INFRATIL LIMITED

RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2008

17 NOVEMBER 2008

For the six months to 30 September 2008 Infratil's consolidated earnings before interest, tax, depreciation, amortisation and revaluations were $203 million, up from $166 million for the same period last year.

The operating surplus (earnings after interest, depreciation and amortisation) was $67 million, up from $59 million and the net surplus after tax was $7.3 million, down from $14.5 million for the same period a year ago primarily due to a $13.4 million reduction in derivative valuations.

Net operating cashflows were $42 million up from $21 million in 2007. Discretionary growth capital outlays (excluding working capital) amounted to $235 million with going concern capex of $26 million.

A fully imputed dividend of 2.5 cents per share is to be paid on 15 December 2008 to all shareholders on the register as at 5 December 2008.

BUSINESS RESULTS

CONTRIBUTIONS TO EBITDAF

$ MILLION	6 MONTHS TO 30 SEPTEMBER 2008	6 MONTHS TO 30 SEPTEMBER 2007	YEAR TO 31 MARCH 2008
TrustPower	136.7	116.2	208.0
IEA Group	28.1	7.8	12.0
Wellington Airport	32.2	27.7	60.0
IAE	(6.0)	0.0	1.2
NZBus	17.8	20.8	41.9
Other, Eliminations, etc	(5.8)	(6.8)	(7.2)
Total	**203.0**	**165.7**	**315.9**

Infratil's 23% increase in EBITDAF reflected the financial and operating performances at Infratil's core businesses.

TRUSTPOWER delivered record half-year earnings despite facing very difficult generation and spot market conditions over the first quarter. TrustPower's diversity of generation catchments and risk management practices again showed their worth. The contract and spot markets were both effective over the period with price signals influencing the operation of hydro and thermal plants and price-exposed consumers.

WELLINGTON AIRPORT also produced record earnings and cash contribution to Infratil. The Airport's efforts to attract and develop services paid off during the period with continued growth despite the emerging weak economic picture.

INFRATIL ENERGY AUSTRALIA delivered a strong earnings contribution. The result included non-recurring gains but also reflected good risk management, responsiveness to changing market conditions and the increasing scale of the retail operations. However, increasing customer numbers has also increased the seasonality of retail

earnings which are heavily weighted towards winter, while in the case of electricity, unit costs are highest over the summer period.

NEW ZEALAND BUS experienced a decline in earnings due to increases in maintenance expenditure required to improve service reliability. Otherwise, increased patronage, fares and regional council contract payments balanced-out higher costs. Notably NZ Bus's road user charges were over $5 million for the period due to a 14% increase in this Government levy.

Snapper, the new ticket and payment system was warmly received in Wellington. Over 30,000 cards were issued and are now being used over 16,000 times a day for transport and merchandise transactions.

INFRATIL AIRPORTS EUROPE recorded an earnings loss of $6 million for the half. This reflected the loss of major freight services at Glasgow and Kent. While the suddenness of the reduction of services meant that the airports have incurred adjustment costs (including bad debts) it is likely that the full year outcome will be consistent with the first half trend.

CAPITAL & RISK MANAGEMENT

The world's capital markets are undergoing their most stressful and difficult period for two generations. Fluctuating asset values and financial system failures have created damage and uncertainty and the economy now faces a potentially prolonged period of recession. Like most listed entities, Infratil's share price has been affected, but the impact, both as regards immediate financial circumstances and the strategic positions of its businesses has been modest. Infratil's goal of delivering good returns to its shareholders is based on:

- Positioning in infrastructure sectors which offer growth and investment outperformance over the long run.
- Proactive management of risk.

On both criteria Infratil's performance over the half year was satisfactory. The return to shareholders was not satisfactory at negative 4%, but global developments were clearly at play in determining Infratil's share price.

Infratil's commitment to risk management is one of its key defining characteristics. Through proactive measures taken in past years Infratil remains comfortably positioned despite the weak economic conditions.

Cashflow Management

Over the six-month period Infratil's consolidated net operating cashflows (that is cash operating income after all expenses including interest and tax) were $42 million.

Discretionary growth capital outlays (excluding working capital) amounted to $235 million with going concern capex of $26 million.

Funding was provided by $77 million of new equity, $95 million of additional borrowing and a $96 million reduction in cash holdings.

Looking forward, the new realities of the capital markets will impact the group's future growth investment in two ways. The availability of funds will restrict absolute investment while market prices for other utility companies will create benchmarks

for the attractiveness of investment in new plant and facilities (whether terminals, turbines or buses).

Capital Management

Over the half year Infratil received $90 million from the second instalment receipt on the shares issued last year and the exercise of warrants, while $14 million was outlaid buying back shares. The buyback reflects the view that of all the investments Infratil has recently reviewed, none has been as attractive as its own shares.

Debt

During the period $140 million of debt facilities were renewed to 2011. Infratil has $174 million of its bank facilities falling due in 2009, being the annual roll of one third of its core banking facilities. IEA also has $54 million of working capital facilities for renewal in 2009.

As at 30 September Infratil had undrawn bank lines and cash deposits amounting to $254 million.

Financial Market Insurance

During the period Infratil recorded a cash gain of $16 million from put options purchased against the S&P500 index. This is as an unusual arrangement for an infrastructure company but it reflects the concern management and directors held for the health of the global capital markets. The insurance was taken against the US share market because it acts as a bellwether, Infratil has no exposure to shares listed outside of New Zealand or Australia. This insurance arrangement was terminated in October and resulted in further cash gains of $17 million which will be recorded in the second half of the 2009 financial year. The total gain from this hedge amounted to $45 million.

BUSINESS CONDITIONS, PLANS, PROSPECTS

All existing businesses and investments are subject to ongoing scrutiny as to their ability to release capital and their long-term growth and return prospects. The outcome of these reviews is likely to influence whether Infratil can be more active with new investment in the near future.

Infratil remains well placed to ride out the current economic conditions, its businesses are in sectors which offer structural advantages as opposed to those where consumption is more discretionary or where suppliers with over-capacity will come under greater pricing pressure. As with past recessions and financial crises, there will be a recovery.

REGULATORY CONDITIONS

The period under review contained a mixed bag of regulatory developments. In its last days, the Labour Government drove several pieces of legislation into law which are likely to be subject to improvement once more thoughtful, less urgent, consideration is brought to bear.

A late change to the Public Transport Management Bill resulted in legislation which allows regional councils to effectively ban all privately provided public transport. Unless the law is corrected, it will stifle development, investment and new services.

New Zealand airports also slipped into being regulated during the final burst of the last Government's legislative activity, notwithstanding official analysis indicating that the airports were the best performing parts of New Zealand's transport infrastructure.

One positive from the late flurry of law making came in the form of the Emission Trading Scheme. While the National led Government has signalled that it will be amended, there is likely to be retention of core features which mean that an international price will be placed on New Zealand's carbon emissions. For the electricity sector the law confirms what has been anticipated and will ensure that the focus of new development continues to be on renewable generation.

Infratil's businesses were also subject to regulatory developments in the Australian retail energy sector relating to carbon reduction and control of retail energy prices. Price caps are a feature of each State's regulation with only Victoria rapidly moving to their removal. The other States face challenges in getting their retail prices to levels that fully reflect costs, which is necessary if investment in new capacity is to occur. It will be even more challenging when carbon is priced into wholesale electricity prices from 2010.

SECTOR TRENDS

The value of Infratil's businesses are driven by underlying trends in urban mobility, renewable energy, air travel and the restructuring Australian energy market.

With the enormous shock the world's finance sector and now real economy is undergoing, it is necessary to ask questions such as "will air traffic grow?", "will people be willing to pay more for energy to reduce greenhouse gas emissions?" and "will better public transport be a preferred solution to urban mobility?".

There will definitely be setbacks. "Edge of city" European airports will increase in value as existing facilities become congested. A slump in aviation growth means congestion is postponed. Generally, however, the factors which led Infratil to its existing sectors continue to pertain. In addition Infratil's businesses exhibit the key attribute of having robust cashflows despite the wider economic circumstances.

Over the medium term Infratil's businesses are well placed to weather current events and to continue their growth programmes. Society wants good infrastructure and governments are encouraging investment in these sectors because of social pressure and to balance declining consumer spending. Infratil's record, expertise and credibility make it a natural partner in such developments. It is also the case that investors remain strongly interested in infrastructure and stabilisation of the credit and capital markets will in due course result in greater confidence in valuations.

PEOPLE & COMMUNITIES

While the immediate priority of management is to conserve financial resources, this does not mean neglecting either the users of Infratil's facilities and services or the people who make them work.

In particular, the New Zealand Bus team deserve special note. This industry is beset with change and our management team are also fundamentally changing the nature of their business. It is no surprise that not all these changes are smoothly implemented and unfortunately some critics see only the glitches. There was one unfortunate brief interlude of industrial action, but in the main our drivers are working with the changes and their support is appreciated.