large areas of Auckland.

Over the year IIP also successfully concluded the acquisition-development-sale of a new depot for NZ Bus on Wellington's Hutt Road. This provided NZ Bus with access to a well-placed depot at a good rent by avoiding external developers, and resulted in a small gain when the depot was on-sold by IIP.

The largest single development IIP is working on at present is its 1.8 hectare Wynyard Quarter leasehold site which is mainly now utilised by NZ Bus as a central Auckland depot. Stage One is to include a hotel, carpark and tourism venture and construction is expected to start shortly. Additional areas of the site are being actively marketed for future development.

PERTH ENERGY

(80% Infratil)

Perth Energy owns a fast-starting dual fuel 120 MW power station at Kwinana and a retail business with approximately 10% of the Western Australia commercial and industrial electricity market.

Over recent years Kwinana has operated profitably, but the retailing business has struggled, resulting in a significant loss for the 2017 financial year.

The poor performance of the retailing business is due to the slowdown of the Western Australian economy and the structure of the energy market which is materially different to that in the eastern Australian states. The Western Australian electricity market is physically separate from the other states and is dominated by the State Government owned gentailer, Synergy, which has a regulated monopoly to supply small and medium users of energy and owns or controls approximately 77% of the state's controllable generating capacity.

With residential customers monopolised by Synergy, the contestable electricity market is limited to large commercial and industrial users, but with wholesale prices also influenced by Synergy.

This situation is facing reform, to allow residential market contestability and improvements to the wholesale and generation market. The objectives of the reform are lower cost electricity, lower Government exposure to energy market risks, and greater private investment into the Western Australian energy sector.

While the objectives are sound, there are implementation uncertainties. An illustration is the planned restructure of the state's generation capacity market. Unlike other Australian states or New Zealand, Western Australia has a capacity market for generation which is separate to the energy market. Periodically the state energy agency sets the price for Reserve Capacity which it pays to generators for being available. For the FY2017 Capacity Year it is A$121,889/MW. The proposed reforms will simultaneously introduce an auction system to determine this price and retire old coal fired generation capacity. Using auctions may lower the Reserve Capacity price, but the retirement of plant will raise it. The consequence for Kwinana is difficult to forecast.

A new state government elected in March 2017 has announced the retirement of 436 MW of thermal generation and a cap on Synergy's new, non renewables, generation. These measures are likely to raise the market price of electricity which should benefit Kwinana, although the Reserve Capacity price is expected to fall this year before increasing the following year.

While these developments unfold, Perth Energy is undertaking operational improvements to lift financial performance for FY2018; shrinking the retail business to its profitable core, reducing earnings volatility with price hedging, and negotiating a wholesale supply arrangement with Synergy.

As a part of the restructuring of the Perth Energy Group, Infratil provided additional funding of A$22.9 million and guaranteed A$67.7 million of bank facilities which as at 31 March 2017 were drawn to A$43.6 million.

SNAPPER

Since 2008, Snapper has at various times provided fare collection services to Wellington City Council for curb-side car parking, Wellington Cable Car, Wellington Regional Council's total mobility scheme, many taxi companies, NZ Bus in Auckland and Wellington, and Ritchies buses in Whangarei.

From this experience, Snapper has developed 'Ticketing as a Service'. By centralising the development and management of sophisticated systems Snapper can deliver a cost-effective, customised, experience for customers who only pay for what they need. It's the same concept Xero offers to its clients. This model provides public transport authorities and operators with the flexibility they need to meet to the growing list of customer demands, while providing Snapper with economies of scale.

In Wellington, the Regional Council has contracted Snapper to provide an interim Ticketing as a Service solution across the regional bus network. This will support the Council's broad wide ranging changes to the region's public transport, which include routes, fares and operators.

Recent examples of Snapper's innovations include the integration with Activata Prepay and the development of new self-service kiosks.

Outside of New Zealand, Snapper is growing by using the innovations it has developed for its home market to enhance transport ticketing systems in the Republic of Ireland, Latvia and Northern Ireland.

Snapper's capability is highly regarded, with Snapper regularly presenting at international conferences such as the Transport Ticketing Global Conference and Exhibition in London and the UITP bi-annual global Public Transport conference in Montréal.

ENVISION VENTURES FUND

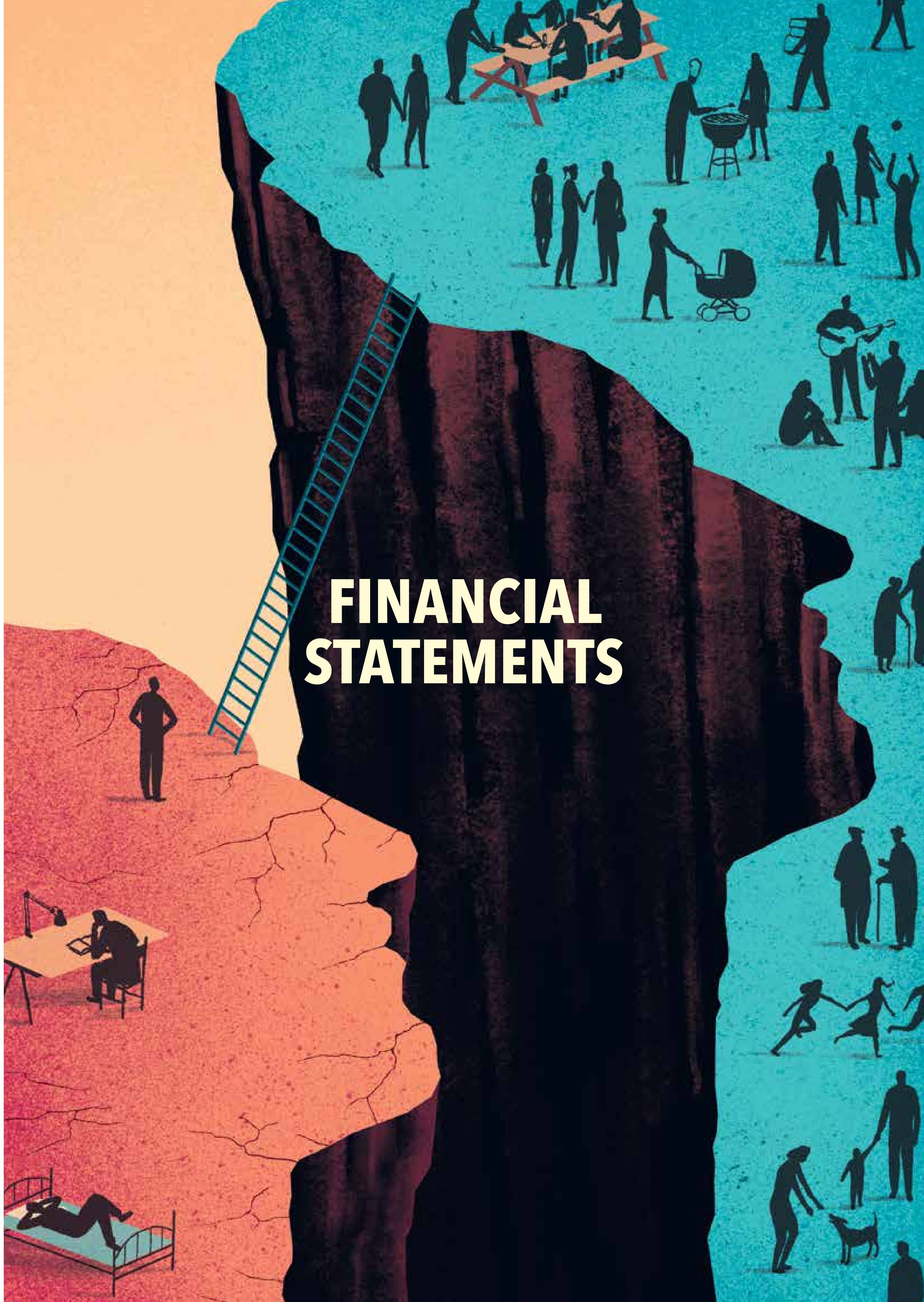
In FY2016 Infratil entered into a commitment to provide US$25 million to a California based venture fund which specialises in investing in early stage companies that are likely to be relevant to Infratil's core businesses and areas of focus.

As at 31 March 2017 US$5.25 million had been called from Infratil (NZ$9.7 million). Envision has now invested in companies involved in charging of electric vehicles, geo-spatial imaging and information, enterprise security, and software supporting the development of the Internet of Things and decentralised energy generation.

AUSTRALIAN SOCIAL INFRASTRUCTURE PARTNERS (ASIP)

Initially this was expected to rise to a $100 million investment in a portfolio of projects, but the partnership fund has now curtailed making investments in new projects. Infratil's investment as at 31 March 2017 was valued at $34.0 million ($33.6 million a year prior).

ASIP has invested in two developments; schools in Queensland which are preforming to expectations; operationally and financially, and the Royal Adelaide Hospital where construction finished in mid March 2017. A transition period is now underway as the hospital prepares for the arrival of its first patients in August. While this is one year later than expected, the project's commercial and financial structures have mitigated the impact on future returns on capital.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2017

	NOTES	2017 $MILLIONS	2016 $MILLIONS
Operating revenue		1,823.8	1,706.4
Dividends		1.9	2.3
Total revenue		**1,825.7**	**1,708.7**
Share of earnings of associate companies	6	88.1	67.0
Total income		**1,913.8**	**1,775.7**
Depreciation	12	169.6	155.9
Amortisation of intangibles	13	16.9	16.2
Employee benefits		206.3	191.1
Other operating expenses	10	1,174.1	1,093.2
Total operating expenditure		**1,566.9**	**1,456.4**
Operating surplus before financing, derivatives, realisations and impairments		346.9	319.3
Net gain/(loss) on foreign exchange and derivatives		29.0	(13.6)
Net realisations, revaluations and (impairments)		(55.2)	(51.8)
Interest income		16.5	17.2
Interest expense		182.2	187.1
Net financing expense		165.7	169.9
Net surplus before taxation		**155.0**	**84.0**
Taxation expense	11	24.6	24.8
Net surplus for the year from continuing operations		**130.4**	**59.2**
Net surplus from discontinued operations after tax	9	-	436.3
Net surplus for the year		**130.4**	**495.5**
Net surplus attributable to owners of the Company		66.1	438.3
Net surplus attributable to non-controlling interest		64.3	57.2
Other comprehensive income, after tax			
Items that will not be reclassified to profit and loss			
Net change in fair value of property, plant & equipment recognised in equity		150.6	158.7
Share of associates other comprehensive income		(0.2)	0.2
Fair value movements in relation to the executive share scheme		-	(0.1)
Income tax effect of the above items		(39.5)	(42.2)
Items that may subsequently be reclassified to profit and loss			
Differences arising on translation of foreign operations		(0.5)	33.3
Realisations on disposal of subsidiary, reclassified to profit and loss		-	-
Net change in fair value of available for sale financial assets		0.2	1.9
Ineffective portion of hedges taken to profit and loss		0.1	-
Effective portion of changes in fair value of cash flow hedges		(2.4)	(8.9)
Income tax effect of the above items		0.9	17.6
Total other comprehensive income after tax		**109.2**	**160.5**
Total comprehensive income for the year		**239.6**	**656.0**
Total comprehensive income for the year attributable to owners of the Company		123.0	541.0
Total comprehensive income for the year attributable to non-controlling interests		116.6	115.0
Earnings per share			
Basic and diluted (cents per share)	4	11.8	78.0

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	NOTES	2017 $MILLIONS	2016 $MILLIONS
Cash and cash equivalents	19.1	268.8	775.5
Trade and other accounts receivable and prepayments	19.1	220.0	217.5
Derivative financial instruments	19.4	4.6	3.7
Inventories		2.7	3.1
Income tax receivable		0.8	0.5
Land and buildings held for sale		8.6	7.2
Investments held for sale	6.3	237.9	-
Current assets		**743.4**	**1,007.5**
Trade and other accounts receivable and prepayments		15.7	2.7
Property, plant and equipment	12	4,900.5	4,824.6
Investment properties		72.9	72.0
Derivative financial instruments	19.4	8.3	4.3
Intangible assets	13	55.6	64.3
Goodwill	14	117.4	117.4
Investments in associates	6	831.1	497.1
Other investments	7	51.8	37.2
Non-current assets		**6,053.3**	**5,619.6**
Total assets		**6,796.7**	**6,627.1**
Accounts payable		89.3	91.6
Accruals and other liabilities		124.9	118.5
Interest bearing loans and borrowings	15	134.5	272.9
Derivative financial instruments	19.4	9.5	8.5
Income tax payable		25.3	2.5
Infrastructure bonds	16	147.2	100.0
Trustpower bonds	17	52.0	65.0
Wellington International Airport bonds	18	90.0	-
Total current liabilities		**672.7**	**659.0**
Interest bearing loans and borrowings	15	885.4	818.8
Other liabilities		8.1	16.3
Deferred tax liability	11.3	536.7	544.4
Derivative financial instruments	19.4	53.2	76.9
Infrastructure bonds	16	620.3	617.9
Perpetual Infratil Infrastructure bonds	16	230.8	231.9
Trustpower bonds	17	321.2	317.8
Wellington International Airport bonds	18	327.4	274.1
Non-current liabilities		**2,983.1**	**2,898.1**
Attributable to owners of the Company		1,958.3	1,924.7
Non-controlling interest in subsidiaries		1,182.6	1,145.3
Total equity		**3,140.9**	**3,070.0**
Total equity and liabilities		**6,796.7**	**6,627.1**
Net tangible assets per share ($ per share)		3.19	3.10

Approved on behalf of the Board on 17 May 2017

Alison Gerry
Director

Mark Tume
Director

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	NOTES	2017 $MILLIONS	2016 $MILLIONS
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers		1,848.1	1,757.5
Distributions received from associates		6.1	17.4
Other dividends		0.7	0.9
Interest received		16.5	17.2
		1,871.4	1,793.0
Cash was disbursed to:			
Payments to suppliers and employees		(1,405.8)	(1,311.7)
Interest paid		(172.9)	(179.0)
Taxation paid		(47.7)	(51.8)
		(1,626.4)	(1,542.5)
Net cash inflow from operating activities	**22**	**245.0**	**250.5**
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of associates		-	479.9
Proceeds from sale of subsidiaries (net of cash sold)		0.4	46.5
Proceeds from sale of property, plant and equipment		8.2	2.3
Proceeds from sale of investments		-	1.9
Return of security deposits		3.5	15.4
		12.1	546.0
Cash was disbursed to:			
Purchase of investments		(546.1)	(84.8)
Lodgement of security deposits		(13.3)	(10.5)
Purchase of intangible assets		(7.1)	(7.0)
Interest capitalised on construction of fixed assets		-	(2.2)
Purchase of property, plant and equipment		(119.8)	(106.3)
		(686.3)	(210.8)
Net cash inflow / (outflow) from investing activities		**(674.2)**	**335.2**
Cash flows from financing activities			
Cash was provided from:			
Proceeds from issue of shares		0.5	1.0
Proceeds from issue of shares to Non-controlling Interests		-	0.3
Bank borrowings		304.7	689.4
Issue of bonds		455.0	122.1
		760.2	812.8
Cash was disbursed to:			
Repayment of bank debt		(381.2)	(544.1)
Loan establishment costs		(9.4)	(3.1)
Repayment of bonds/Perpetual Infratil Infrastructure bonds buyback		(269.0)	(253.8)
Infrastructure bond issue expenses		(7.3)	(2.3)
Share buyback		(7.0)	-
Share buyback of non-wholly owned subsidiary		(0.7)	-
Dividends paid to non-controlling shareholders in subsidiary companies		(78.6)	(76.9)
Dividends paid to owners of the Company	3	(82.9)	(110.4)
		(836.1)	(990.6)
Net cash (outflow) from financing activities		**(75.9)**	**(177.8)**
Net increase/(decrease) in cash and cash equivalents		(505.1)	407.9
Foreign exchange gains (losses) on cash and cash equivalents		(1.6)	2.7
Cash and cash equivalents at beginning of the year		775.5	363.4
Adjustment for cash acquired with new subsidiary		-	1.5
Cash and cash equivalents at end of the year		**268.8**	**775.5**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

Attribute to equity holders of the Company

	CAPITAL $MILLIONS	REVALUATION RESERVE $MILLIONS	FOREIGN CURRENCY TRANSLATION RESERVE $MILLIONS	OTHER RESERVES $MILLIONS	RETAINED EARNINGS $MILLIONS	TOTAL $MILLIONS	NON-CONTROLLING $MILLIONS	TOTAL EQUITY $MILLIONS
Balance as at 1 April 2016	370.7	749.8	2.8	(4.7)	806.1	1,924.7	1,145.3	3,070.0
Total comprehensive income for the year								
Net surplus for the year	-	-	-	-	66.1	66.1	64.3	130.4
Other comprehensive income, after tax								
Differences arising on translation of foreign operations	-	-	(3.0)	-	-	(3.0)	3.2	0.2
Realisations on disposal of subsidiary, reclassified to profit and loss	-	-	-	-	-	-	-	-
Net change in fair value of available for sale financial assets	-	-	-	0.2	-	0.2	-	0.2
Ineffective portion of hedges taken to profit and loss	-	-	-	0.1	-	0.1	-	0.1
Effective portion of changes in fair value of cash flow hedges	-	-	-	(0.5)	-	(0.5)	(1.7)	(2.2)
Fair value movements in relation to the executive share scheme	-	-	-	-	-	-	-	-
Net change in fair value of property, plant & equipment recognised in equity	-	60.3	-	-	-	60.3	50.8	111.1
Share of associates other comprehensive income	-	-	-	-	(0.2)	(0.2)	-	(0.2)
Total other comprehensive income	-	60.3	(3.0)	(0.2)	(0.2)	56.9	52.3	109.2
Total comprehensive income for the period	**-**	**60.3**	**(3.0)**	**(0.2)**	**65.9**	**123.0**	**116.6**	**239.6**
Contributions by and distributions to non-controlling interest								
Non-controlling interest arising on acquisition of subsidiary	-	-	-	-	-	-	-	-
Issue/(acquisition) of shares held by outside equity interest	-	-	-	-	-	-	(0.7)	(0.7)
Total contributions by and distributions to non-controlling interest	-	-	-	-	-	-	(0.7)	(0.7)
Contributions by and distributions to owners								
Share buyback	(7.1)	-	-	-	-	(7.1)	-	(7.1)
Treasury Stock reissued under dividend reinvestment plan	-	-	-	-	-	-	-	-
Conversion of executive redeemable shares	0.6	-	-	-	-	0.6	-	0.6
Dividends to equity holders	-	-	-	-	(82.9)	(82.9)	(78.6)	(161.5)
Total contributions by and distributions to owners	(6.5)	-	-	-	(82.9)	(89.4)	(78.6)	(168.0)
Balance at 31 March 2017	**364.2**	**810.1**	**(0.2)**	**(4.9)**	**789.1**	**1,958.3**	**1,182.6**	**3,140.9**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

Attribute to equity holders of the Company

	CAPITAL $MILLIONS	REVALUATION RESERVE $MILLIONS	FOREIGN CURRENCY TRANSLATION RESERVE $MILLIONS	OTHER RESERVES $MILLIONS	RETAINED EARNINGS $MILLIONS	TOTAL $MILLIONS	NON-CONTROLLING $MILLIONS	TOTAL EQUITY $MILLIONS
Balance as at 1 April 2015	369.8	683.2	(34.4)	(3.4)	478.7	1,493.9	1,061.4	2,555.3
Total comprehensive income for the year								
Net surplus for the year	-	-	-	-	438.3	438.3	57.2	495.5
Other comprehensive income, after tax								
Differences arising on translation of foreign operations	-	-	37.2	-	-	37.2	10.9	48.1
Realisations on disposal of subsidiary, reclassified to profit and loss	-	-	-	-	-	-	-	-
Net change in fair value of available for sale financial assets	-	-	-	1.9	-	1.9	-	1.9
Ineffective portion of hedges taken to profit and loss	-	-	-	(4.1)	-	(4.1)	2.6	(1.5)
Effective portion of changes in fair value of cash flow hedges	-	-	-	1.0	-	1.0	(5.6)	(4.6)
Fair value movements in relation to the executive share scheme	-	-	-	(0.1)	-	(0.1)	-	(0.1)
Net change in fair value of property, plant & equipment recognised in equity	-	66.6	-	-	-	66.6	49.9	116.5
Share of associates other comprehensive income	-	-	-	-	0.2	0.2	-	0.2
Total other comprehensive income	-	66.6	37.2	(1.3)	0.2	102.7	57.8	160.5
Total comprehensive income for the period	**-**	**66.6**	**37.2**	**(1.3)**	**438.5**	**541.0**	**115.0**	**656.0**
Contributions by and distributions to non-controlling interest								
Non-controlling interest arising on acquisition of subsidiary	-	-	-	-	-	-	57.4	57.4
Issue/(acquisition) of shares held by outside equity interest	-	-	-	-	(0.7)	(0.7)	(11.6)	(12.3)
Total contributions by and distributions to non-controlling interest	-	-	-	-	(0.7)	(0.7)	45.8	45.1
Contributions by and distributions to owners								
Share buyback	-	-	-	-	-	-	-	-
Treasury Stock reissued under dividend reinvestment plan	-	-	-	-	-	-	-	-
Conversion of executive redeemable shares	0.9	-	-	-	-	0.9	-	0.9
Dividends to equity holders	-	-	-	-	(110.4)	(110.4)	(76.9)	(187.3)
Total contributions by and distributions to owners	0.9	-	-	-	(110.4)	(109.5)	(76.9)	(186.4)
Balance at 31 March 2016	**370.7**	**749.8**	**2.8**	**(4.7)**	**806.1**	**1,924.7**	**1,145.3**	**3,070.0**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

1. ACCOUNTING POLICIES

A) Reporting Entity

Infratil Limited ('the Company') is a company domiciled in New Zealand and registered under the Companies Act 1993. The Company is listed on the NZX Main Board ('NZX') and Australian Securities Exchange ('ASX'), and is an FMC Reporting Entity in terms of Part 7 of the Financial Markets Conduct Act 2013.

B) Basis of preparation

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

The financial statements comprise statements of the following: comprehensive income; financial position; changes in equity; cash flows; significant accounting policies; and the notes to those statements. The financial statements are prepared on the basis of historical cost, except certain property, plant and equipment which is valued in accordance with accounting policy (D), investment property valued in accordance with accounting policy (E), investments valued in accordance with accounting policy (G), and financial derivatives valued in accordance with accounting policy (K).

Accounting estimates and judgements

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

Valuation of property, plant and equipment and investment properties

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

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

Valuation of investments including Associates

Infratil completes an assessment of the carrying value of investments at least annually and considers objective evidence for impairment on each investment, taking into account observable data on the investment, the status or context of markets, its own view of fair value, and its long term investment intentions. Infratil notes the following matters which are specifically considered in terms of objective evidence of impairment of its investments, and whether there is a significant or prolonged decline from cost, which should be recorded as an impairment, and taken to profit and loss: any known loss events that have occurred since the initial recognition date of the investments, including its investment performance, its long term investment horizon, specific initiatives which reflect the strategic or influential nature of its existing investment position and internal valuations; and the state of markets. The assessment also requires judgements about the expected future performance and cash flows of the investment.

Accounting for income taxes

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

Goodwill

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

Derivatives

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

Revenue

Judgement is required to be exercised when determining estimated sales for unbilled revenues at balance date. Specifically, this involves estimates of consumption or sales to customers, turnover for turnover based rents and customer/passenger volumes.

Provision for doubtful debts

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

C) Basis of preparing consolidated financial statements

Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity. A list of significant subsidiaries and associates is shown in Note 8. Consistent accounting policies are employed in the preparation and presentation of the Group financial statements.

D) Property, plant and equipment

Property, plant and equipment ('PPE') is recorded at cost less accumulated depreciation and accumulated impairment losses (or fair value on acquisition), or at valuation, with valuations undertaken on a systematic basis. No individual asset is included at a valuation undertaken more than five years previously. PPE that is revalued, is revalued to its fair value determined by an independent valuer or by the Directors with reference to independent experts, in accordance with NZ IAS 16 Property, Plant and Equipment. Where the assets are of a specialised nature and do not have observable market values in their existing use, depreciated replacement cost is used as the basis of the valuation. Depreciated replacement cost measures net current value as the most efficient, lowest cost which would replace existing assets and offer the same amount of utility in their present use. For non-specialised assets where there is no observable market an income based approach is used.

Land, buildings, leasehold improvements and civil works are measured at fair value or cost.

Renewable and Non-renewable Generation assets are shown at fair value, based on periodic valuations by independent external valuers or by Directors with reference to independent experts, less subsequent depreciation.

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

Buildings and civil works	5-80
Vehicles, plant and equipment	3-20
Renewable generation	12-200
Non-renewable generation assets	30-40
Metering equipment	6-20
Land	not depreciated
Capital work in progress	not depreciated until asset in use

E) Investment property

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

F) Receivables

Receivables, classified as loans and receivables, are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect the amount due.

G) Investments

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

H) Other intangible assets

Intangible customer base assets

Costs incurred in acquiring customers are recorded based on the directly attributable costs of obtaining the customer contract and are amortised on a straight line basis over the period of the expected benefit. This period has been assessed as between 12 years and 20 years depending on the nature of the customer and term of the contract. The carrying value is reviewed for any indication of impairment on an annual basis and adjusted where it is considered necessary.

Computer software

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

I) Non-current assets and disposal groups held for sale

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

J) Taxation

Income tax comprises both current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognised in respect of the differences between the carrying amounts of assets and liabilities for financial reporting purposes and the carrying amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, or there are deferred tax liabilities to offset it.

K) Derivative financial instruments

When appropriate, the Group enters into agreements to manage its interest rate, foreign exchange, operating and investment risks.

In accordance with the Group's risk management policies, the Group does not hold or issue derivative financial instruments for speculative purposes. However, certain derivatives do not qualify for hedge accounting and are required to be accounted for at fair value through profit or loss. Derivative financial instruments are recognised initially at fair value at the date they are entered into. Subsequent to initial recognition, derivative financial instruments are stated at fair value at each balance sheet date. The resulting gain or loss is recognised in the profit or loss immediately unless the derivative is designated effective as a hedging instrument, in which event, recognition of any resultant gain or loss depends on the nature of the hedging relationship. The Group identifies certain derivatives as hedges of highly probable forecast transactions to the extent the hedge meets the hedge designation tests.

Hedge accounting

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

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and presented in equity. The gain or loss relating to the ineffective portion is recognised in profit or loss. Amounts presented in equity are recognised in profit or loss in the periods when the hedged item is recognised in profit or loss.

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

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

When the hedged net investment is disposed of, the cumulative amount in equity is transferred to profit or loss as an adjustment to the profit or loss on disposal.

L) Foreign currency transactions

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

Foreign operations

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

M) Impairment of assets

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

N) Revenue recognition

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

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

O) Borrowings

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

P) Discontinued operations

Classification as a discontinued operation occurs on disposal, or when the operation meets the criteria to be classified as a non-current asset or disposal group held for sale (see note (I)), if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

Q) Segment reporting

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

The Group is organised into seven main business segments, Trustpower, Tilt Renewables, Wellington Airport, NZ Bus, Perth Energy, Associate Companies and Other. Other comprises investment activity not included in the specific categories.

R) Adoption status of relevant new financial reporting standards and interpretations

The following new standards, amendments to standards and interpretations are issued but not yet effective and have not been applied in preparation of these consolidated financial statements.

NZ IFRS 9 Financial Instruments, published in July 2014, replaces the existing guidance in NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from NZ IAS 39. NZ IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The likely impact of this standard has not yet been assessed, however it is not expected to have a material impact on the Group's financial statements.

NZ IFRS 15 Revenue from Contracts with Customers, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including NZ IAS 18 Revenue, NZ IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. NZ IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The likely impact of this standard has not yet been fully assessed, however it is not expected to have a material impact on the Group's financial statements.

NZ IFRS 16 Leases, removes the classification of leases as either operating leases or finance leases – for the lessee – effectively treating all leases as finance leases. Lessor accounting remains similar to current practice – i.e. lessors continue to classify leases as finance and operating. The standard is effective for annual reporting periods beginning on or after 1 January 2019. The likely impact of this standard has not yet been assessed, however it is not expected to have a material impact on the Group's financial statements.

2. NATURE OF BUSINESS

The Group owns and operates infrastructure and utility businesses and investments in New Zealand, Australia and the United States. 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.

3. INFRATIL SHARES AND DIVIDENDS

Ordinary shares (fully paid)	2017	2016
Total issued capital at the beginning of the year	562,325,645	561,875,237
Movements in issued and fully paid ordinary shares during the year:		
Share buyback	(2,510,000)	-
Treasury Stock reissued under dividend reinvestment plan	-	-
Conversion of executive redeemable shares	237,521	450,408
Total issued capital at the end of the year	**560,053,166**	**562,325,645**

All fully paid ordinary shares have equal voting rights and share equally in dividends and equity. At 31 March 2016 the Group held 4,500,000 shares as Treasury Stock. These shares, along with the 2,510,000 shares brought back in the current period were cancelled as at 31 March 2017.

Dividends paid on ordinary shares	2017 CENTS PER SHARE	2016 CENTS PER SHARE	2017 $MILLIONS	2016 $MILLIONS
Final dividend prior year	9.00	8.00	50.6	44.9
Interim dividend paid current year	5.75	5.25	32.3	29.5
Special dividend paid current year	-	6.40	-	36.0
Dividends paid on ordinary shares	14.75	19.65	82.9	110.4

4. EARNINGS PER SHARE

	2017 $MILLIONS	2016 $MILLIONS
Net surplus attributable to ordinary shareholders	**66.1**	**438.3**
Basic earnings per share (cps)	11.8	78.0
Weighted average number of ordinary shares		
Issued ordinary shares at 1 April	562.3	561.9
Effect of new shares issued under Executive Share Scheme	-	0.1
Effect of shares bought back	(0.5)	-
Weighted average number of ordinary shares at end of year	**561.8**	**562.0**

5. OPERATING SEGMENTS

Reportable segments of the Group are analysed by significant businesses. The Group has seven reportable segments, as described below: Trustpower and Tilt Renewables are renewable generation investments, Wellington International Airport is our Wellington airport investment, NZ Bus is our transportation investment and Perth Energy is our non renewable generation investment in Western Australia. Associates comprises Infratil's investments that aren't consolidated for financial reporting purposes including Canberra Data Centres, Metlifecare, RetireAustralia, ANU Student Accommodation and Longroad Energy. Further information on these investments is outlined in Note 6. All other segments and corporate includes predominately the activities of the Parent Company level. The group has no significant reliance on any one customer.

2017	TRUSTPOWER AUSTRALASIA $MILLIONS	TILT RENEWABLES AUSTRALASIA $MILLIONS	WELLINGTON AIRPORT NEW ZEALAND $MILLIONS	NZ BUS NEW ZEALAND $MILLIONS	PERTH ENERGY AUSTRALIA $MILLIONS	ASSOCIATES $MILLIONS	ALL OTHER SEGMENTS & CORPORATE $MILLIONS	ELIMINATIONS & DISCONTINUED OPERATIONS $MILLIONS	TOTAL FROM CONTINUING OPERATIONS $MILLIONS
Segment revenue	939.9	185.2	119.6	227.8	364.6	-	120.4	-	1,957.5
Share of earnings of associate companies	-	-	-	-	-	88.1	-	-	88.1
Inter-segment revenue	-	(18.6)	-	-	-	-	(113.2)	-	(131.8)
Segment revenue - external	939.9	166.6	119.6	227.8	364.6	88.1	7.2	-	1,913.8
Operating expenses (excluding Depreciation and amortisation)	(722.1)	(34.9)	(29.0)	(184.1)	(378.7)	-	(31.6)	-	(1,380.4)
Interest income	3.9	0.3	0.8	0.1	0.3	-	15.9	(4.8)	16.5
Interest expense	(44.5)	(34.1)	(22.3)	(7.4)	(5.4)	-	(73.3)	4.8	(182.2)
Depreciation and amortisation	(47.5)	(78.6)	(21.7)	(32.3)	(5.6)	-	(0.8)	-	(186.5)
Net gain/(loss) on foreign exchange and derivatives	4.7	8.2	8.3	-	0.1	-	7.7	-	29.0
Net realisations, revaluations and (impairments)	(3.5)	-	0.1	(0.2)	-	(54.5)	2.9	-	(55.2)
Taxation expense	(36.9)	(10.1)	(1.0)	(1.2)	7.4	-	17.2	-	(24.6)
Segment result	94.0	17.4	54.8	2.7	(17.3)	33.6	(54.8)	-	130.4
Investments in associates (including those held for sale)	-	-	-	-	-	1,069.0	-	-	1,069.0
Total non-current assets (excluding derivatives and deferred tax)	2,441.5	1,358.1	1,000.2	205.9	125.2	831.1	83.0	-	6,045.0
Total assets	2,576.9	1,414.4	1,085.6	225.1	180.9	1,069.0	244.8	-	6,796.7
Total liabilities	1,078.5	846.2	572.9	53.1	89.1	-	1,016.0	-	3,655.8
Capital expenditure and investments	23.1	6.0	79.3	16.2	0.9	561.0	7.5	-	694.0

2016	TRUSTPOWER AUSTRALASIA $MILLIONS	TILT RENEWABLES AUSTRALASIA $MILLIONS	WELLINGTON AIRPORT NEW ZEALAND $MILLIONS	NZ BUS NEW ZEALAND $MILLIONS	PERTH ENERGY AUSTRALIA $MILLIONS	ASSOCIATES $MILLIONS	ALL OTHER SEGMENTS & CORPORATE $MILLIONS	ELIMINATIONS & DISCONTINUED OPERATIONS $MILLIONS	TOTAL FROM CONTINUING OPERATIONS $MILLIONS
Segment revenue	1,036.5	-	113.5	230.8	326.8	-	147.4	(24.5)	1,830.5
Share of earnings of associate companies	-	-	-	-	-	80.4	-	(13.4)	67.0
Inter-segment revenue	-	-	(1.0)	(2.5)	-	-	(118.3)	-	(121.8)
Segment revenue - external	1,036.5	-	112.5	228.3	326.8	80.4	29.1	(37.9)	1,775.7
Operating expenses (excluding Depreciation and amortisation)	(707.1)	-	(26.4)	(190.5)	(323.9)	-	(55.9)	19.5	(1,284.3)
Interest income	0.4	-	0.3	0.1	0.5	-	18.1	(2.2)	17.2
Interest expense	(81.5)	-	(17.1)	(3.1)	(4.7)	-	(82.9)	2.2	(187.1)
Depreciation and amortisation	(117.0)	-	(16.5)	(31.4)	(6.4)	-	(1.9)	1.1	(172.1)
Net gain/(loss) on foreign exchange and derivatives	(6.3)	-	(2.6)	-	0.3	-	(5.0)	-	(13.6)
Net realisations, revaluations and (impairments)	(1.9)	-	1.8	(55.1)	-	-	422.7	(419.3)	(51.8)
Taxation expense	(33.2)	-	-	0.4	2.1	-	5.6	0.3	(24.8)
Segment result	89.9	-	52.0	(51.3)	(5.3)	80.4	329.8	(436.3)	59.2
Investments in associates	-	-	-	-	-	497.1	-	-	497.1
Total non-current assets (excluding derivatives and deferred tax)	3,760.5	-	938.9	222.7	120.6	497.1	75.5	-	5,615.3
Total assets	3,925.3	-	959.1	242.2	190.9	497.1	812.5	-	6,627.1
Total liabilities	1,927.8	-	452.5	55.4	104.3	-	1,017.1	-	3,557.1
Capital expenditure and investments	119.3	-	56.7	11.2	0.6	0.6	4.6	-	193.0

Entity wide disclosure - geographical

The Group operates in two principal areas, New Zealand and Australia, as well as having certain investments in the United States. The Group's geographical segments are based on the location of both customers and assets.

	NEW ZEALAND $MILLIONS	AUSTRALIA $MILLIONS	UNITED STATES $MILLIONS	ELIMINATIONS & DISCONTINUED OPERATIONS $MILLIONS	TOTAL FROM CONTINUING OPERATIONS $MILLIONS
2017					
Segment revenue	1,417.4	540.1	-	-	1,957.5
Share of earnings of associate companies	53.2	37.8	(2.9)	-	88.1
Inter-segment revenue	(113.2)	(18.6)	-	-	(131.8)
Segment revenue - external	1,357.4	559.3	(2.9)	-	1,913.8
Operating expenses (excluding Depreciation and amortisation)	(979.9)	(400.7)	-	-	(1,380.4)
Interest income	20.6	0.7	-	(4.8)	16.5
Interest expense	(148.1)	(38.9)	-	4.8	(182.2)
Depreciation and amortisation	(123.4)	(63.1)	-	-	(186.5)
Net gain/(loss) on foreign exchange and derivatives	21.8	7.2	-	-	29.0
Net realisations, revaluations and (impairments)	(55.2)	-	-	-	(55.2)
Taxation expense	(13.9)	(10.7)	-	-	(24.6)
Segment result	79.5	53.8	(2.9)	-	130.4
Investments in associates (including those held for sale)	240.1	795.7	33.2	-	1,069.0
Total non-current assets (excluding derivatives and deferred tax)	3,848.3	2,153.8	42.9	-	6,045.0
Total assets	4,496.9	2,256.9	42.9	-	6,796.7
Total liabilities	2,780.0	875.8	-	-	3,655.8
Capital expenditure and investments	128.0	529.8	36.2	-	694.0
2016					
Segment revenue	1,387.7	467.3	-	(24.5)	1,830.5
Share of earnings of associate companies	55.3	25.1	-	(13.4)	67.0
Inter-segment revenue	(121.8)	-	-	-	(121.8)
Segment revenue - external	1,321.2	492.4	-	(37.9)	1,775.7
Operating expenses (excluding Depreciation and amortisation)	(944.6)	(359.2)	-	19.5	(1,284.3)
Interest income	18.9	0.5	-	(2.2)	17.2
Interest expense	(146.4)	(42.9)	-	2.2	(187.1)
Depreciation and amortisation	(111.6)	(61.6)	-	1.1	(172.1)
Net gain/(loss) on foreign exchange and derivatives	(9.7)	(3.9)	-	-	(13.6)
Net realisations, revaluations and (impairments)	367.5	-	-	(419.3)	(51.8)
Taxation expense	(21.8)	(3.3)	-	0.3	(24.8)
Segment result	473.5	22.0	-	(436.3)	59.2
Investments in associates	244.2	252.9	-	-	497.1
Total non-current assets (excluding derivatives and deferred tax)	4,038.1	1,577.2	-	-	5,615.3
Total assets	4,948.7	1,678.4	-	-	6,627.1
Total liabilities	2,638.5	918.6	-	-	3,557.1
Capital expenditure and investments	188.4	4.6	-	-	193.0

6. INVESTMENTS IN ASSOCIATES

	NOTE	2017 $MILLIONS	2016 $MILLIONS
Investments in associates are as follows:			
Canberra Data Centres	6.1	426.3	-
RetireAustralia	6.2	278.2	252.9
Metlifecare	6.3	-	242.1
ANU Student Accommodation	6.4	91.2	-
Longroad Energy		33.2	-
Mana Coach Holdings		2.2	2.1
Investments in associates		**831.1**	**497.1**

	NOTE	2017 $MILLIONS	2016 $MILLIONS
Equity accounted earnings of associates are as follows:			
Canberra Data Centres	6.1	5.0	-
RetireAustralia	6.2	29.3	25.1
Metlifecare	6.3	53.2	41.9
ANU Student Accommodation	6.4	3.5	-
Longroad Energy		(2.9)	-
Mana Coach Holdings		-	-
Share of earnings of associate companies		**88.1**	**67.0**

6.1) Canberra Data Centres

On 14 September 2016 the Group completed the acquisition of 48% of Canberra Data Centres ('CDC'), with consortium partner the Commonwealth Superannuation Corporation acquiring 48% and CDC Executives 4%. CDC operates two carrier-neutral co-location data centre precincts in Canberra. Infratil's initial A$385.7 million (NZ$396.4 million) equity investment is made by way of an A$144.4 million (NZ$148.4 million) shareholder loan and A$241.3 million (NZ$248.0 million) of equity. The Group equity accounts for its investment in CDC. The Group's share of associate's earnings for the period includes Infratil's share of transaction costs that were incurred at the holding structure level.

Movement in the carrying amount of the Group's investment in Canberra Data Centres	2017 $MILLIONS
Carrying value at 1 April	-
Acquisition of shares	248.0
Capitalised transaction costs	15.1
Shareholder loan	148.4
Total cost of investment	411.5
Interest on shareholder loan (including accruals)	7.5
Share of associate's surplus/(loss) before income tax	(3.7)
Share of associate's income tax (expense)	1.2
Total share of associate's earnings in the year	5.0
Share of associate's other comprehensive income	-
less: distributions received	-
Foreign exchange movements recognised in other comprehensive income	9.8
Carrying value of investment in associate	426.3

Summary financial information	2017 A$MILLIONS
Summary information for CDC is not adjusted for the percentage ownership held by the Group	
Current assets	45.4
Non-current assets	1,101.9
Total Assets	1,147.3
Current liabilities	28.6
Non-current liabilities	622.2
Total liabilities	650.8
Revenues	41.2
Net profit/(loss) after tax	(4.9)

CDC's functional currency is Australian Dollars (A$) and the summary financial information shown is presented in this currency.

6.2) RetireAustralia

On 31 December 2014, the Group acquired a 50% shareholding of RetireAustralia, with consortium partner the NZ Super Fund acquiring the other 50%. RetireAustralia operates 28 retirement villages across three states in Australia – New South Wales, Queensland and South Australia. The total equity consideration was A$407.8 million with Infratil and the NZ Super Fund each providing total cash equity of A$203.9 million (NZ$213.0 million). The total cost of the acquisition included transaction costs of A$15.9 million (primarily landholder duty). The Group equity accounts for its investment in RetireAustralia.

Movement in the carrying amount of the Group's investment in RetireAustralia	2017 $MILLIONS	2016 $MILLIONS
Carrying value at 1 April	252.9	208.6
Acquisition of shares	29.5	-
Prepayment for shares not yet issued	-	1.4
Total cost of investment	282.4	210.0
Share of associate's surplus/(loss) before income tax	38.8	25.1
Share of associate's income tax (expense)	(9.5)	-
Total share of associate's earnings in the year	29.3	25.1
Share of associate's other comprehensive income	-	-
less: distributions received	(31.1)	-
Foreign exchange movements recognised in other comprehensive income	(2.4)	17.8
Carrying value of investment in associate	278.2	252.9

Summary financial information	2017 A$MILLIONS	2016 A$MILLIONS
Summary information for RetireAustralia is not adjusted for the percentage ownership held by the Group		
Current assets	177.9	139.8
Non-current assets	2,226.0	1,970.5
Total Assets	2,403.9	2,110.3
Current liabilities	1,639.0	1,442.7
Non-current liabilities	258.3	225.1
Total liabilities	1,897.3	1,667.8
Revenues	91.8	77.2
Net profit/(loss) after tax	55.2	46.2

RetireAustralia's functional currency is Australian Dollars (A$) and the summary financial information shown is presented in this currency.

6.3) Metlifecare

Metlifecare is one of New Zealand's largest providers of retirement villages and aged care services and is dual listed on the NZX and ASX.

On 7 April 2017 Infratil advised the NZX that it had entered into a block trade agreement for the off-market sale of its 19.9% stake (42.4 million shares) in Metlifecare at a price of $5.61 per share. Settlement occurred on 11 April 2017. As at 31 March 2017 the Group's investment in Metlifecare was reclassified from investments in associates to investments held for sale and had been revalued to fair value less costs to sell.

Movement in the carrying amount of investment in Metlifecare Limited	2017 $MILLIONS	2016 $MILLIONS
Carrying value at 1 April	242.1	202.2
Acquisition of shares	-	0.6
Share of associate's surplus before income tax	56.0	45.2
Share of associate's income tax (expense)	(2.7)	(3.3)
Total share of associate's earnings in the year	53.2	41.9
Share of associate's other comprehensive income	(0.3)	-
less: distributions received	(2.7)	(2.6)
Revaluation of investment to fair value less costs to sell	(54.5)	-
Transfer to investment held for sale	(237.9)	-
Carrying value of investment in associate	-	242.1

At 31 March 2017 the Group's investment in MET was held at fair value less costs to sell which is the equivalent of $5.61 a share. As at 31 March 2016 the fair value of the Group's investment in MET was $222.7 million based on the quoted market price of MET shares on the NZX at that date of $5.25.

6.4) ANU Student Accommodation

On 4 August 2016 the Group completed the acquisition of 50% of the concession for the net rental revenue from nine on-campus Purpose Built Student Accommodation ('ANU Student Accommodation') residences at the Australian National University, with consortium partner the Commonwealth Superannuation Corporation acquiring the other 50%. Infratil's A$80.4 million (NZ$84.8 million) equity investment is made by way of an A$45.0 million (NZ$47.5 million) shareholder loan and A$35.4 million (NZ$37.3 million) of equity. The Group's share of associate's earnings for the period includes Infratil's share of transaction costs that were incurred at the holding structure level.

Movement in the carrying amount of the Group's investment in ANU Student Accommodation	2017 $MILLIONS
Carrying value at 1 April	-
Acquisition of shares	37.3
Shareholder loan	47.5
Total cost of investment	84.8
Interest on shareholder loan (including accruals)	2.3
Share of associate's surplus/(loss) before income tax	1.2
Share of associate's income tax (expense)	-
Total share of associate's earnings in the year	3.5
Share of associate's other comprehensive income	-
less: distributions received	-
Foreign exchange movements recognised in other comprehensive income	2.9
Carrying value of investment in associate	91.2

Summary financial information	2017 A$MILLIONS
Summary information for ANU Student Accommodation is not adjusted for the percentage ownership held by the Group	
Current assets	19.0
Non-current assets	524.3
Total Assets	543.3
Current liabilities	7.3
Non-current liabilities	463.0
Total liabilities	470.3
Revenues	31.8
Net profit/(loss) after tax	2.3

The Investment Entity's functional currency is Australian Dollars (A$) and the summary financial information shown is presented in this currency.

7. OTHER INVESTMENTS

	2017 $MILLIONS	2016 $MILLIONS
Australian Social Infrastructure Partners	34.0	33.6
Envision Ventures	9.7	3.6
Other	8.1	-
Total other investments	**51.8**	**37.2**

Australian Social Infrastructure Partners

Infratil has made a commitment of A$100 million to pursue greenfield availability based public-private partnership ('PPP') opportunities in Australia via Australian Social Infrastructure Partners ('ASIP').

ASIP has currently invested in 9.95% and 49.0% respectively of the equity in the New Royal Adelaide Hospital PPP and the South East Queensland Schools PPP. As at 31 March 2017 Infratil has made total contributions of A$29.3 million (31 March 2016: A$28.7 million), with the remaining A$70.7 million commitment uncalled at that date.

Envision Ventures

In February 2016 Infratil made a commitment of US$25 million to the California based Envision Ventures Fund 2. The strategic objective is to help Infratil's businesses identify and engage with technology changes that will impact their activities. As at 31 March 2017 Infratil has made total contributions of US$5.25 million (31 March 2016: US$2.5 million), with the remaining US$19.75 million commitment uncalled at that date.

8. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

The significant companies of the Infratil Group and their activities are shown below. The financial year end of all the significant subsidiaries and associates is 31 March with exceptions noted below.

Subsidiaries	2017 HOLDING	2016 HOLDING	PRINCIPAL ACTIVITY
New Zealand			
Infratil Finance Limited	100%	100%	Finance
Infratil Infrastructure Property Limited	100%	100%	Property
New Lynn Central Limited Partnership (30 June financial year end)	58.0%	58.0%	Property
Snapper Services Limited	100%	100%	Technology
Swift Transport Limited	100%	100%	Investment
New Zealand Bus Limited	100%	100%	Public transport
Wellington International Airport Limited	66.0%	66.0%	Airport
Trustpower Limited	51.0%	51.0%	Electricity generation and utility retailer
Tilt Renewables Limited	51.0%	51.0%	Electricity generation
Australia			
Perth Energy Pty Limited	80.0%	80.0%	Electricity retailer
Western Energy Pty Limited	80.0%	80.0%	Electricity generation
Associates			
New Zealand			
Mana Coach Holdings Limited	26.0%	26.0%	Public transport
Metlifecare Limited (30 June financial year end)	19.9%	19.9%	Retirement Living
Australia			
RA (Holdings) 2014 Pty Limited	50.0%	50.0%	Retirement Living
CDC Group Holdings Pty Ltd	48.0%	-	Data Centres
Cullinan Holding Trust	50.0%	-	Purpose Built Student Accommodation
United States			
Longroad Energy Holdings, LLC	45.0%	-	Renewable Energy Development

9. DISCONTINUED OPERATIONS

On 30 September 2015 the Group agreed to sell its 20% interest (80 million shares) in Z Energy Limited ('ZEL') via a block trade for $6.00 per share. After sales costs, the net proceeds from the sale of Infratil's 20% interest were $479.8 million resulting in a gain on sale of the 20% interest of $392.3 million.

On 1 December 2015 the Group entered into an unconditional agreement to sell its 100% shareholding in iSite Limited to QMS Media Limited for cash consideration of $49.5 million. The transaction settled on 10 December 2015, with an adjustment for final working capital amounts of $0.5m paid to QMS Media in March 2016.

Z Energy and iSite were included as discontinued operations as at 31 March 2016.

Summary of results of discontinued operations	2017 $MILLIONS	2016 $MILLIONS
Z Energy Limited	-	405.7
iSite Limited	-	30.6
Net surplus from discontinued operation after tax	**-**	**436.3**

10. OTHER OPERATING EXPENSES

	NOTES	2017 $MILLIONS	2016 $MILLIONS
Fees paid to the Group auditor		0.9	0.6
Audit fees paid to other auditors		0.7	0.8
Bad debts written off		1.6	2.2
Increase in provision for doubtful debts	19	0.1	-
Onerous lease expense		-	4.2
Directors' fees	23	2.8	2.4
Administration and other corporate costs		7.6	11.1
Donations		-	0.9
Management fee (to related party Morrison & Co Infrastructure Management)	25	21.4	21.5
Trading operations			
Energy and wholesale costs		433.3	377.7
Line, distribution and network costs		413.0	391.5
Generation production & development costs		68.3	70.3
Other energy business costs		92.1	85.7
Telecommunications cost of sales		47.9	38.2
Transportation business costs		66.1	69.0
Airport business costs		18.3	17.1
Total other operating expenses		**1,174.1**	**1,093.2**

Included within other Energy business costs during the current year are expenses relating to the demerger of Trustpower and Tilt Renewables of $16.7 million.

Included in administration and other corporate costs in the prior year are investment due diligence costs of $5.3 million related to the Group's unsuccessful bid for Pacific Hydro.

Fees paid to the Group auditor	2017 $000'S	2016 $000'S
Audit and review of financial statements	440.3	462.6
Regulatory audit work	33.0	33.0
Other assurance services	14.2	3.3
Taxation services	417.7	131.6
Total fees paid to the Group auditor	**905.2**	**630.5**

The audit fee includes the fees for both the annual audit of the financial statements and the review of the interim financial statements. Regulatory audit work consists of the audit of regulatory disclosures. Other assurance services comprise of agreed upon procedures, audit of compliance reports and verification in relation to gas trading licence. Tax services relate to tax compliance work and in the current year relate to work performed on the Trustpower demerger.

11. TAXATION

11.1) Tax Reconciliation

	2017 $MILLIONS	2016 $MILLIONS
Net surplus before taxation from continuing operations	155.0	84.0
Taxation on the surplus for the period @ 28%	43.4	23.5
Plus/(less) taxation adjustments:		
Effect of tax rates in foreign jurisdictions	0.6	0.2
Net benefit of imputation credits	(0.3)	(0.4)
Timing differences not recognised	(20.4)	-
Tax losses not recognised/(utilised)	(2.9)	-
Effect of equity accounted earnings of associates	1.5	(7.0)
Recognition of previously unrecognised deferred tax	-	(0.4)
(Over)/Under provision in prior periods	1.5	(6.1)
Inland Revenue dispute tax expense adjustment	-	2.7
Net investment realisations	0.4	14.5
Other permanent differences	0.8	(2.2)
Taxation expense	**24.6**	**24.8**
Current taxation	77.7	49.6
Deferred taxation	(53.1)	(24.8)
Tax on discontinued operations	-	0.3

11.2) Income tax recognised in other comprehensive income

	2017		
	BEFORE TAX $MILLIONS	TAX (EXPENSE) $MILLIONS	NET OF TAX $MILLIONS
Differences arising on translation of foreign operations	(0.5)	0.7	0.2
Net change in fair value of available for sale financial assets	0.2	-	0.2
Ineffective portion of hedges taken to profit and loss	0.1	-	0.1
Effective portion of changes in fair value of cash flow hedges	(2.4)	0.2	(2.2)
Fair value movements in relation to executive share scheme	-	-	-
Net change in fair value of property, plant & equipment recognised in equity	150.6	(39.5)	111.1
Share of associates other comprehensive income	(0.2)	-	(0.2)
Balance at the end of the period	**147.8**	**(38.6)**	**109.2**

	2016		
	BEFORE TAX $MILLIONS	TAX (EXPENSE) $MILLIONS	NET OF TAX $MILLIONS
Differences arising on translation of foreign operations	33.3	14.8	48.1
Net change in fair value of available for sale financial assets	1.9	-	1.9
Ineffective portion of hedges taken to profit and loss	-	(1.5)	(1.5)
Effective portion of changes in fair value of cash flow hedges	(8.9)	4.3	(4.6)
Fair value movements in relation to executive share scheme	(0.1)	-	(0.1)
Net change in fair value of property, plant & equipment recognised in equity	158.7	(42.2)	116.5
Share of associates other comprehensive income	0.2	-	0.2
Balance at the end of the period	**185.1**	**(24.6)**	**160.5**

11.3) Deferred Tax

Deferred tax assets and liabilities are offset on the Statement of Financial Position where they relate to entities with a legally enforceable right to offset tax.

	2017 $MILLIONS	2016 $MILLIONS
Balance at the beginning of the year	(544.4)	(520.3)
Charge for the year	53.1	24.8
Charge relating to discontinued operations	-	(0.1)
Deferred tax recognised in equity	(38.6)	(24.2)
Arising on Business Combination	-	(28.3)
Effect of movements in foreign exchange rates	1.5	(0.8)
Tax losses recognised	(8.3)	4.5
Balance at the end of the year	**(536.7)**	**(544.4)**

The Infratil New Zealand Group is forecasting to derive taxable profits in future periods, sufficient to utilise the tax losses carried forward and deductible temporary differences. As a result deferred tax assets and liabilities have been recognised where they arise, including deferred tax on tax losses carried forward.

11.4) Recognised deferred tax assets and liabilities

	ASSETS $MILLIONS	LIABILITIES $MILLIONS	NET $MILLIONS
31 March 2017			
Property, plant and equipment	-	(600.1)	(600.1)
Investment property	-	(9.9)	(9.9)
Derivative financial instruments	13.5	(0.1)	13.4
Employee benefits	5.3	-	5.3
Customer base assets	-	(5.1)	(5.1)
Provisions	3.2	-	3.2
Tax losses carried forward	56.9	-	56.9
Other items	6.6	(7.0)	(0.4)
Total	**85.5**	**(622.2)**	**(536.7)**
31 March 2016			
Property, plant and equipment	-	(580.3)	(580.3)
Investment property	-	(9.1)	(9.1)
Derivative financial instruments	21.7	(1.0)	20.7
Employee benefits	5.1	-	5.1
Customer base assets	-	(6.3)	(6.3)
Provisions	3.3	-	3.3
Tax losses carried forward	50.7	-	50.7
Other items	-	(28.5)	(28.5)
Total	**80.8**	**(625.2)**	**(544.4)**

11.5) Changes in temporary differences affecting tax expense

	TAX EXPENSE		OTHER COMPREHENSIVE INCOME	
	2017 $MILLIONS	2016 $MILLIONS	2017 $MILLIONS	2016 $MILLIONS
Property, plant and equipment	19.5	18.0	(39.5)	(41.4)
Investment property	(0.8)	-	-	-
Derivative financial instruments	(7.6)	2.6	0.2	2.8
Employee benefits	0.3	0.4	-	-
Customer base assets	1.2	1.2	-	(0.8)
Provisions	-	0.8	-	-
Tax losses carried forward	3.4	14.8	-	-
Other items	37.1	(13.0)	0.7	15.2
	53.1	24.8	(38.6)	(24.2)

11.6) Imputation credits available to be used by Infratil Limited

	2017 $MILLIONS	2016 $MILLIONS
Balance at the end of the year	19.4	28.5
Imputation credits that will arise on the payment/(refund) of tax provided for	-	-
Imputation credits that will arise on the (payment)/receipt of dividends accrued at year end	-	-
Imputation credits available for use	**19.4**	**28.5**

12. PROPERTY, PLANT AND EQUIPMENT

2017	LAND AND CIVIL WORKS $MILLIONS	BUILDINGS $MILLIONS	VEHICLES, PLANT AND EQUIPMENT $MILLIONS	CAPITAL WORK IN PROGRESS $MILLIONS	METERING $MILLIONS	GENERATION PLANT (RENEWABLE) $MILLIONS	GENERATION PLANT (NON RENEWABLE) $MILLIONS	TOTAL $MILLIONS
Cost or valuation								
Balance at beginning of year	486.7	384.2	510.1	86.9	68.2	3,502.0	112.9	5,151.0
Additions	0.2	0.7	19.9	96.4	-	23.3	0.4	140.9
Disposals	(2.5)	(5.8)	(3.7)	-	-	-	-	(12.0)
Revaluation	0.3	2.6	-	-	-	62.7	(7.2)	58.4
Transfers between categories	26.0	44.8	10.5	(92.9)	-	6.6	-	(5.0)
Transfer to assets held for sale	-	-	-	(0.4)	-	-	-	(0.4)
Transfers from/(to) investment properties	-	(0.1)	-	-	-	-	-	(0.1)
Effect of movements in foreign exchange rates	0.1	(1.0)	(0.6)	0.2	(0.1)	(23.8)	(1.6)	(26.8)
Balance at end of year	**510.8**	**425.4**	**536.2**	**90.2**	**68.1**	**3,570.8**	**104.5**	**5,306.0**

2017 (continued)	LAND AND CIVIL WORKS $MILLIONS	BUILDINGS $MILLIONS	VEHICLES, PLANT AND EQUIPMENT $MILLIONS	CAPITAL WORK IN PROGRESS $MILLIONS	METERING $MILLIONS	GENERATION PLANT (RENEWABLE) $MILLIONS	GENERATION PLANT (NON RENEWABLE) $MILLIONS	TOTAL $MILLIONS
Accumulated depreciation								
Balance at beginning of year	-	6.7	264.7	-	55.0	-	-	326.4
Depreciation for the year	7.8	10.9	41.7	-	4.5	99.4	5.3	169.6
Revaluation	-	-	-	-	-	(78.1)	(5.3)	(83.4)
Disposals	-	(0.2)	(2.7)	-	-	-	-	(2.9)
Transfer to assets held for sale	-	(4.6)	-	-	(0.1)	-	-	(4.7)
Effect of movements in foreign exchange rates	-	(0.1)	0.2	-	(0.2)	0.6	-	0.5
Balance at end of year	**7.8**	**12.7**	**303.9**	**-**	**59.2**	**21.9**	**-**	**405.5**
Carrying value at 31 March 2017	**503.0**	**412.7**	**232.3**	**90.2**	**8.9**	**3,548.9**	**104.5**	**4,900.5**

2016	LAND AND CIVIL WORKS $MILLIONS	BUILDINGS $MILLIONS	VEHICLES, PLANT AND EQUIPMENT $MILLIONS	CAPITAL WORK IN PROGRESS $MILLIONS	METERING $MILLIONS	GENERATION PLANT (RENEWABLE) $MILLIONS	GENERATION PLANT (NON RENEWABLE) $MILLIONS	TOTAL $MILLIONS
Cost or valuation								
Balance at beginning of year	490.9	342.9	493.0	44.7	68.3	3,271.1	124.9	4,835.8
Additions	-	12.0	21.3	62.5	-	186.0	0.1	281.9
Disposals	(1.4)	(0.3)	(10.2)	-	-	(0.1)	-	(12.0)
Impairment	-	-	0.2	-	-	-	-	0.2
Revaluation	(5.5)	32.5	-	-	-	(47.6)	(22.2)	(42.7)
Transfers between categories	3.7	9.7	5.2	(20.2)	(0.1)	0.3	-	(1.3)
Transfer to assets held for sale	-	(7.2)	-	-	-	-	-	(7.2)
Transfers to intangible assets	-	-	-	(0.1)	-	-	-	(0.1)
Transfers from/(to) investment properties	(1.0)	(5.4)	-	-	-	-	-	(6.4)
Effect of movements in foreign exchange rates	-	-	0.6	-	-	92.3	10.1	102.7
Balance at end of year	**486.7**	**384.2**	**510.1**	**86.9**	**68.2**	**3,502.0**	**112.9**	**5,151.0**
Accumulated depreciation								
Balance at beginning of year	22.3	35.1	231.3	-	50.1	3.2	-	342.0
Depreciation for the year	5.3	8.4	38.8	-	4.9	92.7	6.3	156.4
Transfer to investment properties	-	-	0.1	-	-	-	-	0.1
Revaluation	(27.6)	(36.8)	-	-	-	(95.0)	(6.3)	(165.7)
Disposals	-	-	(5.5)	-	-	-	-	(5.5)
Effect of movements in foreign exchange rates	-	-	-	-	-	(0.9)	-	(0.9)
Balance at end of year	**-**	**6.7**	**264.7**	**-**	**55.0**	**-**	**-**	**326.4**
Carrying value at 31 March 2016	**486.7**	**377.5**	**245.4**	**86.9**	**13.2**	**3,502.0**	**112.9**	**4,824.6**

Trustpower generation property, plant and equipment

Trustpower's generation assets include land and buildings which are not separately identifiable from other generation assets. Generation assets were independently revalued, using a discounted cash flow methodology, as at 31 March 2016, to their estimated market value as assessed by Deloitte Corporate Finance.

The valuation of Trustpower's generation assets is sensitive to the inputs used in the discounted cash flow valuation model. A sensitivity analysis around some key inputs is given in the table below. The valuation is based on a combination of values that are generally at the midpoint of the range. The valuation impact is calculated as the movement in the fair value as a result of the change in the assumption and keeping all other valuation inputs constant.

GENERATION RENEWABLE	LOW	HIGH	VALUATION IMPACT
New Zealand Assets			
Forward electricity price path	Increasing in real terms from $72/MWh to $85/MWh by 2021. Thereafter held constant.	Increasing in real terms from $72/MWh to $100/MWh by 2023. Thereafter held constant.	-/+ $113.0 m
Generation volume	1,926 GWh	2,354 GWh	-/+ $192.0m
Avoided Cost of Transmission	100% reduction in revenue from 2021	Current regulatory structure is unchanged	-/+ $80.0m
Operating costs	$29.1 million p.a.	$39.1 million p.a.	+/- $52.6m
Weighted average cost of capital	7.36%	8.36%	+ $134.0m / - $113.0m
Australian Assets			
Forward electricity price path (including renewable energy credits) *The valuation impact of changes in price path is reduced by the fixed price agreements in place*	(Stated in AUD) Increasing in real terms from $110/MWh to $120/MWh by 2026 then dropping to $100/MWh. Thereafter held constant.	(Stated in AUD) Increasing in real terms from $110/MWh to $120/MWh by 2024 then dropping to $100/MWh. Thereafter held constant. This is the base case.	-A$8.0m
Generation volume	219 GWh	268 GWh	-/+ A$21.0m
Weighted average cost of capital	7.39%	8.39%	+ A$8.7m / - A$8.4m

Tilt Renewables' generation property, plant and equipment

The valuation of Tilt Renewables generation assets is sensitive to the inputs used in the discounted cash flow valuation model. A sensitivity analysis around some key inputs is given in the table below. The valuation is based on a combination of values that are generally at the midpoint of the range. The valuation impact is calculated as the movement in the fair value as a result of the change in the assumption and keeping all other valuation inputs constant. In addition to the tests below, a separate sensitivity analysis has been conducted to assess the impact of varying future cash flows for increases or decreases of up to 10% in market prices (including New Zealand market prices beyond the fixed price period to March 2022). None of these tests resulted in an impairment of the fair value of generation, property, plant and equipment.

GENERATION RENEWABLE	LOW	HIGH	VALUATION IMPACT
New Zealand Assets			
Generation volume	10% reduction in future production	10% increase in future production	-/+ $33.9m
Operating costs	10% increase in future operating expenditure	10% decrease in future operating expenditure	+/- $9.0m
Weighted average cost of capital	7.40%	8.40%	+ $9.1m / - $8.6m
Australian Assets			
Forward electricity price path (including renewable energy credits) *The valuation impact of changes in price path is reduced by the fixed price agreements in place*	Lower South Australia spot prices over a 10-year period (15% below the base case on average), reverting to real $93/MWh beyond 2030	Higher South Australia spot prices over a 10-year period (23% above the base case on average) reflecting current market fundamentals without short-term energy policy intervention	- A$57.5/+ A$77.3m
Generation volume	10% reduction in future production	10% increase in future production	-/+ A$115.4m
Weighted average cost of capital	7.10%	8.10%	+ A$40.6m / - A$38.1m

Perth Energy's generation property, plant and equipment

Non-renewable generation plant held by Perth Energy was revalued to A$95.7 million as at 31 March 2017 (31 March 2016: A$101.9m), using a discounted cash flow methodology. To arrive at the plant's estimated market values, the directors relied, amongst other factors, on valuation works performed by an external and independent valuer. The key assumptions in this valuation include; future reserve capacity pricing, generation revenue expectations, future output of the assets, remaining life of the assets, ongoing operating and maintenance costs for each asset and the weighted average cost of capital.

The valuation has considered the key proposed changes to the reserve capacity pricing mechanism and the effects of these changes have on the reserve capacity price (RCP). The key assumptions made within the valuation model include; the earliest the proposed auction process will start is in 2021-22 capacity year, a break-even RCP required for 160MW open gas cycle turbine over 30 years, generation revenue until year ended 31 March 2021 and RCP increasing by 2.5% CPI from 2022-23 onwards.

GENERATION NON-RENEWABLE	LOW	HIGH	
Australian Assets			
Weighted average cost of capital	8.0%	9.0%	+/- A$4.6m
Reserve capacity price per MW	A$137,990	A$137,990	
CPI escalation post 2021/2022	2.5%	2.5%	
Plant reliability	99.5%	99.5%	

Wellington International Airport's property, plant and equipment valuations

The following tables summarise the significant valuation techniques and inputs used by valuers to arrive at the fair value for WIAL's property, plant and equipment.

Wellington International Airport

ASSET CLASSIFICATION AND DESCRIPTION	VALUATION APPROACH	KEY VALUATION ASSUMPTIONS		+/- 5% VALUATION IMPACT
Land				
Aeronautical land - used for airport activities and specialised aeronautical assets.	MVEU	Rate per hectare	$1.38 million per hectare	+/- $13.5m
Non-aeronautical land - used for non-aeronautical purposes e.g. industrial, service, retail, residential and land associated with the vehicle business.		Developer's WACC rate	11.30%	+/- $6.1m
		Holding period	6 years	+/- $9.1m
Last valued at 31 March 2016 by Telfer Young Limited, registered valuers, at $300.6 million.				
Civil				
Civil works includes sea protection and site services, excluding such site services to the extent that they would otherwise create duplication of value	ODRC	Average cost rates including concrete, asphalt, base course and foundations	Concrete $800 Asphalt $892 Basecourse $96 Foundations $19	+/- $7.2m
		Estimated remaining useful life	Average remaining useful life 30 years	+/- $7.2m
Last valued at 31 March 2016 by Opus International Consultants Limited at $144.7 million.				
Buildings				
Specialised buildings used for identified airport activities	ODRC	Modern equivalent asset rate (per square metre)	$5,139	+/- $8.5m
Non specialised buildings used for purposes other than for identified airport activities, including space allocated within the main terminal building for retail activities, offices and storage.		Modern equivalent asset rate (per square metre)	$1,875	+/- $0.4m
Vehicle business assets associated with car parking and taxi, shuttle and bus services (excluding land and civil)	DCF	Revenue growth	1.81%	+/- $0.7m
		Cost growth	1.81%	+/- $0.5m
		Discount rate	10.25%	+/- $3.2m
		Capitalisation rate	8.75%	+/- $4.9m
Last valued at 31 March 2016 by Telfer Young Limited, registered valuers, at $344.6 million.				

Effect of level 3 fair value measurements on profit or loss and other comprehensive income

The following table summarises for property, plant and equipment measured at fair value, classified as level 3 in the fair value hierarchy, the effect of the fair value movements on profit or loss and other comprehensive income for the year.

2017	RECOGNISED IN PROFIT OR LOSS $ MILLIONS	RECOGNISED IN OCI $ MILLIONS	TOTAL $ MILLIONS
Level 3 Fair Value movements			
Generation Plant (renewable)	-	110.0	110.0
Generation Plant (non renewable)	-	(1.3)	(1.3)
Land and civil works	-	0.3	0.3
Buildings	-	-	-
Vehicle business assets	-	1.9	1.9
	-	110.9	110.9

2016	RECOGNISED IN PROFIT OR LOSS $ MILLIONS	RECOGNISED IN OCI $ MILLIONS	TOTAL $ MILLIONS
Level 3 Fair Value movements			
Generation Plant (renewable)	-	58.6	58.6
Generation Plant (non renewable)	-	(11.0)	(11.0)
Land and civil works	-	21.8	21.8
Buildings	-	18.6	18.6
Vehicle business assets	-	28.5	28.5
	-	116.5	116.5

There were no transfers between property, plant and equipment assets classified as level 1 or level 2, and level 3 of the fair value hierarchy during the year ended 31 March 2017 (2016: none).

Revalued assets at deemed cost

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

2017	COST $MILLIONS	ASSETS UNDER CONSTRUCTION $MILLIONS	ACCUMULATED DEPRECIATION $MILLIONS	NET BOOK VALUE $MILLIONS
Generation Plant (renewable)	2,185.1	14.5	(601.2)	1,598.4
Generation Plant (non renewable)	128.6	-	(36.4)	92.2
Land and civil works	223.7	26.0	(43.4)	206.3
Buildings	185.9	0.2	(73.3)	112.8
Vehicle Business Assets	55.1	0.2	(4.5)	50.8
Capital work in progress	-	-	-	-
	2,778.4	40.9	(758.8)	2,060.5

2016	COST $MILLIONS	ASSETS UNDER CONSTRUCTION $MILLIONS	ACCUMULATED DEPRECIATION $MILLIONS	NET BOOK VALUE $MILLIONS
Generation Plant (renewable)	2,302.0	12.3	(574.4)	1,739.9
Generation Plant (non renewable)	118.3	-	(31.5)	86.8
Land and civil works	214.3	9.3	(40.2)	183.4
Buildings	176.6	8.2	(67.1)	117.7
Vehicle Business Assets	55.1	-	(4.1)	51.0
Capital work in progress	26.2	44.6	-	70.8
	2,892.5	74.4	(717.3)	2,249.6

13. INTANGIBLES

2017	LEASE AGREEMENTS/ SOFTWARE $MILLIONS	CUSTOMER ACQUISITION COSTS $MILLIONS	TOTAL $MILLIONS
Cost or valuation			
Balance at beginning of the year	107.5	83.0	190.5
Additions at cost	11.3	-	11.3
Disposals	(0.5)	-	(0.5)
Impairment	(3.4)	-	(3.4)
Transfers from property, plant and equipment	0.4	-	0.4
Balance at end of year	**115.3**	**83.0**	**198.3**
Amortisation and impairment losses			
Balance at beginning of the year	(66.0)	(60.2)	(126.2)
Amortisation for the year	(12.6)	(4.3)	(16.9)
Disposals	0.4	-	0.4
Impairment	-	-	-
Balance at end of year	**(78.2)**	**(64.5)**	**(142.7)**
Carrying value 31 March 2017	**37.1**	**18.5**	**55.6**

2016	LEASE AGREEMENTS/ SOFTWARE $MILLIONS	CUSTOMER ACQUISITION COSTS $MILLIONS	TOTAL $MILLIONS
Cost or valuation			
Balance at beginning of the year	116.9	80.1	197.0
Foreign exchange adjustment on opening balance	0.1	-	0.1
Additions at cost	7.0	2.9	9.9
Disposals	(16.4)	-	(16.4)
Impairment	-	-	-
Transfers from property, plant and equipment	(0.1)	-	(0.1)
Balance at end of year	**107.5**	**83.0**	**190.5**
Amortisation and impairment losses			
Balance at beginning of the year	(65.9)	(55.8)	(121.7)
Foreign exchange adjustment on opening balance	(0.1)	-	(0.1)
Amortisation for the year	(12.4)	(4.4)	(16.8)
Disposals	12.4	-	12.4
Impairment	-	-	-
Balance at end of year	**(66.0)**	**(60.2)**	**(126.2)**
Carrying value 31 March 2016	**41.5**	**22.8**	**64.3**

14. GOODWILL

Goodwill	2017 $MILLIONS	2016 $MILLIONS
Balance at beginning of the year	117.4	179.7
Goodwill disposed of during the year	-	(7.3)
Goodwill impaired during the year	-	(55.0)
Balance at the end of the year	**117.4**	**117.4**
The aggregate carrying amounts of goodwill allocated to each cash generating unit are as follows:		
Trustpower	79.2	113.0
Tilt Renewables	33.8	-
Other	4.4	4.4
	117.4	117.4

Following the demerger of Trustpower and Tilt Renewables, Goodwill of $108.9 million at the Group level has been allocated between the two entities on a Relative Value basis. This calculation was performed based on the value of the opening share price following demerger. The recoverable amount of Goodwill at balance date has been assessed by reference to the fair value of Trustpower and Tilt Renewables based on the market share price quoted on the NZX, and the extent of the Group's shareholding. There were no impairments required following this review. In the prior year the review of Goodwill relating to NZ Bus resulted in the full impairment of the goodwill relating to NZ Bus of $55.0m. Goodwill relating to iSite Limited of $7.3m was disposed of during the prior year as part of the sale of iSite.

15. LOANS AND BORROWINGS

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

	2017 $MILLIONS	2016 $MILLIONS
Current liabilities		
Unsecured bank loans	92.7	221.8
Secured bank facilities	44.5	52.7
less: Capitalised loan establishment costs	(2.7)	(1.6)
	134.5	272.9
Non-current liabilities		
Unsecured bank loans	257.9	822.2
Secured bank facilities	634.4	-
less: Capitalised loan establishment costs	(6.9)	(3.4)
	885.4	818.8
Facilities utilised at reporting date		
Unsecured bank loans	350.6	1,044.0
Secured bank loans	678.9	52.7
Secured guarantees	26.8	25.0
Facilities not utilised at reporting date		
Unsecured bank loans	463.5	592.0
Secured bank loans	152.2	-
Secured guarantees	0.3	20.1
Interest bearing loans and borrowings - *current*	134.5	272.9
Interest bearing loans and borrowings - *non-current*	885.4	818.8
Total interest bearing loans and borrowings	**1,019.9**	**1,091.7**

Financing arrangements

The Group's debt includes bank facilities with negative pledge arrangements, which, with limited exceptions, do not permit the borrower to grant any security over its assets. The bank facilities require the borrower to maintain certain levels of shareholder funds and operate within defined performance and gearing ratios. The banking arrangements also include restrictions over the sale or disposal of certain assets without bank agreement. Throughout the year the Group has complied with all debt covenant requirements as imposed by lenders.

Interest rates are determined by reference to prevailing money market rates at the time of draw-down plus a margin. Interest rates paid during the period ranged from 1.9% to 5.0% (31 March 2016: 2.9% to 5.3%).

On 7 September 2016, Tilt Renewables signed financing documents in order to enable the funding of the demerger from Trustpower. These financing documents included a new syndicated bank debt facility along with the continuation of the EKF Facilities which were historically used to fund a number of the Tilt Renewables operating wind farms. These facilities were drawn down at implementation of the demerger on 31 October 2016 for the purpose of refinancing Trustpower debt. In addition to the facilities which were drawn down upon the demerger occurring, there is also an additional expansion facility which remains undrawn and is available to fund future growth opportunities.

During the year the A$47.6 million secured bank facility of Perth Energy was refinanced with an expiry date of 21 May 2018. This facility and certain other indebtedness of the Perth Energy group and the financier has been guaranteed by Infratil Finance Limited.

16. INFRASTRUCTURE BONDS

	2017 $MILLIONS	2016 $MILLIONS
Balance at the beginning of the period	949.8	981.9
Issued during the period	150.0	122.1
Exchanged during the year	(49.5)	(21.5)
Matured during the period	(50.5)	(131.3)
Purchased by Infratil during the period	(1.5)	(1.5)
Bond issue costs capitalised during the period	(2.2)	(2.1)
Bond issue costs amortised during the period	2.2	2.2
Balance at the end of the period	998.3	949.8
Current	147.2	100.0
Non-current fixed coupon	620.3	617.9
Non-current perpetual variable coupon	230.8	231.9
Balance at the end of the year	998.3	949.8
Repayment terms and interest rates:		
IFT150 Maturing in June 2016, 8.50% p.a. fixed coupon rate	-	100.0
IFT160 Maturing in June 2017, 8.50% p.a. fixed coupon rate	66.3	66.3
IFT170 Maturing in November 2017, 8.00% p.a. fixed coupon rate	81.1	81.1
IFT180 Maturing in November 2018, 6.85% p.a. fixed coupon rate	111.4	111.4
IFT200 Maturing in November 2019, 6.75% p.a. fixed coupon rate	68.5	68.5
IFT090 Maturing in February 2020, 8.50% p.a. fixed coupon rate	80.5	80.5
IFT190 Maturing in June 2022, 6.85% p.a. fixed coupon rate	93.7	93.7
IFT210 Maturing in September 2023, 5.25% p.a. fixed coupon rate	122.1	122.1
IFT220 Maturing in June 2021, 4.90% p.a. fixed coupon rate	93.9	-
IFT230 Maturing in June 2024, 5.50% p.a. fixed coupon rate	56.1	-
IFTHA Perpetual Infratil infrastructure bonds	231.9	233.4
less: Bond issue costs capitalised and amortised over term	(7.2)	(7.2)
Balance at the end of the year	**998.3**	**949.8**

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 the IFT090 and IFT160 series, Infratil can elect to redeem those infrastructure bonds 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 equivalent to 98% of the face value of the bonds multiplied by the market price of the shares. 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 231,916,000 (31 March 2016: 233,404,600) 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 2017 the coupon is fixed at 3.63% per annum (2016: 4.26%). 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. 1,489,000 PIIBs were repurchased by Infratil Limited during the year (2016: 1,452,000)

Throughout the period the Company complied with all debt covenant requirements as imposed by the bond trustee.

At 31 March 2017 Infratil Infrastructure bonds (including PIIBs) had a fair value of $943.8 million (31 March 2016: $924.6 million).

17. TRUSTPOWER BONDS

UNSECURED SUBORDINATED BONDS	2017 $MILLIONS	2016 $MILLIONS
Repayment terms and interest rates:		
TPW110 Maturing in December 2019, 6.75% p.a. fixed coupon rate	-	140.0
TPW160 Maturing in September 2019, 6.75% p.a. fixed coupon rate	114.2	-
less: Bond issue costs capitalised and amortised over term	(1.1)	(0.9)
Balance at the end of the year	**113.1**	**139.1**
Current	-	-
Non-current	113.1	139.1
Balance at the end of the year	**113.1**	**139.1**

The bonds are fully subordinated behind all of Trustpower's other creditors.

At 31 March 2017 Trustpower's unsecured subordinated bonds had a fair value of $121.0 million (31 March 2016: $152.9 million).

UNSECURED SENIOR BONDS	2017 $MILLIONS	2016 $MILLIONS
Repayment terms and interest rates:		
TPW090 Maturing in December 2016, 8.00% p.a. fixed coupon rate	-	65.0
TPW100 Maturing in December 2017, 7.10% p.a. fixed coupon rate	-	75.0
TPW120 Maturing in December 2021, 5.63% p.a. fixed coupon rate	-	105.0
TPW130 Maturing in December 2017, 7.10% p.a. fixed coupon rate	52.0	-
TPW140 Maturing in December 2021, 5.63% p.a. fixed coupon rate	83.0	-
TPW150 Maturing in December 2022, 4.01% p.a. fixed coupon rate	127.7	-
less: Bond issue costs capitalised and amortised over term	(2.6)	(1.3)
Balance at the end of the year	**260.1**	**243.7**
Current	52.0	65.0
Non-current	208.1	178.7
Balance at the end of the year	**260.1**	**243.7**

Trustpower's Senior bonds rank equally with their bank loans. Trustpower borrows under a negative pledge arrangement, which with limited exceptions does not permit Trustpower to grant any security interest over its assets. The Trust Deed requires the Trustpower to operate within defined performance and debt gearing ratios. The arrangements under the Trust Deed may also create restrictions over the sale or disposal of certain assets unless the senior bonds are repaid or renegotiated. Throughout the year Trustpower complied with all debt covenant requirements as imposed by the bond trustee.

At 31 March 2017 Trustpower's unsecured senior bonds had a fair value of $264.5 million (31 March 2016: $259.3 million).

18. WELLINGTON INTERNATIONAL AIRPORT BONDS

UNSECURED UNSUBORDINATED BONDS	2017 $MILLIONS	2016 $MILLIONS
Repayment terms and interest rates:		
Wholesale bonds maturing August 2017, 2.90% p.a. to 1 May 2015, then repriced quarterly at BKBM plus 25bps	90.0	150.0
Wholesale bonds maturing June 2019, 3.65% p.a. to 17 June 2015, then repriced quarterly at BKBM plus 130bp	25.0	25.0
Wholesale bonds maturing June 2020, 5.27% p.a. fixed coupon rate	25.0	25.0
WIA020 Retail bonds maturing May 2021, 6.25% p.a. fixed coupon rate	75.0	75.0
WIA030 Retail bonds maturing May 2023, 4.25% p.a. fixed coupon rate	75.0	-
WIA040 Retail bonds maturing August 2024, 4.00% p.a. fixed coupon rate	60.0	-
WIA050 Retail bonds maturing June 2025, 5.00% p.a. fixed coupon rate	70.0	-
less: Bond issue costs capitalised and amortised over term	(2.6)	(0.9)
Balance at the end of the year	**417.4**	**274.1**
Current	90.0	-
Non-current	327.4	274.1
Balance at the end of the year	**417.4**	**274.1**

The Trust Deeds for these bonds require Wellington International Airport to operate within defined performance and debt gearing ratios. The arrangements under the Trust Deeds create restrictions over the sale or disposal of certain assets. Throughout the year Wellington International Airport complied with all debt covenant requirements as imposed by the bond trustee.

At 31 March 2017 WIAL's unsecured unsubordinated bonds had a fair value of $427.3 million (2016: $284.1 million).

19. FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has established an Audit and Risk Committee for Infratil and each of its significant subsidiaries with responsibilities which include reviewing management practices in relation to identification and management of significant business risk areas and regulatory compliance. The Group has developed a comprehensive, enterprise wide risk management framework. Management and Boards throughout the Group participate in the identification, assessment and monitoring of new and existing risks. Particular attention is given to strategic risks that could affect the Group. Management report to the Audit and Risk Committee and the Board on the relevant risks and the controls and treatments for those risks.

19.1) Credit Risk

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

Exposure to credit risk

	2017 $MILLIONS	2016 $MILLIONS
The Group had exposure to credit risk with finance institutions at balance date from cash deposits held as follows:		
Financial institutions with 'AA-' credit ratings from Standard & Poor's or equivalent rating agencies	260.7	775.4
Financial institutions with 'A+' credit ratings from Standard & Poor's or equivalent rating agencies	8.0	-
Total	268.7	775.4
Cash on hand	0.1	0.1
Total Cash and cash equivalents	**268.8**	**775.5**

At 31 March 2017 $2.0 million (31 March 2016: $2.2 million) of cash deposits are "restricted" and not immediately available for use by the Group.

Trade and other receivables

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

Ageing of trade receivables

	2017 $MILLIONS	2016 $MILLIONS
The ageing analysis of trade receivables is as follows:		
Not past due	117.5	131.4
Past due 0-30 days	5.7	5.6
Past due 31-90 days	0.9	0.2
Greater than 90 days	0.2	0.1
Total	124.3	137.3
The ageing analysis of impaired trade receivables is as follows:		
Not past due	-	-
Past due 0-30 days	-	-
Past due 31-90 days	-	(0.6)
Greater than 90 days	(2.0)	(1.5)
Total	**(2.0)**	**(2.1)**
Movement in the provision for impairment of trade receivables for the year was as follows:		
Balance as at 1st April	2.1	2.0
Impairment loss recognised	0.1	0.1
Balance as at 31 March	2.2	2.1
Other current prepayments and receivables	97.7	82.3
Total Trade, accounts receivable and current prepayments	220.0	217.5

19.2) Liquidity Risk

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

The tables below analyse the Group's financial liabilities, excluding gross settled derivative financial liabilities, into relevant maturity groupings based on the earliest possible contractual maturity date at year end. The amounts in the tables below are contractual undiscounted cash flows, which include interest through to maturity. Perpetual Infratil Infrastructure Bonds cash flows have been determined by reference to the longest dated Infratil bond maturity in the year 2024.

	BALANCE SHEET $MILLIONS	CONTRACTUAL CASH FLOWS $MILLIONS	6 MONTHS OR LESS $MILLIONS	6-12 MONTHS $MILLIONS	1 TO 2 YEARS $MILLIONS	2 TO 5 YEARS $MILLIONS	5 + YEARS $MILLIONS
31 March 2017							
Accounts payable, accruals and other liabilities	222.4	264.5	180.7	15.0	23.5	44.7	0.6
Unsecured/Secured bank facilities	1,019.9	1,157.8	152.5	47.6	194.4	579.9	183.4
Unsecured/Secured bank guarantees	-	26.9	0.9	10.9	4.4	10.7	-
Infratil Infrastructure bonds	767.5	939.5	90.5	101.7	148.2	309.7	289.4
Perpetual Infratil Infrastructure bonds	230.8	292.6	4.2	4.2	8.4	25.3	250.5
Wellington International Airport bonds	417.4	517.1	99.0	8.0	15.9	166.2	228.0
Trustpower bonds	373.2	426.2	10.4	74.2	16.1	217.3	108.2
Derivative financial instruments	62.7	67.2	17.4	11.5	15.7	21.0	1.6
	3,093.9	3,691.8	555.6	273.1	426.6	1,374.8	1,061.7
31 March 2016							
Accounts payable, accruals and other liabilities	226.4	212.9	202.6	0.5	3.3	2.6	3.9
Unsecured/Secured bank facilities	1,091.7	1,116.4	347.5	18.8	201.5	402.6	146.0
Unsecured/Secured bank guarantees	-	25.0	25.0	-	-	-	-
Infratil Infrastructure bonds	717.9	893.7	123.8	22.0	184.6	324.0	239.3
Perpetual Infratil Infrastructure bonds	231.9	307.5	5.0	5.0	9.9	29.8	257.8
Wellington International Airport bonds	274.1	314.7	5.2	5.2	158.6	68.4	77.3
Trustpower bonds	382.8	481.7	29.4	76.6	94.4	171.9	109.4
Derivative financial instruments	85.4	91.6	20.1	15.4	22.1	28.8	5.2
	3,010.2	3,443.5	758.6	143.5	674.4	1,028.1	838.9

19.3) Market Risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and energy prices will affect the Group's income or the value of its holdings of financial assets and liabilities. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

19.3.1) Interest rate risk (cash flow and fair value)

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

	2017 $MILLIONS	2016 $MILLIONS
At balance date the face value of interest rate contracts outstanding were:		
Interest rate swaps	1,285.6	1,310.0
Fair value of interest rate swaps	(39.2)	(70.4)
The termination dates for the interest rate swaps are as follows:		
Between 0 to 1 year	463.5	200.5
Between 1 to 2 years	204.2	451.3
Between 2 to 5 years	435.6	498.2
Over 5 years	182.3	160.0

Interest rate sensitivity analysis

The following table shows the impact on post-tax profit and equity of a movement in bank interest rates of 100 basis points higher/lower with all other variables held constant.

	2017 $MILLIONS	2016 $MILLIONS
Profit or loss		
100 bp increase	1.7	27.9
100 bp decrease	(0.9)	(28.8)
Other comprehensive income		
100 bp increase	(4.9)	12.7
100 bp decrease	6.1	(13.4)

19.3.2) Foreign Currency Risk

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

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

	2017 $MILLIONS	2016 $MILLIONS
At balance date the face value of the forward foreign exchange contracts outstanding were:		
Foreign exchange contracts	23.5	9.0
Fair value of foreign exchange contracts	0.2	(1.2)
The termination dates for foreign exchange contracts are as follows:		
Between 0 to 1 year	23.5	9.0

Foreign exchange sensitivity analysis

The following table shows the impact on post-tax profit and equity if the New Zealand dollar had weakened/strengthened by 10 per cent against the currencies with which the Group has foreign currency risk with, all other variables held constant.

	2017 $MILLIONS	2016 $MILLIONS
Profit or loss		
Strengthened by 10 per cent	(0.7)	(0.2)
Weakened by 10 per cent	0.7	0.2
Other comprehensive income		
Strengthened by 10 per cent	(89.1)	(66.1)
Weakened by 10 per cent	90.2	75.5

Significant assumptions used in the foreign currency exposure sensitivity analysis include:

Reasonably possible movements in foreign exchange rates were determined based on a review of the last two years' historical movements. A movement of plus or minus 10% has therefore been applied to the AUD/NZD and USD/NZD exchange rates to demonstrate the sensitivity of foreign currency risk of the company's investment in foreign operations and associated derivative financial instruments. The sensitivity was calculated by taking the AUD and USD spot rate as at balance date, moving this spot rate by plus and minus 10% and then reconverting the AUD and USD balances with the 'new spot-rate'.

Unhedged foreign currency exposures

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

	2017 $MILLIONS	2016 $MILLIONS
Cash, short term deposits and trade receivables		
Australian Dollars (AUD)	45.9	81.8
Bank overdraft, bank debt and accounts payable		
Australian Dollars (AUD)	(25.7)	627.4

19.3.3) Energy Price Risk

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

	2017	2016
At balance date the aggregate notional volume of outstanding energy derivatives were:		
Electricity (GWh)	1,490.0	1,743.0
Oil (barrels '000)	-	37.5
Fair value of energy derivatives ($m)	(10.8)	(5.8)

As at 31 March 2017, the Group had energy contracts outstanding with various maturities expected to occur continuously throughout the next three years. The hedged anticipated energy purchase transactions are expected to occur continuously throughout the contract period from balance sheet date consistent with the Group's forecast energy generation and retail energy sales. Gains and losses recognised in the cash flow hedge reserve on energy derivatives as of 31 March 2017 will be continuously released to the income statement in each period in which the underlying purchase transactions are recognised in the profit or loss.

	2017 $MILLIONS	2016 $MILLIONS
The termination dates for the energy derivatives are as follows:		
Between 0 to 1 year	64.7	37.5
Between 1 to 2 years	38.9	35.4
Between 2 to 5 years	6.1	55.2
Over 5 years	-	-
	109.7	128.1

Energy price sensitivity analysis

The following table shows the impact on post-tax profit and equity of an increase/decrease in the relevant forward electricity prices with all other variables held constant.

	2017 $MILLIONS	2016 $MILLIONS
Profit or loss		
10% decrease in energy forward prices	(1.0)	0.5
10% increase in energy forward prices	1.0	(0.5)
Other comprehensive income		
10% decrease in energy forward prices	(5.1)	(4.9)
10% increase in energy forward prices	5.1	4.9

19.4) 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 have a fair value at 31 March 2017 of $1,756.7 million (31 March 2016: $1,620.9 million) compared to a carrying value of $1,788.9 million (31 March 2016: $1,606.7 million).

The carrying value of derivative financial assets and liabilities recorded in the statement of financial position are as follows:

	2017 $MILLIONS	2016 $MILLIONS
Assets		
Derivative financial instruments – energy	5.9	6.7
Derivative financial instruments – foreign exchange	0.2	-
Derivative financial instruments – interest rate	6.8	1.3
	12.9	8.0
Split as follows:		
Current	4.6	3.7
Non-current	8.3	4.3
	12.9	8.0
Liabilities		
Derivative financial instruments - energy	16.7	12.5
Derivative financial instruments - foreign exchange	-	1.2
Derivative financial instruments - interest rate	46.0	71.7
	62.7	85.4
Split as follows:		
Current	9.5	8.5
Non-current	53.2	76.9
	62.7	85.4

Estimation of fair values

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

- The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair value of other financial assets and liabilities are calculated using market-quoted rates based on discounted cash flow analysis.
- The fair value of derivative financial instruments are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve or available forward price data for the duration of the instruments.

Where the fair value of a derivative is calculated as the present value of the estimated future cash flows of the instrument, the two key types of variables used by the valuation techniques are:

- forward price curve (for the relevant underlying interest rates, foreign exchange rates or commodity prices); and
- discount rates.

VALUATION INPUT	SOURCE
Interest rate forward price curve	Published market swap rates
Foreign exchange forward prices	Published spot foreign exchange rates
Electricity forward price curve	Market quoted prices where available and management's best estimate based on its view of the long run marginal cost of new generation where no market quoted prices are available.
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.
Discount rate for valuing electricity price derivatives	Assumed counterparty cost of funds ranging from 3.1% to 3.5% (March 2016: 4.1% to 5.2%)

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 table below 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).

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

	LEVEL 1 $MILLIONS	LEVEL 2 $MILLIONS	LEVEL 3 $MILLIONS	TOTAL $MILLIONS
31 March 2017				
Assets per the statement of financial position				
Derivative financial instruments - energy	-	-	5.9	5.9
Derivative financial instruments - foreign exchange	-	0.2	-	0.2
Derivative financial instruments - interest rate	-	6.8	-	6.8
Total	-	7.0	5.9	12.9
Liabilities per the statement of financial position				
Derivative financial instruments - energy	-	-	16.7	16.7
Derivative financial instruments - foreign exchange	-	-	-	-
Derivative financial instruments - interest rate	-	46.0	-	46.0
Total	-	46.0	16.7	62.7

	LEVEL 1 $MILLIONS	LEVEL 2 $MILLIONS	LEVEL 3 $MILLIONS	TOTAL $MILLIONS
31 March 2016				
Assets per the statement of financial position				
Derivative financial instruments - energy	-	0.2	6.4	6.6
Derivative financial instruments - foreign exchange	-	-	-	-
Derivative financial instruments - interest rate	-	1.4	-	1.4
Total	-	1.6	6.4	8.0
Liabilities per the statement of financial position				
Derivative financial instruments - energy	-	0.5	11.9	12.4
Derivative financial instruments - foreign exchange	-	1.2	-	1.2
Derivative financial instruments - interest rate	-	71.8	-	71.8
Total	-	73.5	11.9	85.4

There were no transfers between derivative financial instrument assets or liabilities classified as level 1 or level 2, and level 3 of the fair value hierarchy during the year ended 31 March 2017 (2016: none).

The following table reconciles the movements in level 3 Electricity price derivatives that are classified within level 3 of the fair value hierarchy because the assumed location factors which are used to adjust the forward price path are unobservable.

	2017 $MILLIONS	2016 $MILLIONS
Assets per the statement of financial position		
Opening balance	6.4	11.5
Acquired as part of business combination	-	0.6
Gains and (losses) recognised in profit or loss	(0.2)	1.2
Gains and (losses) recognised in other comprehensive income	(0.3)	(6.9)
Closing balance	5.9	6.4
Total gains or (losses) for the year included in profit or loss for assets held at the end of the reporting year	**1.4**	**0.6**
Liabilities per the statement of financial position		
Opening balance	11.9	4.3
Acquired as part of business combination	-	0.5
(Gains) and losses recognised in profit or loss	0.2	5.4
(Gains) and losses recognised in other comprehensive income	4.6	1.7
Closing balance	16.7	11.9
Total gains or (losses) for the year included in profit or loss for liabilities held at the end of the reporting year	**6.5**	**(11.5)**
Settlements during the year	(13.2)	(1.8)

19.5) Capital Management

The Group's capital includes share capital, reserves, retained earnings and non-controlling interests of the Group. From time to time the Group purchases its own shares on the market with the timing of these purchases dependent on market prices, an assessment of value for shareholders and an available window to trade on the NZX. Primarily the shares are intended to be held as treasury stock and may be reissued under the Dividend Reinvestment Plan or cancelled. During the year the Group bought back 2.51m shares (2016: none). The Company and the Group's borrowings are subject to certain compliance ratios in accordance with the facility agreements or the trust deed applicable to the borrowings.

The Group seeks to ensure that no more than 25% of its non-bank debt is maturing in any one year period, and to spread the maturities of its bank debt facilities between one and five years. Discussions on refinancing of facilities will normally commence at least six months before maturity with facility terms agreed six months prior to maturity. Facilities are maintained with A+ (2016: A+) or above rated financial institutions, and with a minimum number of bank counterparties to ensure diversification. The Group manages its interest rate profile so as to minimise value volatility. This means having interest costs fixed for extended terms. At times when long rates appear to be sustainably high, the profile may be shortened, and when rates are low the profile may be lengthened.

20. LEASES

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

	2017 $MILLIONS	2016 $MILLIONS
Operating lease receivables as lessor		
Between 0 to 1 year	19.3	8.8
Between 1 to 2 years	17.7	6.5
Between 2 to 5 years	39.9	13.4
More than 5 years	15.7	7.3
	92.6	36.0

Over 90% of the electricity generated by Tilt Renewables Australian wind farms is sold via power purchase agreements to a large Australian electricity retailer. Almost all of the electricity generated by Tilt Renewables New Zealand is sold via a power purchase agreement to Trustpower. These agreements have been deemed as operating leases of the wind farms under NZ IFRS and all revenue under these contracts are accounted for as lease revenue (2017: A$148.5 million 2016: A$110.2 million).

The volume of energy supplied is dependent on the actual generation of the wind farms, therefore, the future minimum payments under the terms of the contracts, that expire between 31 December 2018 and 31 December 2030, are not able to be quantified with sufficient reliability for disclosure in the financial statements.

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

	2017 $MILLIONS	2016 $MILLIONS
Operating lease commitments as lessee		
Between 0 to 1 year	13.3	13.2
Between 1 to 2 years	9.4	5.3
Between 2 to 5 years	39.6	27.6
More than 5 years	46.6	43.1
	108.9	89.2

21. CAPITAL COMMITMENTS

	2017 $MILLIONS	2016 $MILLIONS
Capital commitments		
Committed but not contracted for	-	-
Contracted but not provided for	42.5	71.9
Capital commitments	42.5	71.9

The capital commitments include hotel development and multi level car park works at Wellington International Airport and the purchase of buses by NZ Bus. See note 7 for Infratil's commitments to ASIP and Envision.

22. RECONCILIATION OF NET SURPLUS WITH CASH FLOW FROM OPERATING ACTIVITIES

	2017 $MILLIONS	2016 $MILLIONS
Net surplus for the year	130.4	495.5
(Add) / Less items classified as investing activity:		
(Gain) / Loss on investment realisations and impairments	56.0	(365.6)
Add items not involving cash flows:		
Movement in financial derivatives taken to the profit or loss	(28.7)	13.6
Decrease in deferred tax liability excluding transfers to reserves	(53.1)	(24.8)
Changes in fair value of investment properties	(0.8)	(1.9)
Equity accounted earnings of associate net of distributions received	(83.3)	(64.4)
Depreciation	169.6	156.4
Movement in provision for bad debts	1.6	(2.2)
Amortisation of intangibles	16.9	16.8
Other	11.1	8.0
Movements in working capital:		
Change in receivables	(5.0)	(1.9)
Change in inventories	0.4	2.3
Change in trade payables	7.2	(20.5)
Change in accruals and other liabilities	(6.9)	41.1
Change in current and deferred taxation	29.4	(1.9)
Net cash flow from operating activities	**245.0**	**250.5**

23. KEY MANAGEMENT PERSONNEL DISCLOSURES

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

	2017 $MILLIONS	2016 $MILLIONS
Key management personnel remuneration comprised:		
Short-term employee benefits	15.7	14.0
Other long-term benefits	0.2	0.3
Share based payments	1.0	1.1
	16.9	**15.4**

Directors fees paid to directors of Infratil Limited and its subsidiaries during the year were $2.8 million (2016: $2.4 million).

See also management fees paid to Infratil's manager in the Related parties and Management fee to Morrison & Co Infrastructure Management Limited ('MCIM') in notes 25 and 26.

24. SHARE SCHEME

Infratil Executive Redeemable Share Scheme

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

Infratil Staff Share Purchase Scheme

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

During the year 44,557 shares were transfered to employees under the scheme (2016: 45,755 shares).

On 17 June 2016, 528,000 Infratil Executive Redeemable Shares were granted at a price of $3.3107 (no new shares were issued in the prior year), at the volume weighted average market price over the 20 business days immediately preceding the date on which the shares were issued to each executive. One cent per Executive Share was paid up in cash by the executive with the balance of the issue price payable when the executive becomes eligible to receive the long term incentive bonus.

On 17 December 2016, the 2013 Executive Scheme matured having met certain share performance thresholds. Pursuant to this and the Trust Deed, the Company converted 237,521 Executive Shares into Infratil Ordinary Shares on 22 December 2016.

On 11 December 2015, the 2012 Executive Scheme matured having met certain share performance thresholds. Pursuant to this and the Trust Deed, the Company converted 318,386 Executive Shares into Infratil Ordinary Shares on 15 January 2016.

On 10 December 2015, the Company accelerated the entitlements of executives of iSite Limited under the 2012, 2013 and 2014 Executive Schemes, pursuant to the Infratil Limited Executive Share Scheme Trust Deed dated 22 August 2008 (the Trust Deed), to allow those executives the benefit of that Scheme on completion of the sale of iSite. As a consequence of this, the Company converted 132,022 Executive Shares into Infratil Ordinary Shares on 22 December 2015.

Executive redeemable shares

	2017	2016
Balance at the beginning of the year	827,500	1,337,500
Shares issued	528,000	-
Shares converted to ordinary shares	(237,521)	(450,408)
Shares cancelled	(127,479)	(59,592)
Balance at end of year	**990,500**	**827,500**

25. RELATED PARTIES

Certain Infratil Directors have relevant interests in a number of companies with which Infratil has transactions in the normal course of business. A number of key management personnel are also Directors of Group subsidiary companies and associates.

Morrison & Co Infrastructure Management Limited ('MCIM') is the management company for the Company and receives management fees in accordance with the applicable management agreement. MCIM is owned by H.R.L. Morrison & Co Group Limited Partnership ('MCO'). Mr M Bogoievski is a director of Infratil and is a director and Chief Executive Officer of MCO. Entities associated with Mr Bogoievski also have beneficial interests in MCO.

Management and other fees paid by the Group (including associates) to MCIM, MCO or its related parties during the year were:

	2017 $MILLIONS	2016 $MILLIONS
Management fees	21.4	21.5
Executive secondment and consulting	0.1	0.1
Directors fees	1.7	1.6
Financial management, accounting, treasury, compliance and administrative services	1.3	1.3
Investment banking services	3.1	1.6
Total management and other fees	**27.6**	**26.1**

At 31 March 2017 amounts owing to MCIM of $2.3 million (excluding GST) are included in trade creditors (2016: $2.3 million).

During the prior year $0.4 million of investment banking services and $0.2 million of directors fees are included in the table above and are included within the result from discontinued operations

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

	2017 $000'S	2016 $000'S
CDC	95.5	-
iSite	-	22.2
Metlifecare	180.0	161.8
NZ Bus	171.6	174.0
Perth Energy	167.8	162.6
RetireAustralia	205.2	290.7
Snapper	3.7	13.2
Tilt Renewables	163.7	-
Trustpower	305.0	253.3
Wellington Airport	305.7	320.0
Z Energy	-	146.5

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

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

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

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

A International fund management fee is paid at the rate of 1.50% per annum on:

- the cost price of any non-Australasian investments; and,
- the book value of the debt in any wholly owned non-Australasian investments.
- An international fund incentive fee is payable at the rate of 20% of gains on the international (including Australian) assets in excess of 12% per annum post tax.

27. CONTINGENT LIABILITIES AND LEGAL MATTERS

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

The Perth Energy group has issued bank guarantees of $26.4 million to satisfy the prudential requirements from suppliers and the Australian Energy Market Operator.

The Company has a contingent liability under the international fund management agreement with Morrison & Co International Limited in the event that the Group sells its international assets, or valuation of the assets exceeds the performance thresholds set out in the international fund management agreement.

During 2007 the European Commission opened formal investigations into alleged state aid in relation to Lübeck airport (owned and operated by Flughafen Lübeck GmbH, one of the Group's subsidiaries at that time). Lübeck is one of several airports in Germany in relation to which the European Commission opened formal state aid investigations. One of the matters being investigated with regard to Lübeck airport related to Infratil Airports Europe Limited ('IAEL'), specifically the price IAEL paid when it purchased 90% of Flughafen Lübeck GmbH. In February 2012, the investigation was formally extended to include the put option arrangements (including the 2009 exercise of a put option by Infratil, by which it sold its interest in Lübeck airport back to the City of Lübeck) and the postponement of the put option period. Since that time, Infratil and others (including Flughafen Lübeck GmbH, the Hanseatic City of Lübeck, and the government of the Federal Republic of Germany) have worked to refute the allegations of state aid.

On 7 February 2017, the European Commission released a decision that there was no state aid in respect of any of the Lübeck airport transactions involving Infratil. The decision becomes final and non-appealable if no interested party challenges it before the General Court of the European Union. The deadline for challenging the Commission decision expires approximately 2.5 months after the later of the decision being served or published in the Official Journal of the EU. The decision has not yet been published in the Official Journal, meaning the deadline for challenges cannot yet be determined. However, we consider it highly unlikely that any third party with standing will challenge the matters involving Infratil.

To the extent any appeal is brought, Infratil maintains its position that the purchase of Flughafen Lübeck GmbH, including the put option arrangements, was the result of an open, unconditional and transparent tender process in 2005, and that the put option arrangements, cannot, by their very nature and the circumstances they were agreed on, involve state aid. Infratil continues to be confident that it will be able to demonstrate this, if necessary, to the General Court of the EU.

If IAEL was found to have received state aid, it would be required to refund the state aid received, together with computed interest. As the directors cannot predict with any degree of certainty the outcome of the above matter, it is not possible to assess accurately the quantum of any financial cost to the Group.

28. EVENTS AFTER BALANCE DATE

Dividend

On 17 May 2017 the Directors have approved a fully imputed final dividend of 10 cents per share to holders of fully paid ordinary shares to be paid on the 15th of June 2017.

Independent Auditor's Report

To the shareholders of Infratil Limited

Report on the consolidated financial statements

Opinion

In our opinion, the accompanying consolidated financial statements of Infratil Limited (the company) and its subsidiaries (the Group) on pages 52 to 93:

i. present fairly in all material respects the Group's financial position as at 31 March 2017 and its financial performance and cash flows for the year ended on that date; and

ii. comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying consolidated financial statements which comprise:

— the consolidated statement of financial position as at 31 March 2017;

— the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended; and

— notes, including a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report.

Our firm has also provided other services to the Group in relation to taxation, regulatory disclosures and other assurance engagements. Subject to certain restrictions, partners and employees of our firm may also deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. These matters have not impaired our independence as auditor of the Group. The firm has no other relationship with, or interest in, the Group.

Scoping

The scope of our audit is designed to ensure that we perform adequate work to be able to give an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the significance and risk profile of each investment it owns, the Group's accounting processes and controls, and the industry in which the investments operate.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at the component level by us, as the Group engagement team, or component auditors operating under our instruction. A full scope audit was performed on the most significant investments for the Group using component materialities which were lower than Group materiality. The component materiailities took into account the size and the risk profile of each component.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those investments to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. We kept in regular communication with component audit teams throughout the year with phone calls, discussions and written instructions and ensured that the component audit teams had the appropriate skills and competencies which are needed for the audit. Where appropriate, we reviewed the work undertaken by component auditors in order to ensure the quality and adequacy of their work.

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at $16 million determined with reference to a benchmark of Group Total Assets. We chose total assets given the asset intensive nature of the Group's underlying investments and that this is a more stable and relevant measure than a profit measure. Materiality represents 0.25% of the selected benchmark.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements

Valuation of Property, Plant and Equipment

As disclosed in note 12 of the financial statements, the Group has property, plant and equipment of $4,900.5 million (2016: $4,824.6 million). The Group has a policy of recording classes of property, plant and equipment at cost less accumulated depreciation, or at valuation, with valuations undertaken at least every 3 years.

KPMG

The key audit matter	How the matter was addressed in our audit
Renewable Generation Assets ($3,548.9 million) Valuation of renewable generation assets is considered to be a key audit matter due to both its magnitude and the judgement involved in the assessment of the fair value of these assets by the Group's Directors. The judgement relates to the valuation methodology used and the assumptions included within that methodology. Renewable generation assets include both hydro and wind generation assets. The Group's hydro generation assets carrying value is $2,219 million as at 31 March 2017 and the last independent valuation was as at 31 March 2016. Management have applied judgement in determining that there were no significant changes to those assumptions which would warrant performing a full revaluation at 31 March 2017. The Group engaged an independent expert to determine the fair value of the Group's wind generation assets as at 31 March 2017 using a discounted cash flow model. The Group's wind generation assets carrying value is $1,329 million as at 31 March 2017. The assumptions included in the valuations that have the largest impact on fair value are: — New Zealand and Australian electricity forward price path forecasts — Future generation volumes in New Zealand and Australia — Discount rates applied to the estimated future cash flows to determine a present day value; and — Forecast costs of operating the generation schemes.	*Hydro generation assets* Our procedures to assess whether or not key assumptions used in the 2016 valuation remained appropriate included: — Using valuation specialists to assess the movement in the forward electricity price path by comparing the forward price path used in the 2016 valuation to current externally derived market data; — Using valuation specialists to assess the appropriateness of the discount rate applied to the estimated future cash flows by comparing this to rates used by other market participants; — Comparing forecast generation volumes and operating costs assumed in the 2016 valuation against actual realised volumes and operating costs incurred in the year to 31 March 2017; and — Giving specific consideration to the Electricity Authority proposal on Avoided Cost of Transmission and its impact on the fair value of hydro generation assets. *Wind generation assets* Procedures performed to assess the valuation of wind generation assets included: — Comparing the forecast electricity price path used in the valuation to current externally derived market forecast data and corresponding purchase price agreements; — Considering the historical accuracy of forecasted generation volumes by comparing the forecasts used in the prior year valuation models to the actual levels achieved; — Comparing forecast cash flows for 2018 used in the valuation model to board approved budget; — Challenging the reasonableness of the forecast cash flows beyond 2018, by analysing the key factors and underlying drivers for growth, including inflation and market share assumptions, in the context of the Group's future plans; — Comparing the weighted average cost of capital to rates used by other market participants; and — Comparing the equity multiples that resulted from the valuation to other recent transactions within the industry. — Assessing the sensitivity to the overall asset valuation of adjusting the key assumptions described above.

KPMG

The key audit matter	How the matter was addressed in our audit

Land and Civil Works ($503 million) and Buildings ($412.6 million).
 	
Valuation of Land and Civil Works and Buildings, specifically in relation to airport assets, is considered to be a key audit matter due to the magnitude and judgement involved in the assessment of the fair value of these assets by the Group's Directors. The judgment relates to the valuation methodologies used and the assumptions included in each of those methodologies.
 	
The last independent valuation of Land and Civil Works and Buildings was carried out at 31 March 2016. In 2017 Management have applied judgement in determining there has been no substantial changes to the key assumptions used in the valuation methodology and these assumptions remain appropriate as at 31 March 2017.
	Our procedures to assess the fair value of Land and Civil Works and Buildings included, amongst others:
	
	— Utilising valuation specialists to assess the changes in key judgemental assumptions which have the largest impact. This included assessing;
	  — changes to the weighted average cost of capital against observable market data;
	  — changes in the cost of developing buildings and civil assets; and
	  — the future cash flows against approved budgets and historical financial performance;
	— Comparing the valuation methodologies used by the valuer for the Group, to the valuation methodologies used by other airports within New Zealand for comparability.

Classification and valuation of investment in Canberra Data Centres

As disclosed in Note 6.1 of the financial statements, during the year the Group acquired a 48% share of Canberra Data Centres ('CDC'). The investment into CDC has been accounted for as an investment in associate in the Group financial statements.

The key audit matter	How the matter was addressed in our audit
The risk of inappropriate classification of the CDC investment as an associate on acquisition is a key audit matter as it can have a material effect on the Group financial statements and involves judgement as to whether the Group controls the investee. The recoverability of the CDC investment is considered a key audit matter due to the due to the magnitude of the investment and the significant accounting judgement involved in the assessment of the recoverable amount of the CDC investment including its forecast future cash flows and the discount rate applied to the estimated future cash flows to determine a present day value.	Our audit procedures in relation to the classification of the CDC investment included examining the legal documents associated with the investment, to determine the key terms, including rights of the investors, terms of shareholders' agreements, governance structures and profit sharing arrangements, and then assessing these against the accounting standards to evaluate classification of the investment. Our procedures performed to assess the recoverability of our investment into CDC included, amongst others: — Comparing the future cash flow forecasts to Board approved forecasts. — Challenging the reasonableness of the revenue and cost forecasts by comparing these forecasts to historic cash flows, and growth rates achieved. — Utilising our valuation specialists to assess the reasonableness of the discount rates applied to

	future cash flows and the perpetuity growth rate applied. — Performing sensitivity analysis considering a range of likely outcomes for various scenarios.

Carrying value of goodwill

As disclosed in Note 14 of the financial statements, the Group's assets include $113 million of goodwill in relation to acquisition of a controlling interest in Trustpower Limited ("Trustpower") during the 2007 financial year. Historically, at the Infratil Group level, Trustpower goodwill had been allocated to the lowest level cash generating unit, being Trustpower.

The key audit matter	How the matter was addressed in our audit
Trustpower underwent a demerger on 31 October 2016 which split Trustpower into two entities, being Trustpower and Tilt Renewables Limited ("TILT"). Management have applied judgement in allocating the goodwill between Trustpower and TILT. The recoverable amount of Trustpower is considered to be a key audit matter due to Trustpower's market capitalisation at year end being below the net assets attributable to shareholders plus goodwill, which is an indication of impairment.	Our procedures performed to assess the carrying value of goodwill included: — Assessing management's methodology for allocation of goodwill between Trustpower and TILT; — In conjunction with our valuation specialists, determining the recoverable amount of Infratil's investment in Trustpower taking into account the Group's shareholding and observed relevant market values applied to such a shareholding within the New Zealand and Australian context. — Comparing our valuation against those assessed by other market observers.

Other Information

The Directors, on behalf of the Group, are responsible for the other information included in the entity's Annual Report. Other information includes the Chairman's report, Chief Executive's report, disclosures relating to corporate governance and statutory information. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Use of this Independent Auditor's Report

This report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the Independent Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our audit work, this report, or any of the opinions we have formed.

Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the Group, are responsible for:

— the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;

— implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and

— assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the consolidated financial statements

Our objective is:

— to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error; and

— to issue an Independent Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page1.aspx.

This description forms part of our Independent Auditor's Report.

KPMG

Ross Buckley

For and on behalf of

KPMG
Wellington

17 May 2017

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STRUCTURE

The Board of Directors is elected by the shareholders to supervise the management of Infratil, while the day to day management of Infratil has been delegated to Morrison & Co Infrastructure Management Limited ('MCIM' and the 'Manager'). While this is an unusual corporate governance structure, almost all companies have contracts that define management functions, rights and remuneration – the unusual aspect of Infratil's corporate governance structure is that Infratil has contracted with another entity (instead of individuals), who then employs individuals to undertake the required tasks. The respective roles of the Board and the Manager within this corporate governance structure are summarised below.

The Board is committed to undertaking its role in accordance with internationally accepted best practice within the context of Infratil's business. Infratil's corporate governance practices have been prepared with reference to the Financial Markets Authority's Corporate Governance Handbook, and also take account of Infratil's listing on the NZX Main Board. Infratil's corporate governance practices do not materially differ from the NZX Corporate Governance Best Practice Code ('NZX Code') other than in the following areas:

- The Audit and Risk Committee is not made up only of non-executive Directors, but includes the Chief Executive, Mr Bogoievski (who occupies a position equivalent to an executive director). The Board considers this to be desirable because Mr Bogoievski's membership provides balance and additional valuable insights to the committee's processes given the role of the Manager in undertaking the day to day management of Infratil and his financial and accounting expertise.
- Infratil has not established a separate Remuneration Committee. Infratil prefers to deal with remuneration issues at full Board level and leave the ultimate decision on Board remuneration to shareholders.

Although Infratil is no longer required to reflect the ASX Listing Rules and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ('ASX Principles') since becoming an ASX foreign exempt issuer in March 2016, Infratil continues to take these into account where appropriate within the context of Infratil's business.

Copies of Infratil's key corporate governance documents are available on the corporate governance section of Infratil's website: www.infratil.com. These include Infratil's Constitution, the Management Agreement, the Board and Committee Charters and key corporate governance policies.

THE BOARD AND THE MANAGER

Role of the Board

The primary role of the Board is to approve and monitor the strategic direction of Infratil recommended by its Manager and to add long-term value to Infratil's shares, having appropriate regard to the interests of all material stakeholders. The Board establishes Infratil's objectives, overall policy framework within which the business is conducted and confirms strategies for achieving these objectives. The Board also monitors performance and ensures that procedures are in place to provide effective internal financial control.

The Board will normally hold at least six meetings in each year, and additional Board meetings are held where necessary in order to prioritise and respond to issues as they arise.

The Board's role and responsibilities are set out in the Board Charter.

Role of the Manager

The day to day management responsibilities have been delegated to the Manager, under the Management Agreement. The Management Agreement specifies the duties and powers of the Manager, and the management fee payable to the Manager (which is summarised in note 26 to the Financial Statements on page 92 of this annual report).

The Board determines and agrees with the Manager specific goals and objectives, with a view to achieving the strategic goals of Infratil. Between Board meetings, the Chairman maintains an informal link between the Board and the Manager, and is kept informed by the Manager on all important matters. The Chairman is available to the Manager to provide counsel and advice where appropriate. Decisions of the Board are binding on the Manager. The Manager is accountable to the Board for the achievement of the strategic goals of Infratil. At each of its Board meetings, the Board receives reports from or through the Manager including financial, operational and other reports and proposals.

All Board authority conferred on the Manager under the Management Agreement is delegated through the Manager's Chief Executive (so that the authority and accountability of the Manager/management is considered to be the authority and accountability of the Chief Executive so far as the Board is concerned). Infratil's management comprises people employed by the Manager, and people employed by Infratil's subsidiaries and investee companies.

Board Membership

The number of Directors is determined by the Board, in accordance with Infratil's constitution, to ensure it is large enough to provide a range of knowledge, views and experience relevant to Infratil's business. The composition of the Board will reflect the duties and responsibilities it is to discharge and perform in setting Infratil's strategy and seeing that it is implemented.

The Board currently comprises six Directors: five independent Directors and one non-independent Director. The Board Charter requires both a majority of the Board, and the Chairman, to be independent Directors. The composition of the Board, experience and Board tenure are set out below:

Mark Tume (BBS, Dip Bkg Stud) – Chairman and Independent Director
Mark Tume has been Chairman since 2013 and a director since 2007. He is Chair of RetireAustralia and a director of the New Zealand Refining Company and New Zealand Oil and Gas. His professional experience has been in banking and funds management.

Marko Bogoievski (BCA, MBA, FCA) – Non-Independent Director
Marko Bogoievski is Chief Executive of Infratil and its Manager, H.R.L. Morrison & Co. He joined the Infratil board in 2009. He is a director of Trustpower, Longroad Energy and H.R.L. Morrison & Co. He was previously Chief Financial Officer of Telecom New Zealand and has held board roles with Auckland Airport and SKY Network Television. Mr Bogoievski has an interest in MCIM, which has a Management Agreement with Infratil.

Alison Gerry (BMS (Hons) MAppFin) – Independent Director
Alison Gerry joined the Infratil board in 2014 and is Chair of the Audit and Risk Committee. She has been a professional director since 2007 and holds governance positions in the infrastructure, media and finance sectors. Prior to becoming a professional director, Alison worked for both corporates and for financial institutions in Australia and Asia in trading, finance and risk roles. Alison was also a Visiting Fellow at Macquarie University in Sydney for 12 years until 2011.

Paul Gough (BCom (1st Class Honours)) – Independent Director
Paul Gough joined the Infratil board in 2012. He is a partner in the UK private equity fund STAR Capital Partners with responsibility for investments in the transport and energy sectors. He is a director of several international companies and previously worked for Credit Suisse First Boston in New Zealand and London.

Peter Springford (MBA) – Independent Director
Peter Springford joined the Infratil board in 2016. He has extensive experience in managing companies in Australia, New Zealand and Asia, including five years based in Hong Kong as President of International Paper (Asia) Limited and four years as Chief Executive Officer and Managing Director of Carter Holt Harvey Limited. He is a chartered member of the New Zealand Institute of Directors.

Humphry Rolleston – Independent Director
Humphry Rolleston joined the Infratil board in 2006. He is a director of Property for Industry and owns private companies involved in tourism, security, disruptive technology, manufacturing and finance. He is a Fellow of the New Zealand Institute of Directors and the Institute of Management.

The criteria for determining independence are set out in the Board Charter, which reflect the requirements of the NZX Main Board & Debt Market Listing Rules (and also currently continue to reflect the requirements of the ASX Listing Rules and the ASX Principles). The Board has determined that Mark Tume, Alison Gerry, Paul Gough, Peter Springford and Humphry Rolleston are independent Directors, and that Marko Bogoievski is not an independent director.

Under Infratil's Constitution, one third, or the number nearest to one third, of the Directors (excluding any Director appointed since the previous annual meeting) must retire by rotation at each annual meeting. The Directors to retire are those who have been longest in office since their last election. Directors retiring by rotation may, if eligible, stand for re-election.

Board Committees

The Board has established two standing committees, and other committees may be formed when it is efficient or necessary to facilitate efficient decision-making or when required by law:

- **Audit and Risk Committee**
  The Board has established an Audit and Risk Committee ('ARC') to oversee financial reporting, accounting policies, financial management, internal control systems, risk management systems, systems for protecting assets and compliance. The ARC also:
  - keeps under review the scope and results of audit work, its cost effectiveness and performance and the independence and objectivity of the auditors;
  - also reviews the financial statements and the announcement to the NZX and ASX of financial results; and
  - receives regular reports from the Manager, including reports on financial and business performance, risk management, financial derivative exposures and accounting and internal control matters.

  The ARC comprises two independent Directors (A Gerry (Chair) and M Tume) and one non-independent Director (M Bogoievski), with attendances by appropriate Manager representatives.

  The ARC will meet at least quarterly to fulfil its obligations. The Chair of the ARC may convene a meeting if he or she considers one is required, and will also convene a meeting upon request of any ARC member who considers it necessary.

  The ARC's role and responsibilities, and membership requirements, are set out in the Audit and Risk Committee Charter.

- **Nominations Committee**
  The Board has established a Board Nomination Committee ('BNC') to manage the identification, consideration and recommendation of director appointments to the Board, succession planning for Directors, and the induction programme for new non-executive Directors.

  Nominations will be put to the annual meeting in accordance with Infratil's constitution and the relevant legislation and listing rules. The filling of casual vacancies must be approved by the Board, and then approved by shareholders at the next general meeting.

  The BNC comprises three independent Directors (M Tume (Chair), A Gerry and P Gough), with attendances by appropriate Manager representatives.

  The BNC meets formally on such occasions as the Chair of the BNC considers necessary, or on request of any BNC member who considers it necessary (which means the BNC Committee might not meet formally in a given year, if neither the Chair nor a BNC member considers it necessary).

  The BNC's role and responsibilities, and membership requirements, are set out in the Nomination Committee Charter.

Meetings of Independent Directors

The Board Charter also requires that, as a standing agenda item for regularly scheduled Board meetings, the independent Directors meet, without representatives of the Manager present, to address potential conflicts between the interests of the Manager and the interests of Infratil shareholders (including to monitor the Manager's performance).

Board and Board Committee attendance in the year ended 31 March 2017

	FULL AGENDA BOARD MEETINGS	LIMITED AGENDA BOARD MEETINGS	ARC	BNC
M Tume	9 / 9	3 / 3	4 / 4	1 / 1
M Bogoievski	9 / 9	3 / 3	4 / 4	-
A Gerry	9 / 9	3 / 3	4 / 4	1 / 1
P Gough	9 / 9	3 / 3	-	1 / 1
D P Saville*	4 / 4	2 / 2	-	-
P M Springford**	4 / 4	0 / 0	-	-
H J D Rolleston	9 / 9	1 / 3	-	-
A Muh (Alternate to D P Saville)*	3 / 4	2 / 2	-	-

* Mr Saville retired on 24 August 2016. Mr Muh's appointment as his alternate terminated automatically at the same time.

** Mr Springford was appointed on 1 November 2016.

Risk Management and Compliance

The ARC is responsible for ensuring that Infratil has an effective risk management framework to identify, treat and monitor key business risks and regulatory compliance, and also reviews management practices in these areas. Formal systems have been introduced for regular reporting to the Board on business risk, including impacts and mitigation strategies and compliance matters.

The Manager (via the Chief Executive and Chief Financial Officer) is required to, and has confirmed to the ARC and the Board in writing that, in their opinion:

- Financial records have been properly maintained and Infratil's financial statements present a true and fair view, in all material respects, of Infratil's financial condition, and operating results are in accordance with relevant accounting standards;
- The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice and comply with International Financial Reporting Standards and other applicable financial reporting standards for profit-oriented entities;
- This opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively; and
- That system of risk management and internal control is appropriate and effective internal controls and risk management practices are in place to safeguard and protect Infratil's assets, to identify, assess, monitor and manage risk, and identify material changes to Infratil's risk profile.

The ARC is also responsible for the selection and appointment of the external auditor (which is included within the External Audit Relationship section of the Audit and Risk Committee Charter), and ensuring that the external auditor or lead audit partner is changed at least every five years.

Internal Financial Control

The Board has overall responsibility for Infratil's system of internal financial control. Infratil does not have a separate internal audit function, however the Directors have established procedures and policies that are designed to provide effective internal financial control. Annual budgets, forecasts and reports on the strategic direction of Infratil are prepared regularly and reviewed and agreed by the Board. Financial and business performance reports are prepared monthly and reviewed by the Board throughout the year to monitor performance against financial and non-financial targets and strategic objectives.

Going Concern

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

Directors' and Officers' Insurance

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

Independent Professional Advice and Training

With the approval of the Chairman, Directors are entitled to seek independent professional advice on any aspect of the Directors' duties, at Infratil's expense. Directors are also encouraged to identify and undertake training and development opportunities.

Board Performance

The Board, the ARC and individual Directors are subject to a performance appraisal from time to time (and the Chairman initiates a review of Board performance annually). Appropriate strategies for improvement are agreed and actioned.

The skills and capabilities of the Board are continually assessed through the Chairman and the Board, including potential gaps in skills and experience. Infratil has developed a Board skills matrix which sets out the skills and experience of the Board. The skills and experience currently regarded as being important to Infratil are set out in the table below, and the Board considers that this mix of skills and experience is currently represented on the Board.

SKILL/EXPERIENCE
Governance and stakeholder management
Infrastructure asset management and private markets
Financial/accounting
Capital markets and funds management
People and performance
Technology and innovation
Regulation
Marketing and consumer intelligence

Disclosure and Shareholder and Other Stakeholder Communications

Infratil is committed to promoting investor confidence by providing forthright, timely, accurate, complete and equal access to information, and to providing comprehensive continuous disclosure to shareholders and other stakeholders, in compliance with the NZX Main Board and Debt Market Listing Rules. All shareholder communications and market releases are subject to review by the Manager (including Chief Executive, Chief Financial Officer and legal counsel), and information is only released after proper review and reasonable inquiry. Full year and half year results releases are also approved by the ARC and the Board.

Infratil aims to communicate effectively, give ready access to balanced and understandable information about Infratil group and corporate proposals and make it easy to participate in general meetings. Infratil seeks to ensure its shareholders are appropriately informed on its operations and results, with the delivery of timely and focused communication, and the holding of shareholder meetings in a manner conducive to achieving shareholder participation. To ensure shareholders and other stakeholders have access to relevant information Infratil:

- holds regular investor road shows and an annual investor day, and sends interested parties the dates and invitations to attend;
- sends security holders its annual and half year review which is a summary of Infratil's operating and financial performance for the relevant period, and periodic operational updates;
- ensures its website contains media releases, full year and half year financial information and presentations, current and past annual reports, Infratil bond documents, dividend histories, notices of meeting, details of Directors and the Manager, a list of shareholders' frequently asked questions and other information about Infratil;
- makes available printed half year and annual reports and encourages shareholders to access these documents on the website and to receive advice of their availability by email;
- publishes press releases on issues/events that may have material information content that could impact on the price of its traded securities and sends email updates to interested stakeholders;
- webcasts its half year and full year results so that a wide group of interested parties can review and participate in discussions on performance, and advises interested parties of the dates and how to participate in the webcast; and
- provides additional explanatory information where circumstances require.

Shareholder meetings are generally held in a location and at a time which is intended to maximise participation by shareholders. Meetings are typically alternated between Wellington, Auckland and Christchurch. Full participation of shareholders at the annual meeting is encouraged to ensure a high level of accountability and identification with Infratil's strategies and goals. Shareholders have the opportunity to submit questions prior to each meeting and the Manager, senior management of subsidiary companies and auditors are present to assist in and provide answers to questions raised by shareholders. There is also an opportunity for informal discussion with Directors, the Manager and senior management for a period after the meeting concludes.

Infratil supports the efforts of the New Zealand Shareholders' Association ('NZSA') to raise the quality of relations between public companies and their shareholders. Shareholders wishing to learn more about the NZSA can find information on its website (http://www.nzshareholders.co.nz). While Infratil supports the general aims and objectives of the NZSA, its specific actions and views are not necessarily endorsed by Infratil, or representative of Infratil's view.

Financial Products Trading Policy

Infratil has a financial products trading policy applicable to Directors, the Manager and all employees of Infratil and its subsidiaries, which can be found on Infratil's website. The policy includes a fundamental prohibition on insider trading and obligations of confidentiality when dealing with material information. The policy applies to quoted financial products (including shares and bonds) issued by Infratil and its subsidiaries.

Code of Conduct and Ethics Policy

Infratil has always required the highest standards of honesty and integrity from its Directors, Manager and employees. This commitment is reflected in Infratil's Code of Conduct and Ethics Policy, which can be found on Infratil's website. The Code of Conduct and Ethics Policy recognises Infratil's commitment to maintaining the highest standards of integrity and its legal and other obligations to all legitimate stakeholders. The policy applies to Directors, the Manager and all employees of Infratil and its subsidiaries.

The policy sets the ethical and behavioural standards and professional conduct for which Directors, the Manager and employees of Infratil and its subsidiaries are expected to conduct their work life. Failure to follow the standards provided in this Code will result in the appropriate staff or other performance management practices being invoked and may lead to disciplinary action including dismissal.

Diversity Policy

Infratil has a diversity policy for Infratil and its wholly-owned subsidiaries, whereby the value of diversity of thought at all levels of the business, in an inclusive environment, is recognised as beneficial to decision making, improving and increasing corporate and shareholder value, enhancing talent recruitment and retention, increasing employee satisfaction and enhancing the probability of achieving Infratil's objectives ('Principle'). Infratil ensures that it has (and encourages other wholly-owned subsidiaries to have) strategies, initiatives and practices to promote behaviours and processes that are consistent with the Principle. Infratil recognises that these strategies, initiatives and practices will be different for each wholly-owned subsidiary depending on its specific business requirements and accordingly it believes that it is better to engage with each wholly-owned subsidiary on diversity rather than impose specific objectives on each company. Management monitors, reviews and reports to the Board on Infratil's progress under this Policy.

At this stage, Infratil reports on gender diversity, consistent with previous years (and these metrics are below).

At 31 March 2017, the Infratil Board consisted of five male Directors and one female Director (31 March 2016: five male Directors and one female Director).

The following tables provide the proportion of women employees in the organisation, women in senior executive positions and women on the Board (senior executives are defined as a CEO or CEO direct report, or a position that effectively carries executive responsibilities):

2017 POSITION	NUMBER FEMALE	NUMBER MALE	PROPORTION FEMALE	PROPORTION MALE
Board	1	5	17%	83%
Senior Executive Positions[1,2]	20	63	24%	76%
Organisation	1,852	2,584	42%	58%

2016 POSITION	NUMBER FEMALE	NUMBER MALE	PROPORTION FEMALE	PROPORTION MALE
Board	1	5	17%	83%
Senior Executive Positions[1,2]	16	53	23%	77%
Organisation	1,930	2,552	43%	57%

1 Senior Executive Positions include the Manager

2 The gender proportions of Senior Executive Positions (Infratil Group excluding associates) was 9 female executives (17%) and 44 male executives (83%) in 2017 and 10 female executives (17%) and 49 male executives (83%) in 2016

ESG and Responsible Investment

The execution of Infratil's investment strategy takes into consideration a range of factors (including ESG/responsible investment) and policies for these factors are currently managed by each business in which Infratil invested, rather than in aggregate at a group level.

Infratil recognises that investors are increasingly interested to understand how these risks are viewed at the Infratil group level. Infratil's current approach to policies for, and reporting on, ESG/responsible investment is currently under review, and the

Manager will be considering ways in which to provide better visibility of ESG themes for Infratil. However, recognising that the businesses which Infratil has invested in have varying business requirements specific to each of them, engagement will likely start with Infratil and its wholly-owned subsidiaries, and then subsequently other members of the Infratil group.

REMUNERATION AND PERFORMANCE

Directors' Remuneration

The Board determines the level of remuneration paid to Directors within the amounts approved from time to time by Shareholders (for the year ended 31 March 2017, this was $940,923 per annum, which was fixed at the 2015 annual meeting). Directors are paid a base fee and may also be paid, as additional remuneration:

- an appropriate extra fee as Chairman or Member of a Board Committee;
- an appropriate extra fee as a director of an Infratil subsidiary (other than Trustpower and Tilt Renewables); and
- an appropriate extra fee for any special service as a Director as approved by the Board.

In addition, Directors are entitled to be reimbursed for costs directly associated with the performance of their role as Directors, including travel costs. The Chairman approves all Directors' expenses, and the Chair of the ARC approves the Chairman's expenses.

Mr Bogoievski is paid fees in his capacity as a Director, but he receives no remuneration from Infratil for his role as Chief Executive (and his remuneration as Chief Executive is paid by the Manager).

Remuneration is reviewed annually by the Board, and fees are reviewed against fee benchmarks in New Zealand and Australia and to take into account the size and complexity of Infratil's business. The fee structure approved by the Board for the year ended 31 March 2017 is set out below:

ANNUAL FEE STRUCTURE	FINANCIAL YEAR 2017 (NZD)
Base Fees:	
Chairman of the Board	180,000
Director	90,000
Overseas Director (P Gough)	112,501
Board Committee Fees:	
Audit and Risk Committee	
Chair	18,422
Member	10,000
Nominations Committee	
Chair	Nil
Member	Nil

Remuneration paid to Directors (as a Director of Infratil and, where applicable, as a director of an Infratil subsidiary) in respect of the year ended 31 March 2017 (and 31 March 2016) is set out below (note that all amounts exclude GST or VAT where appropriate):

Directors' Remuneration paid by Infratil
Directors' remuneration (in their capacity as such) in respect of the year ended 31 March 2017 and 31 March 2016 paid by the Company was as follows (these amounts exclude GST, where appropriate):

DIRECTOR	FINANCIAL YEAR 2017 (NZD)	FINANCIAL YEAR 2016 (NZD)
M Tume (Chairman)	180,000	175,471
M Bogoievski	100,000	97,736
A Gerry	108,422	106,158
P Gough	112,501	109,670
D P Saville*	45,000	87,736
P M Springford**	45,000	-
H J D Rolleston	90,000	87,736
A Muh (Alternate to D P Saville)*	-	-
Total	**680,923**	**664,507**

* Mr Saville retired on 24 August 2016. Mr Muh's appointment as his alternate terminated automatically at the same time.

** Mr Springford was appointed on 1 November 2016.

Directors' Remuneration paid by Infratil Subsidiaries
Directors' remuneration (in their capacity as such) in respect of the year ended 31 March 2017 and 31 March 2016 paid by subsidiaries was as follows (these amounts exclude GST where appropriate):

DIRECTOR	FINANCIAL YEAR 2017 (NZD)	FINANCIAL YEAR 2016 (NZD)
M Bogoievski (Trustpower Limited)	92,000	80,000
A Gerry (Wellington International Airport Limited)*	12,272	-

* Ms Gerry was appointed as a director of Wellington International Airport Limited on 1 February 2017.

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

Directors' Shareholding

Under Infratil's Constitution, Directors are not required to hold shares in Infratil. However, in recognition of the benefits of aligning Directors' interests with those of shareholders, non-executive Directors have the option to take up a portion of their fees paid through the issue of shares to those Directors. All Directors who take up this option either hold those shares themselves or those shares are held by organisations to which they are associated parties. Directors will not normally make investments in listed infrastructure or utilities securities in areas targeted by Infratil.

Management Fee

As noted earlier, Infratil is managed by the Manager, under a Management Agreement. The Management Agreement sets out the terms of the services provided by the Manager and the basis of fees, including base fees and incentive fees. Details of fees paid to the Manager are disclosed in the 2017 Annual Report financial statements, including:

- Note 26: components of the Management Fee;
- Note 25: related party disclosures in respect of MCIM and fees paid to MCIM; and
- In the statutory information section, the interests of Directors associated with MCIM, and Directors' fees.

Executive Remuneration

The disclosures provided below relate to the remuneration of executives employed by unlisted New Zealand-incorporated subsidiaries of Infratil ('New Zealand Group'):

- These disclosures do not relate to employees of the Manager, as these employees are remunerated by the Manager. The only cost to Infratil of these employees is the Management Fee payable to the Manager (referred to above). Employees of the Manager include most of the management team listed on pages 8-9 of this annual report, including the Chief Executive and Chief Financial Officer.
- These disclosures do not relate to employees of Trustpower or Tilt Renewables. Although both of these companies are subsidiaries of Infratil, both are listed on the NZX Main Board (and the ASX), and are responsible for determining the remuneration of their executives (and these remuneration structures are disclosed in those companies' reporting to shareholders).
- These disclosures do not relate to employees of investee companies which are not subsidiaries of Infratil (e.g. RetireAustralia or Canberra Data Centres).

Executives of the New Zealand Group are remunerated with a mix of:

- Base salary and benefits;
- Short term performance incentives; and
- Long term performance incentives.

The determination of fixed remuneration is based on responsibilities, individual performance and experience, and market data. At-risk/variable remuneration comprises short term incentives and, for senior and key employees, long-term incentives. Infratil's executives are employed by subsidiary companies, and executive remuneration policies are determined and approved by the subsidiary company boards within high level principles established by the Infratil Board. Incentives are directly related to the performance area controlled by the executive, while longer term incentives are intended to align with shareholder interests. Remuneration of executives of subsidiary companies is overseen by non-executive directors of those subsidiary companies.

Performance reviews of executives are carried out regularly and at least annually, and involve feedback by the Board on performance of the Manager, and subsidiary Directors' review of subsidiary company's Chief Executive and executives' performance. Performance reviews include the setting of goals and objectives at the beginning of the year, and reviewing the achievement of those goals and objectives at the end of the year. Performance measures will normally include both qualitative and quantitative measures. Performance evaluations have taken place in accordance with this process during the reporting year.

Short term incentives

In the New Zealand Group, variable remuneration recognises and rewards high-performing individuals whose contribution supports business goals and objectives, and who meet their individual goals agreed with the Board or their Chief Executive (as appropriate).

Short term incentives (STIs) comprise cash payments based on performance measured against key performance indicators (KPIs). Different levels of incentives are determined reflecting the nature of the roles in Infratil. KPIs may comprise entity or individual business, team and individual targets. These targets are designed to create goals that will support an achievement and performance-oriented culture.

The STI programme is designed to differentiate reward for exceptional, outstanding and good performance.

Long term incentives

The principal objective of long term incentives is to align executives' performance with shareholder interests and provide equity-based incentives that help retain valuable employees. Long term incentive arrangements for the New Zealand Group are currently under review. Infratil has an Infratil Executive Redeemable Share Scheme (see note 24 in the Financial Statements) for selected senior and key employees of the New Zealand Group, and the most recent allocation of shares was made in June 2016 in respect of the 2016 financial year (no allocation of shares is proposed in respect of the 2017 financial year).

Employee remuneration

During the year ended 31 March 2017, the following number of employees (and former employees) and Infratil and its subsidiaries received remuneration and other benefits in their capacity as employees of at least $100,000. This does not include employees of the Manager (who include most of the management team listed on pages 8-9 of this annual report, including the Chief Executive and Chief Financial Officer), as these employees are remunerated by the Manager and the only cost to Infratil of these employees is the Management Fee payable to the Manager (referred to above).

REMUNERATION RANGE	NUMEBER OF EMPLOYEES
$100,000 to $110,000	30
$110,001 to $120,000	34
$120,001 to $130,000	22
$130,001 to $140,000	29
$140,001 to $150,000	18
$150,001 to $160,000	13
$160,001 to $170,000	18
$170,001 to $180,000	6
$180,001 to $190,000	12
$190,001 to $200,000	5
$200,001 to $210,000	3
$210,001 to $220,000	6
$220,001 to $230,000	3
$230,001 to $240,000	5
$240,001 to $250,000	6
$250,001 to $260,000	4
$260,001 to $270,000	3
$270,001 to $280,000	4
$280,001 to $290,000	1
$290,001 to $300,000	2
$300,001 to $310,000	2
$310,001 to $320,000	1
$330,001 to $340,000	1
$340,001 to $350,000	1
$350,001 to $360,000	3

REMUNERATION RANGE	NUMBER OF EMPLOYEES
$370,001 to $380,000	1
$400,001 to $410,000	1
$420,001 to $430,000	2
$430,001 to $440,000	1
$470,001 to $480,000	1
$480,001 to $490,000	2
$490,001 to $500,000	1
$620,001 to $630,000	1
$630,001 to $640,000	1
$640,001 to $650,000	1
$670,001 to $680,000	1
$700,001 to $710,000	1
$820,001 to $830,000	1
$910,001 to $920,000	1
$1,050,001 to $1,060,000	1
$1,690,001 to $1,700,000	1

DISCLOSURES

Directors Holding Office

Infratil's Directors as at 31 March 2017 are:

- Mark Tume (Chairman)
- Marko Bogoievski
- Alison Gerry
- Paul Gough
- Peter Springford
- Humphry Rolleston

Duncan Saville retired on 24 August 2016. Anthony Muh's appointment as his alternate terminated automatically at the same time.

Entries in the Interests Register

Statement of Directors' Interests (as at 31 March 2017)

As at 31 March 2017, Directors had relevant interests (as defined in the Financial Markets Conduct Act 2013) in quoted financial products of Infratil or any related body corporate of Infratil, as follows:

ORDINARY SHARES	BENEFICIAL INTERESTS	NON-BENEFICIAL INTERESTS
M Tume	39,977	5,792
M Bogoievski	1,618,299	-
A Gerry	21,588	-
P M Springford	25,000	-
H J D Rolleston	42,460	-

IFT210 BONDS	BENEFICIAL INTERESTS	NON-BENEFICIAL INTERESTS
P M Springford	40,000	-

WIA030 BONDS	BENEFICIAL INTERESTS	NON-BENEFICIAL INTERESTS
P M Springford	30,000	-

Dealing in Securities

The following table shows transactions by Directors recorded in respect of those securities during the period from 1 April 2016 to 31 March 2017:

DIRECTOR	NO OF SECURITIES BOUGHT/(SOLD)	COST/(PROCEEDS) NZD
A Gerry - beneficial		
On-market acquisition– 13/06/16 (Director's Fees)	3,033	9,999
P Gough - beneficial		
On-market disposal – 14/03/17	(176,703)	(542,439)
On-market acquisition– 13/06/16 (Director's Fees)	3,033	9,999
H J D Rolleston - beneficial		
On-market acquisition– 13/06/16 (Director's Fees)	3,033	9,999
M Tume - beneficial		
On-market acquisition– 13/06/16 (Director's Fees)	3,033	9,999

Use of Company information

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

Directors' Relevant Interests

The following are relevant interests of the Company's Directors as at 31 March 2017:

- **M Tume**
  Director of Yeo Family Trustee Limited
  Director of Long Board Limited
  Director of Welltest Limited
  Director of New Zealand Refining Company Ltd
  Director of New Zealand Oil and Gas Limited (and various subsidiaries)
  Director of Koau Capital Partners Ltd
  Director of Rearden Capital Pty Limited
  Director of Netlogix Australia PTY Ltd
  Director of various Infratil wholly owned companies
  Chair of RetireAustralia Pty Limited
  Chair of Te Atiawa Iwi Holdings Limited Partnership

- **M Bogoievski**
  Director of Zig Zag Farm Limited
  Director of Trustpower Limited
  Director of various Infratil wholly owned companies
  Chief Executive of the H.R.L. Morrison & Co group, and Director of H.R.L. Morrison & Co Group GP Limited and companies wholly-owned by the H.R.L. Morrison & Co Group Limited Partnership

- **A Gerry**
  Director of Wellington International Airport Limited
  Director of NZX Limited
  Director New Zealand Clearing and Depository Corporation Limited
  Director of Spark New Zealand Limited
  Director of Lindis Crossing Vineyard Limited
  Director of Glendora Holdings Limited
  Director of Glendora Avocados Limited
  Director of Random Walk (2010) Limited
  Director of Vero Insurance New Zealand Limited
  Director of Vero Liability Insurance New Zealand Limited
  Director of Asteron Life Limited

- **P Gough**
  Partner of STAR Capital Partners
  Director of Star Asset Backed Finance Limited
  Director of Star Asset Finance Limited
  Director of First Capital Finance Limited
  Director of Kennet Equipment Leasing Limited
  Director of Ignition Credit PLC
  Member of Topaz Sarl
  Director of Gough Capital Limited
  Director of OPM Investments Limited
  Director of Tipu Capital Limited
  Director of STAR Mayan Limited
  Director Synergy Health Managed Services Limited

- **P M Springford**
  Director and Shareholder of Springford and Newick Limited
  Director of Loncel Technologies 2014 Limited
  Director and Shareholder of NZ Frost Fans Limited
  Director and Shareholder of Ngarango Island Properties Limited
  Director and Shareholder of New Zealand Wood Products Limited
  Director and Shareholder of Aussie Frost Fans 2012 Limited
  Director and Shareholder of Omahu Ventures Limited
  Director of Mondiale Technologies Limited
  Director of Zespri Group Limited (from 1 May 2017)

- **H J D Rolleston**
  Director of Property for Industry Limited
  Chairman of ANZCRO Pty Limited
  Director and shareholder of Matrix Security Group Ltd.
  Director of Asset Management Limited
  Director of Spaceships Limited
  Director and shareholder of Stray Limited
  Director and shareholder of Media Metro Limited
  Director and shareholder of McRaes Global Engineering Limited
  Director and shareholder of Save a Watt Holdings Limited

- **All Directors (other than A Gerry and P M Springford)**
  Aotea Energy Limited effected, from 23 July 2013, public offering of securities insurance brokered by Marsh & McLennan Agency Limited for the benefit of Z Energy Limited, Aotea Energy Investments Limited, Aotea Energy Holdings Limited and its subsidiaries, NZSF Aotea Limited and its subsidiaries, Guardians of New Zealand Superannuation as manager and administrator of the New Zealand Superannuation Fund as shareholder of NZSF Aotea Limited, Infratil Limited and its subsidiaries, H.R.L. Morrison & Co Group Limited and its subsidiaries (subject to a professional indemnity exclusion), and the directors and employees of the foregoing. Full details of the POSI policy are available from H.R.L. Morrison & Co Limited.

- **All Directors**
  Infratil has arranged Directors' and Officers' liability insurance covering any past, present or future director, officer (e.g. company secretary), executive officer, non-executive director or employee acting in a managerial or supervisory capacity or named as a co-defendant with Infratil or a subsidiary of Infratil. Cover is for damages, judgements, fines, penalties, legal costs awarded and defence costs arising from wrongful acts committed while acting for Infratil or a subsidiary, but excluding dishonest, fraudulent, malicious acts or omissions, wilful breach of statute or regulations or duty to Infratil or a subsidiary, improper use of information to the detriment of Infratil or a subsidiary, or breach of professional duty. The period of insurance is 1 July 2017 to 1 July 2017. The limit of Indemnity is $120 million for any one claim (or $90 million for any securities claim) and in aggregate, with a deductible for each and every claim (inclusive of costs) of $20,000 (or $35,000 in respect of the USA) for claims except securities claims, and $50,000 (or $135,000 in respect of the USA) for securities claims. In addition, separate defence costs cover of $20 million has been placed.
  As permitted by its Constitution, Infratil Limited has entered into a deed of indemnity, access and insurance indemnifying certain directors and senior employees of Infratil, its wholly-owned subsidiaries and other approved subsidiaries and investment entities (Indemnified Persons) for potential liabilities, losses, costs and expenses they may incur for acts or omissions in their capacity as directors or senior employees, and agreeing to effect directors' and officers' liability insurance for the Indemnified Persons, in each case subject to the limitations set out in the Companies Act 1993. The deed was executed 31 July 2015.

Directors of Infratil Subsidiary Companies

SUBSIDIARY COMPANY	DIRECTOR OF SUBSIDIARY
Aotea Energy Holdings Limited	M Bogoievski and M Tume
Aotea Energy Holdings No 2 Limited	M Bogoievski and M Tume
Aotea Energy Investments Limited	M Bogoievski and M Tume
Aotea Energy Limited	M Bogoievski and M Tume
Auckland Integrated Ticketing Limited	W Dalbeth, D Hudson, C Inwards, A Ritchie and S Thorne
Blayney and Crookwell WindFarm Pty Ltd	R Farron and G Swier
Church Lane Wind Farm Pty Ltd	R Farron and G Swier
Cityline (NZ) Limited	W Dalbeth, D Hudson, C Inwards, A Ritchie and S Thorne
Dundonnell Wind Farm Pty Ltd	R Farron and G Swier
Dysart 1 Pty Ltd	R Farron and G Swier
GSP Energy Pty Ltd	G Swier and V Hawksworth
Hopsta Limited	A Bickers and V Hawksworth
Infratil 1998 Limited	M Bogoievski and M Tume
Infratil 2016 Limited	M Bogoievski and M Tume
Infratil Australia Limited	M Bogoievski and M Tume
Infratil Energy Limited	M Bogoievski and M Tume
Infratil Energy New Zealand Limited	M Bogoievski and K Baker
Infratil Europe Limited	M Bogoievski and M Tume
Infratil Finance Limited	M Bogoievski and M Tume
Infratil Gas Limited	M Bogoievski and M Tume
Infratil Infrastructure Property Limited	M Bogoievski, K Baker and P Coman
Infratil Investments Limited	M Bogoievski and M Tume
Infratil No. 1 Limited	M Bogoievski and M Tume
Infratil No. 5 Limited	M Bogoievski and M Tume
Infratil Outdoor Media Limited	M Bogoievski
Infratil Power Pty Limited	R Crawford
Infratil PPP Limited	M Bogoievski and K Baker
Infratil Renewable Power Pty Limited	R Crawford
Infratil Renewables Limited	M Bogoievski and M Tume
Infratil RV Limited	M Bogoievski and M Tume
Infratil Securities Limited	M Bogoievski and M Tume
Infratil Trustee Company Limited	M Bogoievski and M Tume
Infratil UK Limited	M Bogoievski and M Tume
Infratil US Renewables, Inc	M Bogoievski and V Vallabh
Infratil Ventures Limited	M Bogoievski and M Tume
Infratil Ventures 2 Limited	M Bogoievski and M Tume
King Country Energy Holdings Ltd	V Hawksworth
King Country Energy Ltd	V Hawksworth , P Ridley-Smith
Nebo 1 Pty Ltd	R Farron and G Swier
New Lynn Central Limited	P Coman, A Lamb and A Young
New Zealand Bus Finance Company Limited	K Baker, J Boyes, S Proctor and K Tempest Resigned: T Brown (31 January 2017) and L Petagna (30 June 2016)
New Zealand Bus Limited	K Baker, J Boyes, S Proctor and K Tempest Resigned: T Brown (31 January 2017) and L Petagna (30 June 2016)

SUBSIDIARY COMPANY	DIRECTOR OF SUBSIDIARY
North City Bus Limited	Z Fulljames, S McMahon, C Stratton and S Thorne
North West Auckland Airport Limited	M Bogoievski and T Brown
NZ Airports Limited	M Bogoievski and M Tume
Perth Energy Holdings Pty Limited	J Biesse, R Crawford, S Fitzgerald, and S Jones Resigned: K Cao (5 September 2016) and R Jones (2 May 2016)
Perth Energy Pty Limited	J Biesse, R Crawford, S Fitzgerald, and S Jones Resigned: K Cao (5 September 2016) and R Jones (2 May 2016)
Renew Nominees Limited	M Bogoievski and K Baker
Rye Park Renewable Energy Pty Ltd	R Farron and G Swier
Salt Creek Wind Farm Pty Ltd	R Farron and G Swier
Snapper Services Limited	P Harford, K Waddell and R Phillippo
Snowtown South Wind Farm Pty Ltd	R Farron and G Swier
Snowtown Wind Farm Pty Ltd	R Farron and G Swier
Snowtown Wind Farm Stage 2 Pty Ltd	R Farron and G Swier
Swift Transport Limited	M Bogoievski and M Tume
Swift Transport No.1 Limited	K Baker, J Boyes, S Proctor and K Tempest Resigned: T Brown (1 February 2017) and L Petagna (30 June 2016)
Tararua Wind Power Limited	B Harker and F Oliver
Tilt Renewables Limited	B Harker, P Newfield, F Oliver, P Strachan, G Swier, V Vallabh
Tilt Renewables Australia Pty Ltd	R Farron and G Swier
Tilt Renewables Investments Pty Ltd	R Farron and G Swier
Tilt Renewables Market Services Pty Ltd	R Farron and G Swier
Transportation Auckland Corporation Limited	Z Fulljames, S McMahon and C Stratton and S Thorne
Trustpower Insurance Limited	A Bickers and V Hawksworth
Trustpower Limited	R Aitken, A Bickers, M Bogoievski, S Knowles, S Peterson, P Ridley-Smith and G Swier
Trustpower Metering Limited	V Hawksworth
WA Power Exchange Pty Limited	J Biesse, R Crawford, and S Fitzgerald Resigned: K Cao (29 September 2016) and R Jones (30 March 2017)
Waddi Wind Farm Pty Ltd	R Farron and G Swier
Wellington Airport Noise Treatment Limited	M Harrington and S Sanderson
Wellington City Transport Limited	Z Fulljames, S McMahon, C Stratton and S Thorne
Wellington Integrated Ticketing Limited	T Martin and S Thorne
Wellington International Airport Limited	T Brown, A Gerry, K Sutton, J Boyes and A Foster and P Walker Resigned: P Coman (1 February 2017), S Fitzgerald, (1 November 2016) and C Wade-Brown (26 October 2016)
Western Energy Holdings Pty Limited	J Biesse, R Crawford, S Jones and S Fitzgerald Resigned: K Cao (5 September 2016) and R Jones (2 May 2016)
Western Energy Pty Limited	J Biesse, R Crawford, S Jones and S Fitzgerald Resigned: K Cao (5 September 2016) and R Jones (2 May 2016)
Wingeel Wind Farm Pty Ltd	R Farron and G Swier

Directors' Fees paid by Infratil Subsidiary Companies (not otherwise disclosed in the Annual Report)

SUBSIDIARY COMPANY	DIRECTOR OF SUBSIDIARY	CURRENCY	FINANCIAL YEAR 2017 (NZD)
NZ Bus Limited	Kevin Baker	NZD	89,103
	Jason Boyes	NZD	7,200
	Tim Brown	NZD	36,002
	Liberato Petagna	NZD	10,800
	Steven Proctor	NZD	28,466
	Keith Tempest	NZD	43,202
Perth Energy Pty Limited	John Biesse	AUD	50,222
	Roger Crawford	AUD	50,222
	Steven Fitzgerald	AUD	100,442
Snapper Services Limited	Phillippa Harford	NZD	3,728
	Rhoda Phillippo	NZD	54,000
	Kerry Waddell	NZD	37,801
Tilt Renewables Limited	Bruce Harker	AUD	79,167
	Paul Newfield	AUD	39,583
	Fiona Oliver	AUD	42,083
	Phillip Strachan	AUD	41,667
	Geoffrey Swier	AUD	41,667
	Vimal Vallabh	AUD	35,417
Trustpower Limited	Alan Bickers	NZD	80,000
	Sam Knowles	NZD	90,000
	Susan Peterson	NZD	90,000
	Paul Ridley-Smith	NZD	213,000
Wellington International Airport Limited	Jason Boyes	NZD	70,000
	Tim Brown	NZD	120,000
	Peter Coman	NZD	50,157
	Steven Fitzgerald	NZD	40,897
	Andrew Foster	NZD	25,761
	Keith Sutton	NZD	77,200
	Celia Wade-Brown	NZD	34,239
	Phillip Walker	NZD	24,620

Donations

Infratil made donations of $0.9 million during the year ended 31 March 2017 (2016: $0.9 million).

Auditors

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

NZX Waivers

As at and for the year ended 31 March 2017, Infratil was granted and relied on the following waivers from the NZSX Main Board / Debt Market Listing Rules (both of which are available on Infratil's website: www.infratil.com/for-investors/announcements):

- On 17 May 2016, Infratil was granted a waiver from NZSX Listing Rule 9.2.1 waiving the requirement for Infratil to obtain an Ordinary Resolution of shareholders to enter into a Material Transaction (investing in Canberra Data Centres) with a Related Party (Commonwealth Superannuation Corporation).
- On 28 July 2016, Infratil was granted a waiver from NZSX Listing Rule 9.2.1 waiving the requirement for Infratil to obtain an Ordinary Resolution of shareholders to enter into a Material Transaction (investing in ANU Student Accommodation) with a Related Party (Commonwealth Superannuation Corporation).

In addition, Infratil was granted a standing waiver from NZSX Listing Rule 9.2.1 on 8 April 2017. The effect of the waiver is to waive the requirement for Infratil to obtain an Ordinary Resolution from shareholders to enter into a Material Transaction with a Related Party to the extent required to allow Infratil to enter into transactions with co-investors that have also engaged an entity related to H.R.L. Morrison & Co Group LP for investment management or advisory services. The waiver is provided on the conditions specified in paragraph 2 of the waiver decision, which is available on Infratil's website: www.infratil.com/for-investors/announcements. As yet, no transaction has been entered into in reliance on this waiver.

Credit Rating

Infratil does not have a credit rating. Wellington International Airport Limited has a Standard & Poor's credit rating of BBB+ stable.

Continuing share buyback programme

Infratil maintains an ongoing share buyback programme, as outlined in its 2016 Notice of Meeting. As at 31 March 2017, Infratil had repurchased 2,510,000 shares pursuant to that programme (which allows up to 50,000,000 shares to be bought back).

Shareholder information programme

Infratil Limited is incorporated in New Zealand and is not subject to Chapters 6, 6A, 6B and 6C of the Australian Corporations Act 2001. The acquisition of securities in Infratil may be limited under New Zealand law by the Takeovers Code (which restricts the acquisition of control rights of more than 20% of Infratil other than via a takeover offer under the Code) or the effect of the Overseas Investment Act 2005 (which restricts the acquisition of New Zealand assets by overseas persons).

Substantial Product Holders

The following information is pursuant to Section 293 of the Financial Markets Conduct Act 2013. According to notices received by Infratil under that Act, the following persons were substantial product holders in Infratil as at 31 March 2017:

ORDINARY SHARES	NUMBER HELD
Accident Compensation Corporation*	46,251,896
The Capital Group Companies, Inc.	30,423,179

* The Accident Compensation Corporation notice includes the following employees who have qualified powers to exercise control of rights to vote and of acquisition or disposal - Nicholas Bagnall, Paul Robertshawe, Blair Tallott, Blair Cooper, Jason Familton, Jason Lindsay, Ian Purdy and Jonathan Davis.

The total number of voting securities of the Company on issue as at 31 March 2017 was 560,053,166 fully paid ordinary shares.

Twenty Largest Shareholders as at 31 March 2017

JPMORGAN Chase Bank	46,362,046
Accident Compensation Corporation	44,548,412
HSBC Nominees (New Zealand) Limited	32,625,781
Tea Custodians Limited	24,346,940
HSBC Nominees (New Zealand) Limited	22,989,733
Citibank Nominees (NZ) Ltd	22,728,707
Forsyth Barr Custodians Ltd	20,129,672
FNZ Custodians Limited	15,713,276
JB WERE (NZ) Nominees Limited	13,389,945
Cogent Nominees Limited	11,606,744
Robert William Bentley Morrison & Andrew Stewart & Anthony Howard	11,082,245
National Nominees New Zealand Limited	10,309,264
Hettinger Nominees Limited	10,179,103
New Zealand Permanent Trustees Limited	8,558,356
New Zealand Superannuation Fund Nominees Limited	8,119,800
Premier Nominees Limited	7,586,267
Custodial Services Limited	7,098,695
BNP Paribas Nominees NZ Limited	3,439,533
Investment Custodial Services Limited	3,381,640
Morrison Nominees Limited	3,379,891
New Zealand Depository Nominee Limited	3,347,613

In the above table, the shareholding of New Zealand Central Securities Depositary Limited (NZCSD) has been re-allocated to the applicable members of NZCSD.

Spread of Shareholders as at 31 March 2017

NUMBER OF SHARES*	NUMBER OF HOLDERS	TOTAL SHARES HELD	%
1 - 1,000	2,520	1,512,932	0.30%
1,001 - 5,000	7,179	20,759,451	3.70%
5,001 - 10,000	3,742	28,037,829	5.00%
10,001 - 50,000	4,087	85,354,704	15.20%
50,001 - 100,000	431	30,186,848	5.40%
100,001 and over	209	394,201,402	70.40%
Total	**18,168**	**560,053,166**	**55.70%**

* 235 shareholders hold less than a marketable parcel of Infratil shares

Twenty Largest Infrastructure Bondholders

(IFT090, IFT160, IFT170, IFT180, IFT190, IFT200, IFT210, IFT220, IFT230 & IFTHA) as at 31 March 2017

Forsyth Barr Custodians Ltd	82,430,876
FNZ Custodians Limited	65,737,467
Custodial Services Limited	39,012,574
Lynette Therese Erceg & Darryl Edward Gregory & Catherine Agnes Quinn	35,784,000
JB WERE (NZ) Nominees Limited	32,396,000
New Zealand Central Securities	30,327,917
Custodial Services Limited	22,849,400
Investment Custodial Services	16,986,000
Custodial Services Limited	14,047,334
Custodial Services Limited	12,529,590
Forsyth Barr Custodians	5,317,000
Custodial Services Limited	5,215,000
Tappenden Holdings Limited	4,970,000
Sterling Holdings Limited	3,553,000
Mr Garth Barfoot	3,500,000
Custodial Services Limited	3,389,600
FNZ Custodians Limited	3,239,500
NZ Methodist Trust Association	3,050,000
FNZ Custodians Limited	2,603,000
Presbyterian Support Services	2,168,000

Spread of Infrastructure Bondholders

(IFT090, IFT160, IFT170, IFT180, IFT190, IFT200, IFT210, IFT220, IFT230 & IFTHA) as at 31 March 2017

NUMBER OF BONDS	NUMBER OF HOLDERS	TOTAL BONDS HELD
1 - 1,000	8	7,167
1,001 - 5,000	1,881	9,351,000
5,001 - 10,000	4,674	44,849,758
10,001 - 50,000	10,882	303,100,975
50,001 - 100,000	1,403	115,623,117
100,001 and Over	718	532,595,487
Total	**19,566**	**1,005,527,504**

Comparative Financial Review

FINANCIAL PERFORMANCE (31 MARCH YEAR ENDED)	2017 $ MILLIONS	2016 $ MILLIONS	2015 $ MILLIONS	2014 $ MILLIONS	2013 $ MILLIONS	2012 $ MILLIONS	2011 $ MILLIONS	2010 $ MILLIONS	2009 $ MILLIONS	2008 $ MILLIONS
Operating revenue	1,823.8[4]	1,706.4[4]	1,624.7[4]	1,514.9[4]	2,368.7[4]	2,166.4[4]	1,984.8[4]	1,835.9	1,733.8	1,346.7
Underlying EBITDAF	519.5[4]	462.1[4]	452.5[4]	437.4[2,4]	527.6[4]	520.2[4]	470.9[1,4]	363.3	356.3	315.9
Operating earnings[3]	181.2	149.4	120.3	164.2	183.5	199.3	252.9	90.0	77.2	87.8
Net gain/(loss) on foreign exchange and derivatives	29.0	(13.6)	(36.3)	70.7	(14.4)	19.2	(3.9)	(67.5)	8.0	2.9
Investment realisations, revaluations and (impairments)	(55.2)	(51.8)	29.5	222.2	(5.9)	4.3	(0.5)	83.8	(179.4)	(15.4)
Net surplus after taxation, discontinued operations and minorities	66.1	438.3	383.5	198.9	3.4	51.6	64.5	29.0	(191.0)	(1.7)
Dividends paid	82.9	110.4	148.8	57.0	48.2	44.1	37.6	36.2	31.3	28.6
Financial position										
Represented by										
Investments	882.9	534.3	532.3	294.1	334.2	340.9	323.7	9.7	162.4	212.3
Non-currents assets	5,170.4	5,085.2	4,830.6	4,613.3	4,435.2	4,328.8	4,193.7	3,963.6	3,891.5	3,662.9
Current assets	743.4	1,007.5	584.8	542.4	670.0	623.7	515.7	535.1	653.8	524.2
Total assets	**6,796.7**	**6,627.0**	**5,947.7**	**5,449.8**	**5,439.4**	**5,293.4**	**5,033.1**	**4,508.4**	**4,707.7**	**4,399.4**
Current liabilities	672.7	559.0	344.0	623.6	679.6	547.5	415.7	647.6	445.6	618.6
Non-current liabilities	1,984.8	2,048.2	2,066.5	1,810.4	1,920.0	1,887.7	1,919.7	1,382.1	1,879.0	1,561.6
Infrastructure bonds	998.3	949.8	981.9	979.9	904.3	851.6	854.8	747.4	748.7	748.8
Total Liabilities	3,655.8	3,557.0	3,392.4	3,413.9	3,503.9	3,286.8	3,190.2	2,777.1	3,073.3	2,929.0
Net Assets	**3,140.9**	**3,070.0**	**2,555.3**	**2,035.9**	**1,935.5**	**2,006.6**	**1,842.9**	**1,731.3**	**1,634.4**	**1,470.4**
Outside equity interest in subsidiaries	1,182.6	1,145.3	1,061.4	916.6	931.1	932.0	843.5	850.6	843.4	737.1
Equity	1,959.3	1,924.7	1,493.9	1,119.3	1,004.4	1,074.6	999.4	880.7	791.0	733.3
Total Equity	**3,141.9**	**3,070.0**	**2,555.3**	**2,035.9**	**1,935.5**	**2,006.6**	**1,842.9**	**1,731.3**	**1,634.4**	**1,470.4**
Dividends per share	14.75	19.65	26.50	9.75	8.25	7.25	6.25	6.25	6.25	6.25
Shares on issue ('000)	560,053	562,326	561,875	561,618	583,321	586,931	602,806	567,655	520,211	443,408
Partly paid instalment shares ('000)	-	-	-	-	-	-	-	-	-	88,008

1 Prior to fair value gains on acquisition recognised by associates of $60.7 million.
2 Prior to fair value gains on acquisition recognised by associates of $33.1 million.
3 Operating earnings is earnings after depreciation, amortisation and interest.
4 Operating revenue and Underlying EBITDAF relate to continuing operations.

DIRECTORY

Directors
Mark Tume (Chairman)
Marko Bogoievski
Alison Gerry
Paul Gough
Humphry Rolleston
Peter Springford

Company Secretary
Nick Lough

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Wellington

The Hong Kong and Shanghai Banking Corporation Limited
Level 25
HSBC Tower
195 Lambton Quay
Wellington

Bank of New Zealand
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80 Queen Street
Auckland

Westpac New Zealand Limited
Westpac On Takutai Square
16 Takutai Square
Auckland

Commonwealth Bank of Australia
Level 2
ASB North Wharf
12 Jellicoe Street
Auckland

Calendar

Final Dividend Paid
15 June 2017

Annual Meeting
24 August 2017

Infratil Update Publication
October 2017

Half Year End
30 September 2017

Interim Report Release
10 November 2017

Infratil Update Publication
March 2018

Financial year end
31 March 2018

Updates/Information

Infratil produces an Annual Report and Interim Report each year. It also produces other Update newsletters on matters of relevance to the Company.

Last year Updates covered:
The extension of Wellington Airport runway
Electric buses
Canberra Data Centres
Longroad Energy
Tilt Renewables

In addition, Infratil produces occasional reports on the operations of its subsidiaries. These are available at www.infratil.com.

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