

PROSPECTUS

(Long Form)

for

The issue of Infrastructure Bonds in
different Series by Infratil Limited
under its Infrastructure Bond Programme.

This Prospectus is dated 26 August 2005

This is an important document.
It should be dealt with promptly.

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SUMMARY OF THE INFRASTRUCTURE BOND PROGRAMME

THE ISSUER

The issuer of each Series of Infrastructure Bonds and of the Shares to be issued upon any conversion of an Infrastructure Bond is Infratil Limited (Infratil), a company incorporated in New Zealand. Infratil's registered office is at 97 The Terrace, Wellington.

THE INFRASTRUCTURE BOND PROGRAMME

On 8 August 2005 the shareholders of Infratil approved the further issue of Infrastructure Bonds pursuant to the Infrastructure Bond Programme which Infratil established to repay debt and to provide funding for investments.

From time to time, Infratil will issue Infrastructure Bonds with different features, particularly with different maturities and interest rates. Each issue of a different type of Infrastructure Bond will be classed as a separate Series.

When Infratil wishes to issue Infrastructure Bonds of a new Series it will prepare an Issue Flyer, a Series Supplement to the Trust Deed and, if required in order to comply with the Securities Act 1978, a Supplemental Prospectus, each in respect of such Series. The Issue Flyer and the Supplemental Prospectus will state the key commercial terms that will apply to the new Series, and specify any other relevant information. In particular, the Issue Flyer and the Supplemental Prospectus will state the:

- ◆ Maturity Date
- ◆ Coupon Rate
- ◆ Coupon Payment Dates
- ◆ Calculation and payment details of the first interest payment
- ◆ Interest Rate or process for determining the Interest Rate
- ◆ Issue Price or process for determining the Issue Price
- ◆ Conversion Percentage (see page 9 of this Prospectus)
- ◆ Whether the Series is to be partly or fully underwritten
- ◆ How, and over what period, the Infrastructure Bonds in the relevant Series are to be offered to investors
- ◆ Any special conditions that apply to the Series or any variations to the standard terms of issue.

The relevant Issue Flyer will be inserted into the Investment Statement.

As at the date of this Prospectus Infratil has resolved to issue Series 2012 and Series 2020 of Infrastructure Bonds. The key commercial terms which apply to each Series are set out:

- ◆ in the case of Series 2012, in Appendix 1
- ◆ in the case of Series 2020, in Appendix 2

to this Prospectus.

Each of the Series offered under this Prospectus is a separate offer. If Infratil offers more than one series at the same time, investors are not required to subscribe to all of those Series. Infratil may decide to close some or one of the Series offers before the others.

Infrastructure Bonds may be offered directly to Infratil shareholders, to the public at large, to brokers, to institutions, or as a part of investment transactions. How a Series is issued will depend on market conditions and investor demand from time to time.

PERMITTED RANGE OF SPECIFIC TERMS AND CONDITIONS OF INFRASTRUCTURE BONDS

Each Series of Infrastructure Bonds shall be issued within the following parameters which, amongst other features, were specified in the 8 August 2005 Shareholders Resolution:

- ◆ Term: Between 2 and 15 years.
- ◆ Interest Coupon & Yield:
 - *Interest Coupon*: Not more than 4.0% per annum greater than the yield on New Zealand Government Stock with a maturity date that most closely matches the maturity date of the proposed Series of Infrastructure Bonds; or
 - *Overall Yield*: Not more than the sum determined as follows:
 - Current yield of Infratil's 8.5% per annum Infrastructure Bonds due February 2020 less the yield on New Zealand Government Stock due closest to February 2020; plus
 - The yield on New Zealand Government Stock due closest to the Maturity Date of the proposed Series of Infrastructure Bonds; plus
 - 2.5% per annum.

TERMS OF THE INFRASTRUCTURE BONDS AND SHARES

Each Series of Infrastructure Bonds are unsecured, unsubordinated fixed rate convertible debt obligations of Infratil. Each Series of the Infrastructure Bonds will mature on the Maturity Date specified in the relevant Issue Flyer and, upon maturity, Bondholders will receive cash or Shares based on the then market price of such Shares. Each Series of the Infrastructure Bonds will bear interest at the Coupon Rate per annum specified in the relevant Issue Flyer payable in arrears on the dates specified in the relevant Issue Flyer. Details of

how the Infrastructure Bonds may convert into Shares are set out on page 9 of this Prospectus.

Shares issued upon conversion of the Infrastructure Bonds will rank equally (including as to dividends) with all other Shares.

LISTING

Application has been made to the NZX for permission to list the Infrastructure Bonds and all the requirements of the NZX relating thereto that can be complied with on or before the date of this Prospectus have been duly complied with. However, the NZX accepts no responsibility for any statement in this Prospectus.

UNDERWRITING

Infratil may arrange for a particular Series of Infrastructure Bonds issued under the Infrastructure Bond Programme to be partly or fully underwritten.

OVERSEAS INVESTMENT CONSENT

The Overseas Investment Act 2005, which came into force on 25 August 2005 requires that an overseas person must obtain the consent of the Overseas Investment Commission before acquiring 25% or more of Infratil's Shares. Any overseas person who, after taking into account any existing holding of Shares following the conversion of any Infrastructure Bonds, will exceed the 25% threshold will accordingly need to obtain consent prior to exercise or conversion.

BORROWING GROUP/ISSUING GROUP

As the Infrastructure Bonds may convert into ordinary shares in Infratil, information in this Prospectus is provided on the basis that the Infrastructure Bonds are both "debt securities" and "equity securities" for the purposes of the Securities Act 1978 and the Securities Regulations 1983. Infratil is the borrowing group as the subsidiaries of Infratil, who together with Infratil form the Infratil Group, are not "guaranteeing subsidiaries" for the purposes of that Act and those Regulations and are not liable to repay the Infrastructure Bonds. Infratil and all its subsidiaries ("Infratil Group") comprises the "issuing group" for the purposes of that Act and those Regulations.

SUMMARY OF INFRASTRUCTURE BONDS

The following is a summary of the main terms that will apply to each Series of Infrastructure Bonds. Capitalised words and expressions appearing in this section and not otherwise defined in this Prospectus are defined in the Trust Deed.

TRUST DEED

All terms and conditions relating to each Series of Infrastructure Bonds, except for the terms that will be contained in the relevant Series Supplement and Issue Flyer, are set out in full in a trust deed ("Trust Deed") dated 11 November 1999 and entered into between Infratil and Trustees Executors Limited as trustee for the Bondholders ("Trustee") as amended by deeds dated 14 August 2003, 10 December 2004 and 18 February 2005. A summary of the principal provisions of the Trust Deed, which are not described elsewhere in this Prospectus, is set out on pages 17 to 23 of this Prospectus.

The Trustee acts as trustee for the Bondholders in respect of each Series of Infrastructure Bonds, and not in respect of the Shares issued on conversion.

INTEREST RATE AND PAYMENTS

Infrastructure Bonds in a Series will pay coupon interest at the Coupon Rate specified in the relevant Issue Flyer and the relevant Appendix to this Prospectus or the relevant Supplemental Prospectus (if any) and will yield the Interest Rate as specified, or determined in accordance with terms specified, in the relevant Issue Flyer and the relevant Appendix to this Prospectus or the relevant Supplemental Prospectus (if any). Interest will accrue from the Issue Date for the particular Infrastructure Bond.

On the first Coupon Payment Date for a Bond the payment will be made to the initial Infrastructure Bond subscriber. The payment amount will be set to ensure that the yield on the Issue Price, over the full term of the Infrastructure Bond reflects the Interest Rate per annum as specified, or determined in accordance with terms specified, in the relevant Issue Flyer.

The interest payment on Coupon Payment Dates, other than the first Coupon Payment Date, for a Bond will be paid to the persons registered as the Bondholder on the relevant date of record. Payments, other than on the first Coupon Payment Date, will be in equal amounts reflecting the Coupon Rate per annum as specified in the relevant Issue Flyer and the Face Value of Infrastructure Bonds. Payment on the first Coupon Payment Date for an Infrastructure Bond will reflect the number of days from the Issue Date to the first Coupon Payment Date for that Infrastructure Bond.

REDEMPTION/CONVERSION ON MATURITY AT THE OPTION OF INFRATIL

Infrastructure Bonds of a particular Series will mature on the Maturity Date specified in the relevant Issue Flyer and the relevant Appendix to this Prospectus or the relevant Supplemental Prospectus (if any). Not later than 25 Business Days prior to the Maturity Date, Infratil may elect to:

- (a) Redeem all Infrastructure Bonds in the relevant Series at their Face Value (less any withholding taxes and other deductions) payable in cash; or
- (b) Convert all the Infrastructure Bonds in the relevant Series by issuing to the Bondholders the number of Shares obtained by dividing the Face Value by the product of the relevant Conversion Percentage and the Market Price.

The Market Price will be the average price weighted by volume of all trades of Shares through the NZX over the 10 Business Days up to the fifth Business Day before the relevant Maturity Date. Unless the Bondholder pays any withholding tax or other deduction required to be paid by Infratil before conversion, the number of Shares issued will be adjusted in accordance with the formula set out in the Trust Deed.

The Conversion Percentage will be as specified in the relevant Issue Flyer and the relevant Appendix to this Prospectus or the relevant Supplemental Prospectus (if any).

If Infratil fails to make the election above, the Infrastructure Bonds shall be redeemed by conversion into Shares as described above.

If conversion would result in a fraction of a Share being issued, the number of Shares issued is rounded down to the nearest whole number.

COMPULSORY ACQUISITION

If any person, or group of Associated Persons (as defined in the Listing Rules), becomes entitled or bound to compulsorily acquire Shares held by any minority Shareholders, Bondholders of each Series will be given the option to redeem their Infrastructure Bonds for cash at their Face Value plus accrued interest (less any withholding taxes and other deductions) or convert their Infrastructure Bonds by the issuance of the number of Shares obtained by dividing the Face Value by the product of the relevant Conversion Percentage and the Market Price. Unless the Bondholder pays any withholding tax or other deduction required to be paid by Infratil before such conversion, the number of Shares issued will be adjusted in accordance with the formula set out in the Trust Deed.

If any person, or group of Associated Persons, acquires beneficial ownership of 90% or more of the Infrastructure Bonds of all outstanding Series on issue, such person will become bound to offer to acquire the balance of the outstanding Infrastructure Bonds at the prices which an Independent Expert has determined to be fair.

RANKING OF SHARES ISSUED UPON CONVERSION

Shares issued upon conversion of Infrastructure Bonds will rank *pari passu* in all respects (including as to dividends) with all other Shares then on issue.

NEW ISSUES OF SECURITIES

Subject to compliance by Infratil with its Constitution, the Trust Deed and the Listing Rules, Infratil shall be entitled from time to time to issue further securities, including Shares and convertible securities, ranking equally with, or in priority to, the Infrastructure Bonds.

TRANSFERS

Infrastructure Bonds may be transferred in the same manner and subject to substantially similar restrictions (including Takeovers Code requirements) as Shares.

VOTING RIGHTS

Infrastructure Bonds are not Shares and do not generally carry any voting rights at meetings of Shareholders. In accordance, however, with the Listing Rules, the Constitution and the Trust Deed, Bondholders will have the right to vote on certain matters. To the maximum extent permitted by the Listing Rules, the Constitution and the Trust Deed, Bondholders of all Series will vote together as one class in respect of matters to be determined by Bondholders independent of other classes of securities and with Shareholders and other holders of securities of Infratil in relation to such matters to be considered by holders of all classes of securities.

MODIFICATION OF THE RIGHTS OF BONDHOLDERS

In accordance with the Listing Rules and the Trust Deed, the rights of Bondholders may not be altered without the approval (by a 75% majority of votes, or more, of those entitled to vote and voting) of each “interest group”. In broad terms, an “interest group” is a group of Bondholders whose rights are affected by the proposed alteration in the same way. For these purposes, the issue of further Shares, Infrastructure Bonds or other securities which rank equally with, or in priority to, the Infrastructure Bonds, whether as to voting rights, distributions, dividends or otherwise, is deemed not to be an action affecting the rights of Bondholders.

For most matters Bondholders of different Series of Infrastructure Bonds will be a single “interest group” and vote as a single class on matters affecting Bondholders generally. Bondholders in a particular Series would vote as a separate “interest group” to approve the alteration of rights specific to that Series of Infrastructure Bonds. This might include altering the Maturity Date of that Series.

The Trustee may agree to certain alterations to the Trust Deed without the approval of Bondholders – see “Alterations to the Trust Deed” on page 19 of this Prospectus.

BOND PRIORITY

Unless and until converted, the amounts owing in respect of the Infrastructure Bonds shall, in the liquidation of Infratil, rank *pari passu* with other unsecured and unsubordinated creditors of Infratil, other than creditors preferred solely by operation of law. The aggregate amount, as at 31 March 2005, of securities that are secured by way of mortgage or charge over Infratil’s assets and that rank in point of security ahead of, or equally with, the Infrastructure Bonds offered in this Prospectus is nil.

The Trust Deed contains the financial covenant described on page 12 of this Prospectus.

Infratil Finance Limited, a wholly owned subsidiary of Infratil, has bank facilities. Under these facilities, Infratil is a guarantor of Infratil Finance Limited and various covenants and subordination agreements have been made with the banks to ensure the indebtedness due to the banks has structural priority to the claims of Bondholders in respect of the assets of the Issuer Group.

The facilities also contain financial covenants which impose borrowing restrictions on the Issuer Group. Those covenants are similar between facilities and are outlined below. Where the covenants are materially different between facilities, the most onerous is described. The covenants include:

- a. Each member of the Issuer Group will not undertake further borrowings or financial commitments or incur any other indebtedness of any kind, without prior written consent of the Bank, except any borrowing by the Borrower from a registered bank or similar financial institution; any borrowing, financial commitment or indebtedness of Infratil, including bonds; or any borrowing, financial commitment or indebtedness only between members of the Issuer Group.
- b. Shareholders Funds must exceed 50% of Total Tangible Assets. Shareholders Funds and principal amount under Bonds must be at least 70% of Total Tangible Assets.

- c. Aggregate net earnings of the Issuer Group before tax and gross interest (excluding any gains or losses from assets sales) must exceed 120% of aggregate gross interest and 250% of bank interest of the Issuer Group.

The defined terms used in the financial covenants above (except the term “Issuer Group”) have the meanings given to them in the applicable facility agreements.

These restrictions may be amended by agreement between the parties.

NEGATIVE PLEDGE

Infratil has covenanted not to create or permit to subsist security over its assets to any person unless at the same time the benefit of such security is extended equally and rateably to Bondholders in respect of the Infrastructure Bonds.

FINANCIAL COVENANT APPLICABLE TO INFRASTRUCTURE BONDS

Under the Trust Deed Infratil covenants that, on the last day of each financial year and half-year of Infratil (and, if at any time Infratil has covenanted with any bank to comply with a balance sheet financial covenant on a day other than the last day of each financial year and half-year, then during the currency of that covenant such additional day or days) during the currency of any Series of Infrastructure Bonds, Borrowed Money Indebtedness of the Issuer Group shall not exceed 50% of Tangible Assets as at that date. In this covenant, terms are defined substantially as follows:

“Borrowed Money Indebtedness” of the Issuer Group means the aggregate financial indebtedness of each member of the Issuer Group (excluding any guarantee, indemnity or similar obligation of one member in respect of the financial indebtedness of any other member) and including the Infrastructure Bonds.

“Issuer Group” means Infratil and those of its subsidiaries that, as at the date of the Trust Deed or from time to time, guarantee any financial indebtedness of Infratil or any of its subsidiaries that, in turn, guarantees any financial indebtedness of Infratil.

“Market Value” of an asset on any date means:

- (a) in relation to an investment in securities listed on the NZX or any Recognised Stock Exchange (for the purposes of the NZX Listing Rules) the value determined by reference to the closing price of the relevant securities on that date; and
- (b) in relation to any other asset, its cost or, if an assessed value (i.e. the value determined by an Independent Expert) has been obtained, the most recent such assessed value.

“Tangible Assets” means, at any date, the aggregate on a consolidated basis of the Market Value of all tangible assets (determined in accordance with NZ GAAP) of the Issuer and its subsidiaries as at that date.

If Infratil breaches this covenant it shall have a 30 day grace period to remedy the default from the date Infratil receives written notice from the Trustee requiring the default to be remedied. Failure to remedy the default shall entitle the Bondholders to require, at their election by Extraordinary

Resolution, immediate repayment of the Face Value of the Infrastructure Bonds or conversion by the issuance of the number of Shares obtained by dividing the Face Value by the product of the relevant Conversion Percentage and of the Market Price. All accrued interest (less any withholding taxes and other deductions) will also be payable by Infratil.

SUSPENSION OF INTEREST

The Trust Deed provides for interest payments to be suspended by notice to the Trustee where:

- (a) Infratil's Directors believe on reasonable grounds that the payment would be likely to result in a breach of the solvency test under the Companies Act;
- (b) the payment would be likely to result in any member of the Issuer Group breaching any covenant, warranty or undertaking given to any Senior Creditor under the terms on which any Borrowed Money Indebtedness was advanced or provided to Infratil; or
- (c) the payment would be likely to result in any member of the Issuer Group breaching any other legal obligation.

The terms "Senior Creditor" and "Borrowed Money Indebtedness" have the meanings given to them in the Trust Deed.

While interest payments are suspended, interest will continue to accrue on the Face Value of Infrastructure Bonds at the Coupon Rate specified in the relevant Issue Flyer and such accrued interest will be paid by Infratil when the above circumstances in (a)-(c) no longer exist and such payment will not cause any such circumstance to exist.

While any payment of any interest on the Infrastructure Bonds is suspended under the Trust Deed, it will not pay or make any distribution (as defined in section 2 of the Companies Act) to its Shareholders or provide any financial assistance for the acquisition of its Shares.

EVENTS OF DEFAULT

The Trust Deed provides for limited events of default. The events of default are:

- (a) if Infratil defaults in payment of interest on the Infrastructure Bonds for 14 days (other than where interest is suspended under the Trust Deed);
- (b) if Infratil defaults in payment of any other moneys payable under the Trust Deed for a period of 14 days after a written demand is made;
- (c) if an order is made, or an effective resolution is passed, for the dissolution of Infratil (other than for the purpose of a reconstruction or amalgamation approved by the Trustee);

- (d) if a receiver is appointed, an encumbrancer takes possession or sells any material part of Infratil's assets, any step is taken to appoint or with a view to appointing a statutory manager of Infratil, or Infratil or any associated person is declared at risk pursuant to the Corporations (Investigation and Management) Act 1989;
- (e) if Infratil enters into an arrangement or compromise with creditors without the prior written consent of the Trustee; or
- (f) any other default by Infratil under the Trust Deed that continues for more than 30 days after Infratil receives written notice from the Trustee specifying and requiring the default to be remedied.

BUYBACKS

In accordance with the Listing Rules, the Trust Deed and the Constitution, Infratil may acquire Infrastructure Bonds (which may then be cancelled).

EARLY REDEMPTION

Infratil has the right to redeem for cash all or some of the Infrastructure Bonds. The redemption price will be, in respect of any particular Series, the greater of:

- (a) The Face Value plus accrued interest (less any withholding taxes and other deductions) and;
- (b) The average price, weighted by volume, of all trades of Infrastructure Bonds of that Series through the NZX over the 10 Business Days up to the fifth Business Day before the relevant redemption date.

Where the Infrastructure Bonds of that Series have not traded on the NZX on at least half of the relevant 10 Business Days, the average price of the Infrastructure Bonds of that Series for that period will be determined by an Independent Adviser selected by the Trustee in accordance with the Trust Deed.

Unless the Bondholder pays any withholding tax or other deduction required to be paid by Infratil before redemption, the redemption price will be adjusted accordingly as set out in the Trust Deed.

Holders of Infrastructure Bonds that are to be redeemed will be given five Business Days' notice. Such notice must be given at a date not less than 25 Business Days before the Maturity Date.

FURTHER ISSUES OF INFRASTRUCTURE BONDS

Infratil is permitted by the Trust Deed to issue Infrastructure Bonds in any number of different Series and may at any time issue further Infrastructure Bonds of an existing Series.

MAXIMUM ISSUANCE UNDER THIS PROSPECTUS

The maximum number of Bonds which Infratil is able to offer under this Prospectus is 250,000,000, for an aggregate principal amount of \$250,000,000. However the number of Bonds which Infratil actually issues may be less than this, depending on Infratil's capital requirements during the term of this offer. No oversubscriptions will be accepted.

SUMMARY OF THE INFRATIL SHARES

The following description has been included in this Prospectus to provide investors with a summary of the material rights, privileges, restrictions and conditions attaching to the Shares that would be issued if any Infrastructure Bonds were converted. The rights, privileges, restrictions and conditions attaching to Shares are set out in full in the Constitution.

DIVIDENDS

Holders of Shares are entitled to dividends as and when declared by the Board subject only to rights of holders of other shares from time to time entitled to special or prior rights to dividends. The Directors may declare dividends out of moneys available to be distributed as dividends. As at the date of this Prospectus there are no shares entitled to special or prior rights to dividends.

The policy of Infratil's board is to pay dividends on a semi annual basis to the extent of available imputation credits and consistent with Infratil retaining resources sufficient for financial obligations and investment opportunities.

VOTING RIGHTS

A holder of a Share is entitled on a poll to one vote for each Share held at all general meetings of shareholders of Infratil, other than a meeting of holders of a specific class of Shares.

LIQUIDATION

In the event of the liquidation of Infratil, after payment of outstanding debts and subject to the prior rights attaching to any shares from time to time ranking senior in priority to the Shares, the remaining net assets of Infratil would be applied in paying all surpluses to holders of Shares in proportion to the amount paid up on such Shares held by them. All Shares allotted on the conversion of the Infrastructure Bonds will be credited as fully paid. As at the date of this Prospectus there are no shares ranking senior to the Shares.

APPOINTMENT AND RETIREMENT OF DIRECTORS

The Constitution permits there to be not less than three nor more than ten Directors or such other number as is fixed by ordinary resolution of Infratil. As at the date of this Prospectus there are five Directors. The Constitution requires that at the annual meeting of Shareholders in every year at least one third of the Directors for the time being (if one third is not a whole number then the nearest whole number) shall retire from office. The Directors to retire at an annual meeting shall be those Directors who have been longest in office since their last election. The retiring Directors are eligible for re-election.

SUMMARY OF THE TRUST DEED CONSTITUTING THE INFRASTRUCTURE BONDS

The following is a summary of the principal provisions of the Trust Deed dated 11 November 1999, as amended by deeds dated 14 August 2003, 10 December 2004 and 18 February 2005 entered into between the Trustee and Infratil, which have not been summarised elsewhere in this Prospectus. Capitalised words and expressions appearing in this section and not otherwise defined in this Prospectus are defined in the Trust Deed. Reference should be made to the Trust Deed for the full terms of any matters summarised in this Prospectus.

THE TRUSTEE'S DUTIES

Under the Trust Deed, the Trustee represents the interests of all Bondholders. As convertible securities, the Infrastructure Bonds differ from other debt securities in their limited rights to payment in cash. In addition to the obligations placed on the Trustee by clause 1 of the fifth schedule to the Securities Regulations 1983, the Trustee's obligation to monitor the interests of Bondholders may be summarised as being to act on behalf of the Bondholders in the limited circumstances provided for in the Trust Deed. The Trustee's powers and duties are accordingly circumscribed.

INFRATIL'S OBLIGATIONS UNDER THE TRUST DEED

For so long as any of the Infrastructure Bonds are outstanding, Infratil has undertaken a number of obligations to the Trustee on behalf of the Bondholders, including the obligations set out below.

FINANCIAL COVENANT

See "Financial Covenant" on page 12 of this Prospectus for the financial covenant.

OTHER COVENANTS

Infratil will use its reasonable endeavours to ensure that the Shares and Infrastructure Bonds remain listed on the NZX while there are any Infrastructure Bonds outstanding or until the Infrastructure Bonds no longer qualify for listing.

Infratil will file a copy of each Series Supplement to the Trust Deed in the Companies Office.

Infratil will provide the Trustee and each Bondholder with audited annual financial statements in respect of itself, and audited consolidated financial statements in respect of itself and its subsidiaries, by the earlier of: (a) 90 days after the end of each financial year; (b) the date upon which they are provided to Shareholders; and (c) the date on which they are provided to the NZX. Infratil will provide the Trustee and

each Bondholder with unaudited interim financial statements in respect of itself, and unaudited consolidated financial statements in respect of itself and its subsidiaries, by the earlier of: (a) 60 days after the end of the first half of each financial year; (b) the date upon which they are provided to Shareholders; and (c) the date on which they are provided to the NZX.

Infratil shall provide the Trustee, at the same time as it provides the annual financial statements above, a separate report from its auditors stating:

- (a) whether or not in the performance of their duties as auditors they have become aware of any matter which, in their opinion, is relevant to the exercise or performance of the powers of duties conferred or imposed on the Trustee by the Trust Deed or the Securities Act or by law or regulation, and if so giving particulars thereof;
- (b) whether or not their audit has disclosed any matter calling in their opinion for further investigation by the Trustee in the interests of the Bondholders and, if so, giving particulars thereof;
- (c) that they have perused each Directors' reporting certificate given since the last report by the auditors and that, so far as matters which they have observed in the performance of their duties are concerned, the statements made in each such certificate are correct; and
- (d) that they have performed an audit of the Register.

Infratil shall provide to the Trustee a signed certificate on behalf of the Directors, set out in the form provided in schedule 2 to the Trust Deed, within one month of the end of each of the above financial reporting periods or such other time period permitted by the Trustee.

Infratil will, at all times, comply with the provisions of, and its obligations under, the Companies Act and the Securities Act (and regulations thereunder and exemption notices issued pursuant thereto), and the Listing Rules for so long as any Series of Infrastructure Bonds is listed, except if the relevant Bondholders have specified otherwise by Extraordinary Resolution.

Infratil will send to the Trustee a copy of each notice that it sends to any of the NZX, the Bondholders, Shareholders, and the Companies Office.

Infratil will pass all resolutions and take all other action necessary to ensure that the required number of Shares are issued to each Bondholder on conversion of that Bondholder's Infrastructure Bonds in accordance with the terms of issue of the Infrastructure Bonds.

EVENTS OF DEFAULT

See "Events of Default" on page 13 of this Prospectus.

TRUSTEE'S POWERS ON ENFORCEMENT OF SECURITY

At any time after the occurrence of an Event of Default, the Trustee may, and shall if directed to do so by an Extraordinary Resolution of Bondholders, declare the Face Value of all the Infrastructure Bonds, together with accrued interest, to be immediately due and payable. Upon such declaration, each Bondholder may by written notice to Infratil, require the Infrastructure Bonds to be redeemed in cash (less any withholding taxes and other deductions) or by the issuance of the number of Shares obtained by dividing the Face Value by the product of the relevant Conversion Percentage and the Market Price, which shall be done by Infratil. Infratil also shall pay any accrued interest (less any withholding taxes and other deductions) to the Bondholder.

ALTERATIONS TO TRUST DEED

The terms of the Trust Deed may be altered if the alteration is approved by an Extraordinary Resolution of Bondholders. The Trustee and Infratil may agree to an alteration without the approval of an Extraordinary Resolution of Bondholders if:

- (a) it is necessary or desirable to correct a manifest error, or to comply with the requirements of any statute, statutory regulations, or the Listing Rules;
- (b) it is of a formal or technical nature;
- (c) in the opinion of the Trustee it is not, or is not likely to become, prejudicial to the general interests of the Bondholders; or
- (d) it is in the interests of the Bondholders to amend the Trust Deed to accommodate changes in the law in New Zealand relating to securities.

TRUSTEE PROVISIONS

Infratil pays for the Trustee's services and all expenses incurred by the Trustee in relation to the Trust Deed. The Trustee has the power to invest any moneys held by it, which are subject to the trusts of the Trust Deed. Subject to the Securities Act:

- (a) the Trustee may obtain and act, or not act, on:

- (i) the opinion or advice of specified professionals and experts (e.g., barrister, solicitor, valuer, chartered accountant);
 - (ii) a certificate signed by two Directors of Infratil on any matter prima facie within the knowledge of Infratil, or that any transaction, step or thing is expedient or commercially desirable and not detrimental to Bondholders interests; or
 - (iii) any statement in any certificate or report given under the Trust Deed;
- (b) the Trustee shall not be responsible for relying on any resolution purporting to be passed at a meeting of Bondholders where the Trustee believes the resolution to have been properly passed;
- (c) the Trustee shall not be responsible for money subscribed for the Infrastructure Bonds or the application of such money;
- (d) the Trustee shall use reasonable diligence to ascertain whether Infratil has breached the Trust Deed or the terms and conditions of issue of the Infrastructure Bonds;
- (e) the Trustee has absolute discretion in relation to the exercise of its powers, authorities, trusts and discretions under the Trust Deed and may refrain from exercising them unless directed by Extraordinary Resolution of the Bondholders;
- (f) the Trustee can determine all questions arising in relation to the Trust Deed as between itself and the Bondholders, and such determination shall bind the Trustee and Bondholders;
- (g) only the Trustee can exercise the powers, rights and remedies conferred on it under the Trust Deed, except a Bondholder may exercise such powers, rights and remedies with prior written consent of the Trustee or where the Trustee has failed to exercise such power, right or remedy after being directed to do so by Extraordinary Resolution of Bondholders;
- (h) the Trustee can delegate any of the trusts, powers, authorities vested in it by the Trust Deed;
- (i) the Trustee shall consider the interests of Bondholders as a whole and not the consequences to individual Bondholders resulting from their residence or domicile in a place other than New Zealand; and
- (j) unless Infratil consents in writing, the Trustee shall not disclose confidential information made available by Infratil to Bondholders unless required by law, any ruling binding on it or a court order.

The Trustee entered the Trust Deed on the basis that its duties under clause 1 of the Fifth Schedule to the Securities Regulations 1983 (“**Fifth Schedule Duties**”) will be interpreted to take into account that:

- (a) the terms of issue of the Infrastructure Bonds allow suspension of interest, and to this extent, payment by Infratil cannot be compelled;
- (b) the remedy for default under the Trust Deed is redemption in cash or conversion into Shares at the option of the Bondholder;
- (c) the Infrastructure Bonds have characteristics similar to shareholders equity;
- (d) as some provisions of the Trust Deed derive from the Listing Rules, the Trustee is entitled to assume that Infratil is complying with these provisions and the Listing Rules in the absence of notice, and may act accordingly having regard to the actions of the NZX in relation to non compliance,

and therefore shall be limited to the maximum extent possible. The Trustee substantially monitors Infratil in accordance with the Trust Deed and Bondholders are deemed to know and accept the interpretation of the Trustee’s Fifth Schedule duties as described above.

The Trustee is also indemnified by Infratil in respect of all liabilities and expenses incurred by it in the execution of the powers or trusts under the Trust Deed, and against all actions, costs, claims and demands in relation to the Trust Deed except where the Trustee fails to act with reasonable care and diligence. The Bondholders will not be liable for any liability of the Trustee acting as trustee under the Trust Deed.

PURCHASE OF INFRASTRUCTURE BONDS BY INFRATIL

The Trust Deed authorises Infratil and its subsidiaries to purchase Infrastructure Bonds. All Infrastructure Bonds so purchased may, at the option of Infratil, be cancelled on registration.

MEETINGS/REGISTERS

The Trust Deed contains provisions for meetings of Bondholders. Meetings may be convened by Infratil or the Trustee, and are required to be convened on the request of Bondholder(s) holding not less than 10% of the total Face Value of all the Infrastructure Bonds. At least 14 clear days’ notice of each meeting is required to be given.

The meetings are to be held in the city in which the registered office of Infratil is situated, or at such other place as the Trustee determines or approves. Each Bondholder is entitled to attend in person or by proxy and vote at the meeting. The

quorum required for passing an Extraordinary Resolution is the holders of a majority of the Infrastructure Bonds. The quorum for any other business is the holders of at least 10% of the Infrastructure Bonds. An Extraordinary Resolution of Bondholders binds all Bondholders and the Trustee.

The Trust Deed also provides for Infratil to establish a register of Infrastructure Bonds. The register records the details of each Series of Infrastructure Bonds and Bondholders. Except for the payment on the first Coupon Payment Date for an Infrastructure Bond payments will be made to the person named as Bondholder in the register on the relevant record date and if more than one person is named, payments will be made to the first person named.

GENERAL

Neither the Trustee nor any other person, guarantees or will guarantee any principal or interest or other amount in respect of the Infrastructure Bonds or Shares issued on conversion thereof.

LISTING RULES

The Trust Deed contains a number of provisions that reflect the Listing Rules. In particular:

- (a) if the NZX has given a ruling authorising any act or omission which, in the absence of that ruling, would be in contravention of the Listing Rules, the Trust Deed or the Constitution, that act or omission is deemed to be authorised by the Listing Rules, the Trust Deed and the Constitution;
- (b) failure to comply with the Listing Rules does not affect the validity or enforceability of any transaction, contract, action or other matter whatsoever (including the proceedings of, or voting at, any meeting), provided that a party to a transaction or contract who knew of the failure to comply with the Listing Rules or those provisions is not entitled to enforce that transaction or contract; and
- (c) for so long as any Series of Infrastructure Bonds is listed on the NZX, Infratil shall comply with the Listing Rules subject to the requirements of the Securities Act and other legislation or regulatory requirements under the terms of any Ruling given from time to time.

If no Series of Infrastructure Bonds is listed on the NZX, the Listing Rules shall nevertheless continue to apply, to the greatest extent possible, to all Series of Infrastructure Bonds as if they did remain listed.

The Trust Deed also contains provisions relating to:

- (a) transfers of Infrastructure Bonds that are Restricted Transfers under the Listing Rules;

- (b) Defaults (as defined in Listing Rule 4.1.1) by Bondholders; and
- (c) the Compulsory Acquisition of Infrastructure Bonds under the Listing Rules.

The Trust Deed is governed by New Zealand law.

29 August 2005

The Directors
Infratil Limited
97 The Terrace
WELLINGTON

Dear Sir or Madam

Clause 13(3) of the Second Schedule to the Securities Regulations 1983 requires us to confirm that the offer of bonds ("the Securities") set out in this Prospectus complies with any relevant provisions of the Trust Deed dated 11 November 1999 (as amended). These provisions are those which:

- (a) Entitle Infratil Limited to constitute and issue under or with the benefit of the Trust Deed (as the case may be) the Securities offered in the Prospectus;
- (b) Impose restrictions on the right of Infratil Limited to offer the Securities;

and are described in the summary of the Trust Deed in the Prospectus.

The Auditors have reported on the financial information set out in the Prospectus and our statement does not refer to that information or any other material in the Prospectus which does not relate to the Trust Deed.

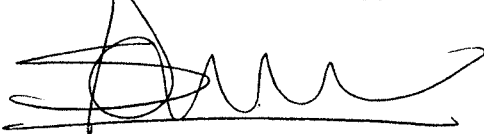
We confirm that the offer of the Securities set out in the Prospectus complies with any relevant provisions of the Trust Deed. We have given the above confirmation on the basis:

- (a) Set out above; and
- (b) That the Trustee relies on the information supplied to it by Infratil Limited pursuant to the Trust Deed and does not carry out an independent check of that information.

The Trustee draws your attention to the explanation of the Trustee's Duties described under the heading "Summary of the Trust Deed Constituting the Infrastructure Bonds" contained in the Prospectus.

Trustees Executors Limited does not guarantee the repayment of the Securities or the payment of interest thereon.

Yours sincerely
Trustees Executors Limited



Sean Roberts
Business Manager
Corporate Trust

STATEMENT BY TRUSTEE

FIVE YEAR SUMMARY FINANCIAL INFORMATION OF INFRATIL AND INFRATIL GROUP TO 2005

As the Infrastructure Bonds may convert into ordinary shares in Infratil, financial information is provided on the basis that the Infrastructure Bonds are both “debt securities” and “equity securities” for the purposes of the Securities Act 1978 and the Securities Regulations 1983.

Accordingly, in both the summary financial statements and annual statutory financial statements below, information is provided in respect of Infratil (which is the borrowing group for the purpose of the Securities Act 1978 and the Second Schedule to the Securities Regulations 1983) and in respect of the Infratil Group on a consolidated basis (which is the issuing group for the purposes of the Securities Act 1978 and the First Schedule to the Securities Regulations 1983).

YEAR ENDED 31 MARCH: FINANCIAL STATEMENTS OF INFRATIL (AS THE BORROWING GROUP) PREPARED TO COMPLY WITH CLAUSE 7 SECOND SCHEDULE SECURITIES REGULATIONS 1983

Numbers are taken from Infratil’s unqualified audited accounts.

	2005	2004	2003	2002	2001
	\$000	\$000	\$000	\$000	\$000
Operating Results					
Investment income	35,073	33,671	34,930	30,302	17,852
Other income	27,874	26,564	20,265	18,616	16,872
Total revenue	62,947	60,235	55,195	48,918	34,724
Interest expense	14,757	14,435	13,753	12,328	11,459
Net profit before tax	34,615	33,057	34,325	30,201	17,504
Tax	-	-	218	-	198
Net profit after tax	34,615	33,057	34,107	30,201	17,306
Dividend	26,880	16,671	5,826	17,946	7,809
DPS (cents)	12.00	9.00	3.00	9.25	9.25
Transfer to retained earnings	7,735	16,386	28,281	12,255	9,497
Shares on issue (000)	219,299	226,685	183,414	185,872	185,808
Financial Position					
Investments	431,842	390,045	341,093	302,294	299,320
Total assets	478,138	414,323	355,645	331,947	300,764
Total tangible assets	478,138	414,323	355,645	331,947	300,764
Total liabilities	237,434	157,818	172,842	172,738	153,900
Shareholder equity	240,704	256,505	182,803	159,209	146,864
Outside equity in subs	-	-	-	-	-
Total equity	240,704	256,505	182,803	159,209	146,864

YEAR ENDED 31 MARCH: FINANCIAL STATEMENTS OF THE INFRATIL GROUP (AS THE ISSUING GROUP) PREPARED TO COMPLY WITH CLAUSE 8 FIRST SCHEDULE SECURITIES REGULATIONS 1983

Numbers are taken from the Infratil Group's unqualified audited accounts.

	2005	2004	2003	2002	2001
Operating Results	\$000	\$000	\$000	\$000	\$000
Investment income	23,922	28,966	17,739	14,383	20,722
Airport revenue	142,276	123,752	123,746	113,866	47,439
Equity accounted surplus (deficit) of associate	5,802	(3,974)	1,032	(7,392)	-
Investment realisations and revaluations	22,721	2,244	20,010	28,039	11,573
Total revenue	194,721	150,988	162,527	148,896	79,734
Interest expense	24,925	25,008	27,099	26,180	23,966
Net profit before tax	50,670	29,104	39,606	26,044	16,493
Taxation expense (credit)	54	1,628	7,088	1,618	(380)
Tax paid net surplus attributable to minority shareholders in subsidiary companies	5,579	5,011	4,381	1,853	402
Equity accounted earnings of associate for prior years	-	-	-	57,957	-
Net profit after tax	45,037	22,465	28,137	82,383	16,471
Dividend to shareholders	26,880	16,671	5,826	17,946	7,809
Dividend - Minority shareholder in subsidiary	-	-	2,380	2,040	2,040
DPS (cents)	12.00	9.00	3.00	9.25	4
Retained earnings	18,157	5,794	19,931	62,397	6,622
Shares on issue (000)	219,299	226,685	183,414	185,872	185,808
Financial Position					
Non current assets	914,631	855,176	740,791	741,268	575,262
Total assets	1,002,534	915,077	791,807	796,690	613,163
Total tangible assets	1,002,534	915,077	791,807	796,690	613,163
Total liabilities	414,480	323,959	367,090	376,408	389,712
Shareholder equity	530,682	540,775	329,398	319,971	161,717
Outside equity in subs	57,372	50,343	95,319	100,311	61,734
Total equity	588,054	591,118	424,717	420,282	223,451
Equity/share ¹	\$2.42	\$2.38	\$1.80	\$1.72	\$0.87
Equity/share ²	\$2.42	\$2.38	\$1.80	\$1.72	\$0.87
Equity/equity instrument ³	\$1.90	\$2.05	\$1.59	\$1.55	\$1.10

Notes to the five year summaries:

1. Change in Accounting Policy-March 2001. Dividends declared by Directors by a resolution after balance date were previously treated as a liability as at balance date. The Financial Reporting Standards Board issued a new standard, FRS-5: Events After Balance Date. The final dividend declared by Directors on 14 May 2001 was disclosed in the notes to the Financial Statements. The implementation of this accounting policy had the following impact on the consolidated financial statements for the year ended 31 March 2001: provision for dividend was decreased and equity increased by \$9,754,898.
2. The following major transactions should be taken into account when considering the five year summaries:
 - (a) Acquisition of 67.27% Glasgow Prestwick Holdings Limited in January 2001;
 - (b) Revaluation of Fixed assets as at 31 March 2002; and
 - (c) Equity accounting of TrustPower Limited from the year ended 31 March 2002.

- (d) Acquisition of the remaining 32.73% of Glasgow Prestwick Holdings Limited in December 2003 and March 2004.

Notes relating to calculations of equity per share:

1. Equity/share is the shareholder equity of the Issuer Group with investments valued on the basis of book value. This is not the normal accounting practice adopted by Infratil in its audited financial statements.
2. Equity/share has been provided to ensure compliance with clause 8 (5) of the first schedule. The value has been derived by assuming that for 2004, that \$200 million of Infrastructure Bonds have been issued
3. Equity/equity instrument has been provided to ensure compliance with clause 8 (5) of the first schedule. The value has been derived by assuming that (a) all equity warrants and options outstanding on the relevant dates are converted at their exercise value with the amount raised added to the numerator and the number of shares created included in the denominator, (b) All Bonds issued under the trust deeds dated 26 March 1999 and 11 November 1999 between Infratil and the Trustee are converted at the holder's conversion option, (c) for 2005 that \$250 million of Infrastructure Bonds have been issued and converted to 182,215,744 shares.

For 31 March 2001 the calculation entails:

Starting position	Warrants	04 Bonds	03 & 05 Bonds	Total
\$161,717	+ \$65,961	+ \$65,972	+ \$84,648	= \$378,298
185,808	+ 47,115	+ 49,603	+ 61,697	= 344,223

As at 31 March 2001 there were 47,115,039 warrants that could have been converted at \$1.40 each to give \$65,961,055. The \$65,971,989 of 04 Bonds have a 95% Conversion Percentage which at a share price of \$1.40 would give rise to 49,602,999 new shares had they been converted. The \$84,648,029 of 03 and 05 Bonds have a 98% Conversion Percentage which, at a share price of \$1.40 would give rise to 61,696,814 new shares had they been converted.

For 31 March 2002 the calculation entails:

Starting position	Warrants	04 Bonds	03 & 05 & 11 Bonds	Total
\$319,971	+ \$65,871	+ \$65,972	+ \$104,648	= \$556,462
185,872	+ 47,051	+ 49,603	+ 76,274	= 358,800

As at 31 March 2002 there were 47,050,844 warrants that could have been converted at \$1.40 each to give \$65,871,182. The \$65,971,989 of 04 Bonds have a 95% Conversion Percentage which at a share price of \$1.40 would give rise to 49,602,999 new shares had they been converted. The \$104,648,029 of 03, 05 and 11 Bonds have a 98% Conversion Percentage which, at a share price of \$1.40 would give rise to 76,274,074 new shares had they been converted.

For 31 March 2003 the calculation entails:

Starting position	Warrants	04 Bonds	03, 05 & 11 Bonds	Total
\$329,398	+ \$65,812	+ \$65,972	+ \$104,648	= \$565,830
183,414	+ 47,009	+ 49,603	+ 76,274	= 356,300

As at 31 March 2003 there were 47,008,844 warrants that could have been converted at \$1.40 each to give \$65,812,382. The \$65,971,989 of 04 Bonds have a 95% Conversion Percentage which at a share price of \$1.40 would give rise to 49,602,999 new shares had they been converted. The \$104,648,029 of 03, 05 and 11 Bonds have a 98% Conversion Percentage which, at a share price of \$1.40 would give rise to 76,274,074 new shares had they been converted.

For 31 March 2004 the calculation entails:

Starting position	Warrants	05, 11 & 13 Bonds	Total
\$540,775	+ \$482	+ \$154,646	= \$695,903
226,685	+ 344	+ 112,716	= 339,745

As at 31 March 2004 there were 343,967 warrants that could have been converted at \$1.40 each to give \$481,554. The \$154,645,745 of 05, 11 and 13 Bonds have a 98% Conversion Percentage which, at a share price of \$1.40 would give rise to 112,715,558 new shares had they been converted.

For 31 March 2005 the calculation entails:

Starting position	Warrants	05, 11, 13, 15, 20 Bonds	New Bonds	Total
\$530,662	+ \$158,848	+ \$233,939	+ \$250,000	= \$1,173,449
219,299	+ 45,385	+ 170,510	+ 182,216	= 617,410

As at 31 March 2005 there were 45,385,259 warrants that could have been converted at \$3.50 each to give \$158,848,497. The \$233,939,445 of 05, 11, 13, 15 and 20 Bonds have a 98% Conversion Percentage which, at a share price of \$1.40 would give rise to 170,509,800 new shares had they been converted. Were

\$250,000,000 of new Bonds issued it would raise \$250,000,000 and give rise to 182,215,744 new shares had they been converted.

The \$1.40 conversion share price has been selected for illustrative purposes in all the above bond conversions. The actual conversion price would be derived from the share market prices at the time of conversion. The \$1.40 share price is coincidentally the exercise price of the warrants on issue in each of the 2001 to 2004 years. For the 2005 year the warrant exercise price is \$3.50.

FINANCIAL STATEMENTS OF INFRATIL LIMITED AND CONSOLIDATED FINANCIAL STATEMENTS OF THE INFRATIL GROUP FOR THE YEAR ENDED 31 MARCH 2005

STATEMENT OF FINANCIAL PERFORMANCE OF INFRATIL FOR THE YEAR ENDED 31 MARCH 2005

	Notes	2005 \$000	2004 \$000
Operating revenue	2	62,947	60,235
Operating expenses	3	28,332	27,178
Surplus before taxation		<u>34,615</u>	<u>33,057</u>
Taxation expense	4	-	-
Surplus after taxation for the year		<u>34,615</u>	<u>33,057</u>

The accompanying notes form part of these financial statements.

STATEMENT OF MOVEMENTS IN EQUITY OF INFRATIL FOR THE YEAR ENDED 31 MARCH 2005

	Notes	2005 \$000	2004 \$000
Surplus after taxation for the year	6	34,615	33,057
Total recognised revenues net of expenses for the year		<u>34,615</u>	<u>33,057</u>
Shares issued	6	409	65,332
Total contributions from owners		<u>409</u>	<u>65,332</u>
Share buy back	6	(23,945)	(8,016)
Dividends paid in cash	6	(26,880)	(16,671)
Total distributions to owners		<u>(50,825)</u>	<u>(24,687)</u>
Movements in equity for the year		(15,801)	73,702
Equity at the beginning of the year		256,505	182,803
Equity at the end of the year		<u>240,704</u>	<u>256,505</u>

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION OF INFRATIL AS AT 31 MARCH 2005

	Notes	2005 \$000	2004 \$000
Current assets			
Cash and short term deposits		45,004	23,576
Trade receivables		15	30
Taxation refund		1,277	672
Total current assets		<u>46,296</u>	<u>24,278</u>
Investments			
Investment in subsidiaries	14	99,665	99,665
Advances to subsidiaries		332,177	290,380
Total investments		<u>431,842</u>	<u>390,045</u>
Total assets		<u>478,138</u>	<u>414,323</u>
Current liabilities			
Accounts payable		3,495	3,172
Current Infrastructure Bonds	8	<u>49,369</u>	—
Total current liabilities		<u>52,864</u>	<u>3,172</u>
Infrastructure Bonds			
Non current	8	<u>184,570</u>	<u>154,646</u>
Equity			
Attributable to shareholders of the Company	5&6	<u>240,704</u>	<u>256,505</u>
Total equity and liabilities		<u>478,138</u>	<u>414,323</u>

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS OF INFRATIL FOR THE YEAR ENDED 31 MARCH 2005

	Notes	2005 \$000	2004 \$000
Cash flows from operating activities			
Cash was provided from:			
Dividends		33,809	32,640
Interest		<u>1,262</u>	<u>1,018</u>
		<u>35,071</u>	<u>33,658</u>
Cash was disbursed to:			
Payments to suppliers		12,250	10,589
Interest		14,275	14,296
Taxation paid		<u>1,277</u>	<u>672</u>
		<u>27,802</u>	<u>25,557</u>
Net cash inflow from operating activities	16	<u>7,269</u>	<u>8,101</u>
Cash flows from investing activities			
Cash was provided from:			
Cash inflow from investments		-	-
Cash was applied to:			
Cash outflow for investments		(13,252)	(22,389)
Net cash (outflow) from investing activities		<u>(13,252)</u>	<u>(22,389)</u>
Cash flows from financing activities			
Cash was provided from:			
Proceeds from issue of shares		409	63,538
Proceeds from issue of bonds		<u>79,310</u>	<u>58,418</u>
		<u>79,719</u>	<u>121,956</u>
Cash was applied to:			
Repayment of bonds		-	72,615
Infrastructure bonds issue expenses		1,483	1,342
Share buy back		23,945	8,016
Dividends paid		<u>26,880</u>	<u>16,671</u>
		<u>52,308</u>	<u>98,644</u>
Net cash inflow (outflow) from financing activities		<u>27,411</u>	<u>23,312</u>
Net increase (decrease) in cash held		21,428	9,024
Opening cash balances brought forward		23,576	14,552
Cash balances in statement of financial position		<u>45,004</u>	<u>23,576</u>

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE OF THE INFRATIL GROUP
FOR THE YEAR ENDED 31 MARCH 2005**

	Notes	2005 \$000	2004 \$000
Operating revenue	2	172,000	148,744
Operating expenses	3	(144,051)	(121,884)
Operating surplus before taxation		<u>27,949</u>	<u>26,860</u>
Investment realisations and revaluations	2	22,721	2,244
Surplus before taxation		<u>50,670</u>	<u>29,104</u>
Taxation expense	4	54	1,628
Surplus after taxation for the year		<u>50,616</u>	<u>27,476</u>
Net surplus comprises:			
Parent company interest		45,037	22,465
Minority interest in subsidiary companies		5,579	5,011
		<u>50,616</u>	<u>27,476</u>

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY OF THE INFRATIL GROUP FOR THE YEAR ENDED 31 MARCH 2005

	Notes	2005 \$000	2004 \$000
Net surplus attributable to:			
- Parent entity shareholders	6	45,037	22,465
- Minority shareholders in subsidiary companies		5,579	5,011
Currency translation reserve movements attributable to:			
- Parent entity shareholders	6	(7,207)	(25)
- Minority shareholder in subsidiary company	2		(1,317)
Increase in revaluation reserve:			
- Parent entity shareholders	6	2,493	-
- Minority shareholders in subsidiary companies		1,284	-
Share of associate's revaluation reserve	11	-	148,292
Total recognised revenues net of expenses for the year		<u>47,188</u>	<u>174,426</u>
Shares issued	6	409	65,332
Total contributions from owners		<u>409</u>	<u>65,332</u>
Share buy back	6	(23,945)	(8,016)
Parent company dividends paid in cash	6	(26,880)	(16,671)
Total distributions to owners		<u>(50,825)</u>	<u>(24,687)</u>
Outside equity interest arising on establishment of subsidiary		164	-
Buyout of minority interests		-	(48,670)
Movements in equity for the year		<u>164</u> <u>(3,064)</u>	<u>(48,670)</u> <u>166,401</u>
Equity at the beginning of the year			
Parent company interest		540,775	329,398
Minority interest in subsidiary companies		50,343	95,319
		<u>591,118</u>	<u>424,717</u>
Equity at the end of the year			
Parent company interest		530,682	540,775
Minority interest in subsidiary companies		57,372	50,343
		<u>588,054</u>	<u>591,118</u>

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE INFRATIL GROUP AS AT 31 MARCH 2005

	Notes	2005 \$000	2004 \$000
Current assets			
Cash and short term deposits		61,986	32,573
Trade receivables		18,394	19,457
Prepayments and sundry receivables		3,467	4,332
Stocks		805	1,058
Taxation refund		<u>3,251</u>	<u>2,481</u>
Total current assets		<u>87,903</u>	<u>59,901</u>
Non current assets			
Fixed assets	12	461,828	478,123
Investment properties	13	22,620	-
Investments	10 & 11	<u>430,183</u>	<u>377,053</u>
Total non current assets		<u>914,631</u>	<u>855,176</u>
Total assets		<u>1,002,534</u>	<u>915,077</u>
Current liabilities			
Current portion bank debt	7	39,725	4,172
Accounts payable		13,208	8,024
Accruals and other liabilities		<u>10,190</u>	<u>10,051</u>
Current liabilities excluding infrastructure bonds		<u>63,123</u>	<u>22,247</u>
Infrastructure bonds	8	<u>49,369</u>	-
Total current liabilities		<u>112,492</u>	<u>22,247</u>
Non current liabilities			
Bank debt	7	100,000	128,664
Deferred tax	4	3,668	3,778
Other		-	874
Minority interest subordinated debt	7	<u>13,750</u>	<u>13,750</u>
Non current liabilities excluding infrastructure bonds		<u>117,418</u>	<u>147,066</u>
Infrastructure bonds	8	<u>184,570</u>	<u>154,646</u>
Total non current liabilities		<u>301,988</u>	<u>301,712</u>
Equity			
Attributable to shareholders of the Company	5&6	530,682	540,775
Minority interest in subsidiaries		<u>57,372</u>	<u>50,343</u>
Total equity		<u>588,054</u>	<u>591,118</u>
Total equity and liabilities		<u>1,002,534</u>	<u>915,077</u>

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS OF THE INFRATIL GROUP FOR THE YEAR
ENDED 31 MARCH 2005**

	Notes	2005 \$000	2004 \$000
Cash flows from operating activities			
Cash was provided from:			
Dividends		27,574	21,631
Interest		1,871	1,801
Receipts from customers		<u>137,580</u>	<u>127,599</u>
		<u>167,025</u>	<u>151,031</u>
Cash was disbursed to:			
Payments to suppliers		100,428	73,694
Interest		25,001	23,373
Taxation paid		<u>907</u>	<u>4,792</u>
		<u>126,336</u>	<u>101,859</u>
Net cash inflow from operating activities ¹⁶		<u>40,689</u>	<u>49,172</u>
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of investments		27,431	24,175
Proceeds from sale of non current assets		74	-
Termination of financial derivatives		<u>-</u>	<u>7,580</u>
		<u>27,505</u>	<u>31,755</u>
Cash was applied to:			
Cash outflow for investments		53,565	4,317
Acquisition of shares in subsidiary		-	45,255
Purchase of fixed assets		<u>21,440</u>	<u>7,453</u>
		<u>75,005</u>	<u>57,025</u>
Net cash (outflow) from investing activities		<u>(47,500)</u>	<u>(25,270)</u>
Cash flows from financing activities			
Cash was provided from:			
Proceeds from issue of shares		409	63,538
Bank borrowings		49,725	-
Grants received		739	136
Issue of Infrastructure bonds		<u>79,310</u>	<u>58,418</u>
		<u>130,183</u>	<u>122,092</u>
Cash was applied to:			
Repay bank debt		41,562	29,031
Repay infrastructure bonds		-	72,615
Infrastructure bonds issue expenses		1,483	1,342
Share buy back		23,945	8,016
Dividends paid		<u>26,880</u>	<u>16,671</u>
		<u>93,870</u>	<u>127,675</u>
Net cash (outflow) from financing activities		<u>36,313</u>	<u>(5,583)</u>
Net increase (decrease) in cash held		29,502	18,319
Effect of exchange rate fluctuations on cash held		(89)	(68)
Opening cash balances brought forward		32,573	14,322
Cash balances in statement of financial position		<u>61,986</u>	<u>32,573</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

(1) Statement of accounting policies

(A) Basis of preparation

Infratil Limited ("the Company") is a company domiciled in New Zealand registered under the Companies Act 1993 and listed on the New Zealand Exchange.

Financial statements for Infratil Limited and consolidated financial statements are presented. The consolidated financial statements comprise the Company, its subsidiaries and associate ("the Group").

The Company is an issuer for the purposes of the Financial Reporting Act 1993. The financial statements and Group financial statements of the Company have been prepared in accordance with the Financial Reporting Act 1993 and generally accepted accounting principles in New Zealand.

The reporting currency used in the preparation of these financial statements is New Zealand dollars.

The financial statements comprise statements of the following: financial performance; movements in equity; financial position; cash flows; significant accounting policies; as well as the notes to those statements contained on pages 36 to 57 of this Prospectus.

The financial statements are prepared on the basis of historical cost, except that fixed assets are periodically re-valued according to accounting policy (C) investment properties according to accounting policy (D) and investments are valued according to accounting policy (F).

(B) Basis of preparing consolidated financial statements

Subsidiaries

Subsidiaries are those entities controlled, directly or indirectly, by the Company. The financial statements of subsidiaries are included in the consolidated financial statements using the purchase method of consolidation.

Associates

Associates are entities in which the Group has significant influence, but not control, over the operating and financial policies. The consolidated financial statements include the Group's share of the net surplus of associates on an equity accounted basis.

Acquisition during the year

Where an entity becomes part of the Group during the year, the results of the entity are included in the consolidated results from the date that control commenced.

(C) Fixed assets

Fixed assets are revalued on a systematic basis with no individual asset included at a valuation undertaken more than five years previously. Fixed assets are revalued to their fair value, determined by an

independent valuation, in accordance with Financial Reporting Standard No. 3: Accounting for Property, Plant and Equipment.

Additions not yet subject to independent valuation, including capital work in progress, are recorded at cost plus capitalised interest where appropriate.

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

Land, buildings and civil works	5 – 60
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Vehicles, plant and equipment	3 – 20
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Individual assets' remaining useful lives and residual values are assessed during the revaluation process and depreciation is calculated on a basis consistent with those parameters.

(D) Investment Property

Certain commercial properties owned by the Group have been identified as being held for the purpose of deriving rental income. Primarily these relate to airport properties not directly connected with aeronautical operations. Therefore these properties have been treated as investment properties.

Investment property is stated at valuation, as determined each year by an independent registered valuer. The basis of valuation is the market value less the estimated costs of disposal, based on each property's highest and best use. Any increase on revaluation is recognised directly in equity unless it offsets a previous decrease in value recognised in the statement of financial performance, in which case it is recognised in the statement of financial performance. A decrease in the revaluation value is recognised in the statement of financial performance where it exceeds an increase previously recognised in equity. Where an investment property is disposed of, the gain or loss recognised in the statement of financial performance is the difference between the sale price and the carrying amount of the property. In addition, any amount in equity that relates to the property is transferred to the statement of financial performance in calculating the gain or loss.

Investment properties under construction are recorded at cost.

Investment properties have not been depreciated in the financial statements.

(E) Receivables

Receivables are stated at their estimated realisable value.

(F) Investments

Investments are stated at cost except where in the opinion of the Directors, there is a permanent diminution in value, in which case they are written down to market value.

(G) Stocks

Stocks are stated at the lower of cost or net realisable value.

(H) Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in accounts payable. Operating lease rentals are charged to the statement of financial performance on a straight line basis over the period of the lease.

(I) Income tax

The income tax expense charged to the statement of financial performance is calculated on the basis that tax losses, and the tax benefit of timing differences, are only recognised where there is virtual certainty of realisation in the foreseeable future.

Deferred taxation, calculated using the liability method on a partial basis, is accounted for in respect of those timing differences that are expected to reverse in the foreseeable future.

(J) Derivative financial instruments

The Group is a party to derivative financial instruments as part of its day to day operating activities. When appropriate, it enters into agreements to manage its interest rate risk and foreign exchange risk.

Derivative financial instruments that are designated as hedges of specific items are recognised on the same basis as the underlying hedged items. Derivative financial instruments that do not constitute hedges are stated at market value and any resultant gain or loss is recognised in the statement of financial performance.

Counterparties to derivative financial instruments are major financial institutions with high credit ratings. The Group does not request security to support derivative financial instruments entered into.

The Group does not engage in speculative transactions or hold derivative financial instruments for trading purposes.

(K) Foreign currency

Transactions

Foreign currency transactions are converted to New Zealand currency at the exchange rate ruling at the transaction date.

Non-monetary assets

Where a designated hedge of a non-monetary asset exists, both the asset and hedge liability are translated at the closing rate. Exchange differences are taken to the foreign currency translation reserve except where the exchange difference on the liability exceeds that of the asset, in which case they are taken to the statement of financial performance.

Translation of financial statements of independent foreign operations

The assets and liabilities of overseas subsidiaries are translated to New Zealand currency at the exchange rate ruling at balance date. The revenue and expenses are translated at the average exchange rate for the period as an approximation of exchange rates ruling at the date of the transactions.

The exchange difference on forward exchange contracts used to hedge the translation of the foreign currency investments are recorded in trade receivables/accounts payable as appropriate and taken to the foreign currency translation reserve to the extent that it is offset by the exchange differences on the net investment. When the exchange difference on the hedge exceeds the exchange difference on the overseas net investment, the difference is recognised in the statement of financial performance.

(L) Goods & services tax (“GST”)

The Company and wholly owned subsidiaries are not registered for GST as the nature of business is an exempt supply. Their financial statements have been prepared on a GST inclusive basis. Other subsidiaries are registered for GST or VAT and their financial statements have been prepared on a GST or VAT exclusive basis.

(M) Changes in accounting policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in the previous year except for the introduction of a new policy for investment properties in section (D).

(N) Comparatives

Comparative figures have been restated where appropriate to ensure consistency with the current year.

(2) Operating revenue

	Consolidated		Parent	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
Interest	1,879	1,798	1,264	1,031
Dividends	2,109	2,527	33,809	32,640
Equity accounted earnings of associate				
- dividends	19,934	24,641	-	-
- surplus (deficit) after dividends	5,802	(3,974)	-	-
Inter-company charges	-	-	27,874	26,564
Revenues	<u>142,276</u>	<u>123,752</u>	<u>-</u>	<u>-</u>
	172,000	148,744	62,647	60,235
Investment realisations	22,721	6,283	-	-
Less investment revaluations	<u>-</u>	<u>(4,039)</u>	<u>-</u>	<u>-</u>
	<u>194,721</u>	<u>150,988</u>	<u>62,947</u>	<u>60,235</u>

(3) Operating expenses

Auditors' remuneration				
audit services	254	233	65	62
taxation services	349	162	198	89
other services	61	89	18	64
Bad debts written off	450	-	-	-
(Decrease) increase in provision				
for doubtful debts	(316)	496	-	-
Depreciation	12,828	13,497	-	-
Directors' fees	1,727	897	703	357
Infrastructure bonds issue expenses	1,548	1,421	1,548	1,421
Interest	24,925	25,008	14,757	14,435
Management fee	8,706	6,476	6,956	6,364
Trading operations	89,163	68,986	-	-
Administration and other	<u>4,356</u>	<u>4,619</u>	<u>4,087</u>	<u>4,386</u>
Total operating expenses	<u>144,051</u>	<u>121,884</u>	<u>28,332</u>	<u>27,178</u>

(4) Taxation

Surplus before taxation	<u>50,670</u>	<u>29,104</u>	<u>34,615</u>	<u>33,057</u>
Taxation on the surplus for the year at 33%	16,721	9,604	11,423	10,909
Plus/(Less) taxation effect of permanent differences				
Net benefit of imputation credits	(8,897)	(7,120)	-	-
Exempt dividends	-	-	(11,157)	(10,771)
Tax losses not recognised/(utilised)	1,659	2,861	(938)	(305)
Equity accounted earnings of associate				
net of dividends received	(1,915)	1,311	-	-
Timing differences not recognised	1,794	(1,102)	-	-
(Over)/under provision in prior years	(19)	(395)	-	-
Other permanent differences	<u>(9,289)</u>	<u>(3,531)</u>	<u>672</u>	<u>167</u>
Taxation expense	<u>54</u>	<u>1,628</u>	<u>-</u>	<u>-</u>
Current taxation	(18)	1,283	-	-
Deferred taxation	<u>72</u>	<u>345</u>	<u>-</u>	<u>-</u>
	<u>54</u>	<u>1,628</u>	<u>-</u>	<u>-</u>

The Group has income tax losses of \$10.5 million (2004 \$8.9 million) available to be set-off against future assessable income. The tax losses could reduce a future tax liability by \$3.5 million (2004 \$2.9 million) subject to the requirements of the income tax legislation being met.

Deferred Tax

	Consolidated		Parent	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
Balance at the beginning of the year	3,778	3,520	-	-
Charge for the year	72	345	-	-
Currency variance during the year	(182)	(87)	-	-
Balance at the end of the year	<u>3,668</u>	<u>3,778</u>	-	-

A deferred tax liability of \$8.8 million (2004 \$8.4 million), relating to fixed asset timing differences, has not been recognised on the basis that it is not expected to reverse in the foreseeable future.

Imputation credit account

	Parent	
	2005	2004
	\$000	\$000
Balance at the beginning of the year	5,904	2,326
Imputation credits attached to dividends received during the year	13,523	11,802
Less imputation credits attached to dividends paid during the year	(13,240)	(8,224)
Balance at the end of the year	<u>6,187</u>	<u>5,904</u>
At balance date the imputation credits available to the shareholders of the parent company were:		
Through direct shareholding in the parent company	6,187	5,904
Through indirect interests in subsidiaries	1,067	3,009
	<u>7,254</u>	<u>8,913</u>

(5) Shares on issue

	Consolidated		Parent	
	2005	2004	2005	2004
	000	000	000	000
Ordinary shares				
Movements in issued and fully paid ordinary shares				
Balance at the beginning of the year				
226,684,964 ordinary shares	226,685	183,414	226,685	183,414
Warrants exercised (2009) 6,774	7	-	7	-
Warrants exercised (2004) 275,210	275	46,664	275	46,664
Shares issued for bonds	-	1	-	1
Less share buy back				
7,668,185 ordinary shares	(7,668)	(3,394)	(7,668)	(3,394)
Total issued capital at the end of the year				
219,298,763 ordinary shares	<u>219,299</u>	<u>226,685</u>	<u>219,299</u>	<u>226,685</u>

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

(6) Capital and reserves

	Consolidated		Parent	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
Attributable to shareholders of the Company	<u>530,682</u>	<u>540,775</u>	<u>240,704</u>	<u>256,505</u>
<i>Comprises:</i>				
Capital				
Balance at the beginning of the year	174,945	117,629	174,945	117,629
Warrants exercised	409	65,330	409	65,330
Shares issued for Bonds	-	2	-	2
Less share buyback	(23,945)	(8,016)	(23,945)	(8,016)
Balance at the end of the year	<u>151,409</u>	<u>174,945</u>	<u>151,409</u>	<u>174,945</u>
Revaluation reserve				
Fixed assets				
Balance at the beginning of the year	243,977	93,668	-	-
Share of associate's revaluation reserve	-	148,292	-	-
Share of associate's transfer from retained earnings	<u>1,128</u>	<u>2,017</u>	<u>-</u>	<u>-</u>
Balance at the end of the year	<u>245,105</u>	<u>243,977</u>	<u>-</u>	<u>-</u>
Investment properties				
Balance at the beginning of the year	-	-	-	-
Net revaluation adjustment for the year	<u>2,493</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at the year of the year	<u>2,493</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revaluation reserves	<u>247,598</u>	<u>243,977</u>	<u>-</u>	<u>-</u>

	Consolidated		Parent	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
Retained earnings reserve				
Balance at the beginning of the year	130,075	126,298	81,560	65,174
Net surplus after taxation	45,037	22,465	34,615	33,057
Share of associate's transfer (to)				
revaluation reserve	(1,128)	(2,017)	-	-
	173,984	146,746	116,175	98,231
Less dividends paid	26,880	16,671	26,880	16,671
Balance at the end of the year	<u>147,104</u>	<u>130,075</u>	<u>89,295</u>	<u>81,560</u>
Foreign currency translation reserve				
Balance at the beginning of the year	(8,222)	(8,197)	-	-
Difference arising on translation of				
independent foreign operations	(8,023)	(2,650)	-	-
Revaluation of non-monetary asset	-	2,425	-	-
Hedging of net investment in				
independent foreign operations	816	2,506	-	-
Hedging of non-monetary assets	-	(2,306)	-	-
Balance at the end of the year	<u>(15,429)</u>	<u>(8,222)</u>	<u>-</u>	<u>-</u>

(7) Debt

	Consolidated		Parent	
	2005	200	2005	2004
	\$000	\$000	\$000	\$000
(a) Bank debt				
Facilities				
Wellington International Airport Limited	150,250	150,250	-	-
Infratil Airport Holdings Limited	39,725	32,836	-	-
Infratil Group of Companies	<u>70,000</u>	<u>70,000</u>	-	-
	<u>259,975</u>	<u>253,086</u>	-	-
Debt outstanding				
Wellington International Airport Limited	90,000	100,000	-	-
Infratil Airport Holdings Limited	39,725	32,836	-	-
Infratil Group of Companies	<u>10,000</u>	<u>-</u>	-	-
	<u>139,725</u>	<u>132,836</u>	-	-
Current portion of debt	39,725	4,172	-	-
Non current portion of debt	<u>100,000</u>	<u>128,664</u>	-	-
	<u>139,725</u>	<u>132,836</u>	-	-

Under the current facilities the Group is able to draw-down funds as required. Interest rates were 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 5.35% to 6.81% (2004 5.0% to 6.35%).

The bank facilities of the Infratil Group of Companies and Wellington International Airport Limited ("WIAL") and Infratil Airport Holdings Limited are unsecured.

The short term borrowings of \$39.7 million (2004 Nil) are supported by a deposit of a similar amount included in cash and short term deposits.

(b) Subordinated debt

The shareholders of Wellington International Airport Limited have provided subordinated debt funding of \$55 million. Infratil's share of the subordinated debt has been eliminated on consolidation.

If the debt obligations of WIAL to all other lenders have been met the subordinated debt is repayable on demand. The Company also has the right to repay part of the debt if the repayment does not result in a breach of the debt covenants and requirements of the negative pledge deed or other finance documents.

Interest is payable on the last day of each quarter of WIAL's financial year. The interest rate is set in advance for the next quarter on each interest payment date. The interest rate payable is set at 4% above base rate where the base rate is the bid settlement rate on the Reuters Monitor Screen page BKBM on the last day of each quarter.

(8) Infrastructure Bonds	Consolidated		Parent	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
Balance at the beginning of the year	154,646	170,620	154,646	170,620
Issued during the period	79,293	85,277	79,293	85,277
Repaid during the period	-	(101,251)	-	(101,251)
Balance at the end of the year	<u>233,939</u>	<u>154,646</u>	<u>233,939</u>	<u>154,646</u>
Current	49,369	-	49,369	-
Non current	<u>184,570</u>	<u>154,646</u>	<u>184,570</u>	<u>154,646</u>
	<u>233,939</u>	<u>154,646</u>	<u>233,939</u>	<u>154,646</u>

Series 05

The Company has 49,369,350 (2004 49,369,350) infrastructure bonds (series 05) on issue at a face value of \$1.00 per bond. Interest is payable quarterly on the bonds at 9.0% per annum. Each of these infrastructure bonds will mature on 15 November 2005. 25 days prior to the maturity date, the Company shall elect to redeem all infrastructure bonds in this series at their \$1.00 face value payable in cash or convert all the infrastructure bonds in the relevant series by issuing the number of shares obtained by dividing the \$1.00 face value by the product of the relevant conversion percentage of 98% and the market price. The market price is the average price weighted by volume of all trades of ordinary shares of the Company over the 10 business days up to the fifth business day before the maturity date.

Series 11

The Company has 20,000,000 (2004 20,000,000) infrastructure bonds (series 11) on issue at a face value of \$1.00 per bond. Interest is payable quarterly on the bonds at 8.5% per annum. Each of these infrastructure bonds will mature on 15 November 2011. 25 days prior to the maturity date, the Company shall elect to redeem all infrastructure bonds in this series at their \$1.00 face value payable in cash or convert all the infrastructure bonds in the relevant series by issuing the number of shares obtained by dividing the \$1.00 face value by the product of the relevant conversion percentage of 98% and the market price. The market price is the average price weighted by volume of all trades of ordinary shares of the Company over the 10 business days up to the fifth business day before the maturity date.

Series 13

The Company has 85,276,395 (2003 85,276,395) infrastructure bonds (series 13) on issue at a face value of \$1.00 per bond. Interest is payable quarterly on the bonds at 8.5% per annum. Each of these infrastructure bonds will mature on 15 September 2013. 25 days prior to the maturity date, the Company shall elect to redeem all infrastructure bonds in this series at their \$1.00 face value payable in cash or convert all the infrastructure bonds in the relevant series by issuing the number of shares obtained by dividing the \$1.00 face value by the product of the relevant conversion percentage of 98% and the market price. The market price is the average price weighted by volume of all trades of ordinary shares of the Company over the 10 business days up to the fifth business day before the maturity date.

Series 15

The Company has 70,700,200 (2004 Nil) infrastructure bonds (series 15) on issue at a face value of \$1.00 per bond. Interest is payable quarterly on the bonds at 8.5% per annum. Each of these infrastructure bonds will mature on 15 November 2015. 25 days prior to the maturity date, the Company shall elect to redeem all infrastructure bonds in this series at their \$1.00 face value payable in cash or convert all the infrastructure bonds in the relevant series by issuing the number of shares obtained by dividing the \$1.00 face value by the product of the relevant conversion percentage of 98% and the market price. The market price is the average price weighted by volume of all trades of ordinary shares of the Company over the 10 business days up to the fifth business day before the maturity date.

Series 20

The Company has 8,593,500 (2004 Nil) infrastructure bonds (series 20) on issue at a face value of \$1.00 per bond. Interest is payable quarterly on the bonds at 8.5% per annum. Each of these infrastructure bonds will mature on 15 February 2020. 25 days prior to the maturity date, the Company shall elect to redeem all infrastructure bonds in this series at their \$1.00 face value payable in cash or convert all the infrastructure bonds in the relevant series by issuing the number of shares obtained by dividing the \$1.00 face value by the product of the relevant conversion percentage of 98% and the market price. The market price is the average price weighted by volume of all trades of ordinary shares of the Company over the 10 business days up to the fifth business day before the maturity date.

(9) Infratil warrants

The 343,967 Infratil warrants on issue at 31 March 2004 have been exercised or expired. The expiry date for the warrants was extended to 30 April 2004 to provide a final opportunity for outstanding warrants to be exercised. Each Infratil warrant held entitled the holder to acquire a further share in the Company at an initial issue price of \$1.40.

Infratil issued 45,392,033 (2004 Nil) warrants on 5 July 2004. Each Infratil warrant held entitles the holder to acquire a further share in the Company at an initial issue price of \$3.50 on or before 10 July 2009.

(10) Investments

	Cost or valuation		Market value	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
Investment in associate (Note 11)	309,562	303,760	575,874	395,913
Investments in other companies	<u>120,621</u>	<u>73,293</u>	<u>158,732</u>	<u>100,806</u>
	<u>430,183</u>	<u>377,053</u>	<u>734,606</u>	<u>496,719</u>

Market value is based on the share price at 31 March 2005 for listed investments and carrying value for unlisted investments. The market value of investments listed on the New Zealand Exchange as at 31 March 2005 was \$611 million (2004 \$450 million).

Investments are held indirectly through another group company.

The investments in Wellington International Airport Limited, Infratil Airport Holdings Limited and Victoria Electricity Pty Limited are not included as part of investments as their assets and liabilities are consolidated.

(11) Investment in associate

As at 31 March 2005, the Group held a 35.18% (2004 35.18%) interest in TrustPower Limited, a limited liability company, incorporated in New Zealand. TrustPower Limited is listed on the New Zealand Exchange and operates within the electricity generation and retail trading industry.

The investment in the associate comprises:

	Consolidated	
	2005	2004
	\$000	\$000
Share of associate's surplus before income tax	39,401	29,639
Share of associate's income tax (expense)	(13,665)	(8,972)
Share of associate's operating surplus	25,736	20,667
Dividends from associate	(19,934)	(24,641)
	5,802	(3,974)
Share of associate's surplus and revaluation reserve at the beginning of the year	209,106	64,788
Share of increase in associate's revaluation reserve	-	148,292
Total share of increase in associate's equity since acquisition	214,908	209,106
Cost of investment	94,654	94,654
Equity accounted value of investment	309,562	303,760

(12) Fixed assets

2005	Acquisitions		Net	
	Valuation	at cost	Accumulated depreciation	Carrying Value
	\$000	\$000	\$000	\$000
Land and civil works	200,557	2,856	4,845	198,568
Buildings	258,873	12,586	26,205	245,254
Vehicles, plant and equipment	15,327	8,301	8,019	15,609
Capital work in progress	-	2,397	-	2,397
Total	474,757	26,140	39,069	461,828
2004	Acquisitions		Net	
	Valuation	at cost	Accumulated depreciation	Carrying Value
	\$000	\$000	\$000	\$000
Land and civil works	205,242	980	3,126	203,096
Buildings	266,412	6,892	17,928	255,376
Vehicles, plant and equipment	15,749	6,450	5,735	16,464
Capital work in progress	-	3,187	-	3,187
Total	487,403	17,509	26,789	478,123

The Group holds certain property assets that are leased out.

Included within vehicles, plant and equipment are assets held under finance leases with a net book value of \$0.01 million (2004 \$0.01 million).

Wellington International Airport Limited

All non-current assets were revalued at 31 March 2002 in accordance with the New Zealand Institute of Valuers asset valuation standards. The valuation was undertaken by independent registered valuers, Ernst & Young for land and buildings, Opus International Consultants Limited for civil works and CB Ellis for vehicles, plant and equipment.

Infratil Airport Holdings Limited

Land, buildings and civil works were revalued at 31 March 2002 based on an external valuation performed by Bell Ingram of Ayr, Scotland. This valuation was performed by a fellow of the Royal Institution of Chartered Surveyors ("RICS") in accordance with the recommendations of the RICS as defined within the RICS appraisal and valuation manual.

As required under the Financial Reporting Standard No. 3 assets are valued at fair value. Where the airport 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, as required by the Standard. This 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.

	Consolidated		Parent	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
(13) Investment properties				
Investment properties at valuation	16,827	-	-	-
Investment properties under construction at cost	<u>5,793</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investment properties	<u>22,620</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment properties were valued at year end by Telfer Young Limited, an independent registered valuer. Movements in the valuation of investment properties are shown in the investment properties revaluation reserve. Property, plant and equipment assets and capital work in progress totalling \$7.83 million were transferred to investment properties at the beginning of the year.				

(14) Investment in subsidiaries

Shares are held in the following unlisted companies.

	Balance Date	2005 Holding	2004 Holding
Investment activities			
<i>New Zealand</i>			
Infratil Investments Limited	31 March	100%	100%
Infratil Securities Limited	31 March	100%	100%
Infratil 1998 Limited	31 March	100%	100%
NZ Airports Limited	31 March	100%	100%
Infratil Australia Limited	31 March	100%	100%
Infratil Finance Limited	31 March	100%	100%
Infratil UK Limited	31 March	100%	100%
Infratil Europe Limited	31 March	100%	100%
Infratil Ventures Limited	31 March	100%	100%
Te Maunga Power Limited	31 March	50%	50%

Airport activities***New Zealand***

Wellington International Airport Limited	31 March	66%	66%
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United Kingdom

Infratil Airport Holdings Limited	31 March	100%	100%
Prestwick Aviation Holdings Limited	31 March	100%	100%
Glasgow Prestwick International Airport Limited	31 March	100%	100%
PIK Facilities Limited	31 March	100%	100%
Great Holidays Limited	31 March	100%	100%
PIK Services Limited	31 March	100%	100%
Glasgow Prestwick Bond Limited	31 March	100%	100%
Runway Realisations Limited	31 March	100%	100%
PIK MRO Limited	31 March	100%	100%
Airward Aviation Services Limited	31 March	100%	100%

Electricity***Australia***

Victoria Electricity Pty Limited	31 March	88.46%	85.72%
Direct Connect Pty Limited	31 March	88.46%	-

(15) Financial instruments**(a) Credit risk**

Financial instruments which potentially subject the Group to credit risk principally consist of bank balances and receivables.

The Group actively manages and monitors its accounts receivables on an ongoing basis.

Maximum exposures to credit risk as at balance date are:

	Consolidated		Parent	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
Cash and short term deposits	61,986	32,573	45,004	23,576
Trade receivables	18,394	19,457	15	30
Sundry receivables	3,467	4,332	-	-
Income tax refund	3,251	2,481	1,277	672
Advances to subsidiaries	-	-	332,177	290,380
	<u>87,098</u>	<u>58,843</u>	<u>378,473</u>	<u>314,658</u>

No security is held on the above amounts.

The Group is not exposed to any other concentrations of credit risk.

(b) Currency risk

Exposure to currency arises in the normal course of the Group's business. Derivative financial instruments are used as a means of reducing exposure to fluctuations in foreign exchange rates. While these financial instruments are subject to the risk of market rates changing, such changes would be offset by opposite effects on the items to the extent that they are hedged.

The principal or contract amounts of derivative instruments outstanding at balance date were:

	Consolidated		Parent	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
Forward exchange contracts	50,488	-	-	-

The Group incurs foreign currency risk as a result of offshore investments denominated in a currency other than the Group's functional currency. The currencies giving rise to the currency risk are pounds sterling and Australian dollars (refer to Note 22).

The maximum exposure to credit risk arising from derivative financial instruments is as follows:

	Consolidated		Parent	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
Amount payable under forward exchange contracts	301	-	-	-
Amount receivable under forward exchange contracts (carrying value)	816	-	-	-

The maximum exposure is the contractual amount of derivative financial instruments outstanding at balance date; it does not represent amounts at risk.

It is considered a remote possibility that a counterparty to a derivative financial instrument with the Group would be unable or unwilling to meet a commitment.

(c) Interest rate risk

The Group is exposed to interest rate fluctuations on the bank debt.

The Group uses interest rate swaps to manage interest rate risk.

At balance date the principal or contract amounts of interest rate contracts outstanding were:

	Consolidated		Parent	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
Interest rate swaps in place at year end	80,000	80,000	-	-
Interest rate options	-	10,000	-	-
Fair value of interest rate swaps	657	(996)	-	-
Fair value of interest rate options	-	-	-	-
Carrying value of interest rate swaps	34	(117)	-	-
Carrying value of interest rate options	-	(5)	-	-

Basis of valuation

The carrying value of hedges in place at balance date is the net interest accrued at balance date. Fair value of all hedges is calculated based on quoted prices at balance date.

The termination dates for the interest rate swaps are as follows:

	Consolidated		Parent	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
Between 0 to 1 year	40,000	20,000	-	-
Between 1 to 2 years	10,000	40,000	-	-
Between 2 to 5 years	30,000	20,000	-	-

The termination date for the interest rate option is as follows:

Between 0 to 1 year	-	10,000	-	-
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(d) Fair values

Financial instruments consist of cash and short term deposits, receivables, investments, advances to subsidiaries, accounts payable and derivatives.

The fair value of interest rate swaps and options are detailed in note 15(c). The fair value of investments is estimated to be market value as detailed in note 10. The fair value of all other financial instruments is represented by their carrying value.

(e) Loan facilities

The Group has total loan facilities of \$260 million (2004 \$253 million). Of this \$140 million (2004 \$133 million) has been drawn down by the Group.

(16) Reconciliation of net surplus with cash inflow from operating activities

	Consolidated		Parent	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
Net surplus	50,616	27,476	34,615	33,057
Less items classified as investing activity				
Profit on investment realisations	(22,721)	(6,283)	-	-
Add item classified as financing activity				
Infrastructure bonds issue expenses	1,548	1,421	1,548	1,421
Add items not involving cash flows				
Investment revaluations	-	4,039	-	-
Depreciation	12,828	13,497	-	-
Provision for bad debts	134	(496)	-	-
Other	(1,324)	(2,722)	-	-
Equity accounted earnings of associate	(5,802)	3,974		
Non cash movements in advances to subsidiaries	-	-	(28,546)	(26,564)
Movements in working capital				
(Increase)/decrease in trade receivables	(502)	1,998	(2)	(13)
Decrease in sundry receivables	1,008	1,768	-	-
(Increase)/decrease in stock	209	(436)	-	-
Increase in trade payables	4,298	2,148	259	872
Increase in accruals and other liabilities	1,246	5,875	-	-
(Increase) in taxation refundable	(849)	(3,087)	(605)	(672)
Net cash inflow from operating activities	<u>40,689</u>	<u>49,172</u>	<u>7,269</u>	<u>8,101</u>

(17) Management fee

The management fee 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 the 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 aggregate market value of the Company’s listed securities, being ordinary shares, infrastructure bonds and warrants);
 - 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.
- An international fund management fee is paid at the rate of 1.50% per annum on:
 - the cost price of any non-Australasian investments; plus
 - 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. For the period up to 31 March 2005, no international fund incentive fee was paid.
- A venture capital fund management fee and incentive fee is also payable. At the present time, given the small scale of the Company’s venture capital investments, the amount of this management fee is immaterial to the total fee. For the period up to 31 March 2005, no venture capital fund incentive fee was paid.
- A separate venture capital fund management fee and incentive fee is payable in respect of the Company’s IO Fund investment. For the period up to 31 March 2005, no management fees or incentive fees were paid in respect of the IO Fund.

The investment in the Glasgow Prestwick group of companies is treated as an investment in a New Zealand asset for management fee purposes but, should they occur, investment in other European airports (for example Finow and Lubeck) are non-New Zealand investments. The investment in Victoria Electricity Pty Limited is included in the non-IO Fund venture capital fund.

(18) Related parties

Morrison & Co Infrastructure Management Limited (“MCIM”) is the management company for the Company. MCIM received a management fee in accordance with the management agreement of \$8,706,000 (including GST) (2004 \$6,364,000). Included in trade creditors is an amount of \$805,781 (including GST) (2004 \$629,662) for management fees for the month of March 2005.

IO Management Limited ("IOM") is 50% owned by Morrison & Co Ventures Limited. IOM received a management fee in accordance with the IO Fund management agreement of \$Nil (2004 \$112,000).

MCIM and 50% of IOM is owned by H.R.L. Morrison & Co Group Limited. Messrs H R L Morrison and D P Saville are Directors of the Company and H.R.L. Morrison & Co Group Limited. Companies associated with them own H.R.L. Morrison & Co Group Limited.

H.R.L. Morrison & Co Limited ("MCO") and nzxsports.com Limited, which are associated with the management company, received fees (directly and indirectly) during the year as set out below for services not required to be provided by MCIM in terms of its management agreement with the Company.

Investment banking services (2004 \$2,085,188 including GST) relate to the potential acquisition of Whenuapai Airport for a fee of \$313,797 (including GST), potential acquisition of Airports in Europe for a fee of \$711,156 (including GST), issue of Infrastructure Bonds for a fee of \$134,544 (including GST). Accounting, secretarial services, and maintenance of the Company's website, for a fee of \$177,750 (including GST) (2004 \$143,250). Hosting and updating of the website by nzxsports.com Limited for a fee of \$4,071 (including GST) (2004 \$3,125). Airport management advice to Infratil Airport Holdings Limited in respect of expanding and restructuring its business for a fee of \$Nil (2004 \$117,000). Risk Management Reporting for Victoria Electricity Pty Limited for a fee of A\$30,947 (2004 Nil).

During the year ended 31 March 2005 employees of MCO received directors fees in their role as directors of Wellington International Airport Limited \$117,500 (2004 \$137,000), Infratil Airport Holdings Limited Stg 92,500 (2004 Stg 57,000) and Victoria Electricity Pty Limited A\$41,440.

MCO had an option to acquire 6.1% of the shares held by Infratil UK Limited in Infratil Airport Holdings Limited. Infratil UK Limited holds 100% of the capital in Infratil Airport Holdings Limited. The option had a term of five years from the date of the acquisition of the Airport (21 January 2001) and the exercise price was the initial purchase price of the shares, escalating at 20% per annum compounded (less dividends paid during that period).

The Company and MCO agreed to cancel the option prior to the expiry of its term, for the sum of \$1.827 million paid in November 2004.

Advances to wholly owned subsidiaries by the parent company are repayable on demand and interest has been charged on certain loans at a commercial rate of interest.

(19) Financial commitments

(a) Fixed assets

	Consolidated		Parent	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
Committed but not contracted for	1,189	434	-	-
Contracted but not provided for	<u>6,506</u>	<u>9,611</u>	-	-
	<u>7,695</u>	<u>10,045</u>	-	-

(b) Leases

The Group has commitments under operating leases relating to the lease of premises and hire of plant and equipment. These commitments expire within 1 to 5 years as follows:

	Consolidated		Parent	
	2005	2004	2005	2004
	\$000	\$000	\$000	\$000
Between 0 to 1 year	434	49	-	-
Between 1 to 2 years	354	33	-	-
Between 2 to 5 years	<u>293</u>	<u>64</u>	-	-
	<u>1,081</u>	<u>146</u>	-	-

(20) Dividend

On 16 May 2005 the directors proposed a final dividend for the year ended 31 March 2005 of 5.5 cents per share. As the dividend was proposed after balance date the financial effect of the dividend payable of \$12.06 million, has not been recognised in the financial statements.

(21) Industry segments

	Airports		Electricity		Investments		Elimination		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operating revenue	129,022	121,326	13,254	-	-	-	-	-	142,276	121,326
Other revenue	493	3,124	122	-	67,245	30,449	(15,415)	(3,911)	52,445	29,662
Total revenue	129,515	124,450	13,376	-	67,245	30,449	(15,415)	(3,911)	194,721	150,988
Depreciation	12,680	13,497	147	-	-	-	-	-	12,827	13,497
Segment result	25,501	25,187	(2,710)	-	27,879	3,917	-	-	50,670	29,104
Taxation expense									54	1,628
Group surplus									50,616	27,476
Segment assets	513,300	508,875	11,300	-	477,934	406,202	-	-	1,002,534	915,077

The Group operates predominantly in three industries – investment in infrastructure and utility companies, airport and electricity operations. The airport operations comprise the revenue and expenses associated with the Group's investments in Wellington International Airport Limited and Infratil Airport Holdings Limited and the electricity operations relate to Victoria Electricity Pty Limited. Investments include the equity accounted results of TrustPower.

(22) Geographical segments

	New Zealand		Australia		United Kingdom		Elimination		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operating revenue	58,410	53,724	13,254	-	70,612	67,602	-	-	142,276	121,326
Other revenue	63,225	27,176	122	-	253	2,486	(11,155)	-	52,445	29,662
Total revenue	121,635	80,900	13,376	-	70,865	70,088	(11,155)	-	194,721	150,988
Depreciation	6,874	7,672	147	-	5,806	5,825	-	-	12,827	13,497
Segment result	53,224	24,566	(2,710)	-	156	4,538	-	-	50,670	29,104
Taxation expense									54	1,628
Group surplus									50,616	27,476
Segment assets	805,992	715,877	11,300	-	185,242	199,200	-	-	1,002,534	915,077

(23) Earnings per share

	<u>2005</u>	<u>2004</u>
Earnings per share	22.70cps	12.07 cps
Diluted earnings per share recognising the warrants on issue	22.70cps	10.83 cps

(24) Contingent liabilities

Cash is held on deposit with banks of \$3.2 million (2004 Nil) as guarantees in the event that Victoria Electricity Pty Limited is unable to meet its liabilities to certain suppliers.

(25) New Zealand international financial reporting standards

In December 2002 the New Zealand Accounting Standards Review Board announced that the New Zealand equivalents to International Financial Reporting Standards ("NZIFRS") will apply to all New Zealand entities for the periods commencing on or after 1 January 2007 with the opportunity to early adopt by up to two years. Infratil intends to adopt NZIFRS for the year ended 31 March 2008.

Infratil has commenced a project to identify the differences between existing NZ GAAP and NZIFRS. The key areas of change expected, which is not considered to be an exhaustive list, are in the following areas: the accounting treatment of deferred tax, fixed assets, financial instruments and financial statement disclosures.

(26) Events after balance date

The Company advised on 15 April 2005 that it had entered into a conditional agreement with the City of Lübeck to acquire 90% of Flughafen Lübeck GmbH ("Lübeck Airport").

The purchase price for the 90% shareholding is EUR13 million. In addition, under the agreement the Company will commit to fund investment projects at Lübeck Airport up to EUR30 million.

The conditional agreement includes a call/put option structure that allows the acquisition of the remaining 10% of Lübeck Airport by the Company using a predefined price formula from 31 March 2009 onwards.

The investment projects to be funded by the Company include the runway extension (for which partial grant funding is expected) and the future provision of terminal and related infrastructure to meet demand.

The Company will fund this transaction from its existing bank facilities.

AUDITOR'S REPORT

STATUTORY INFORMATION

The following sets out the information required by the First and Second Schedules to the Securities Regulations 1983. An index of this information is set out on page 78.

MAIN TERMS OF OFFER/NAME AND ADDRESS OF INFRATIL

The issuer and offeror of the Infrastructure Bonds is Infratil Limited which has its registered office at 97 The Terrace, Wellington.

Brief descriptions of the Infrastructure Bonds are provided on pages 5 to 15 of this Prospectus.

The maximum number of Infrastructure Bonds which Infratil is able to offer under this Prospectus is 250,000,000, for an aggregate principal amount of \$250,000,000. However the number of Infrastructure Bonds which Infratil actually issues may be less than this, depending on Infratil's capital requirements during the term of this offer. No oversubscriptions will be accepted. The face value of each Infrastructure Bond is \$1.00.

The Issue Price (including details of consideration to be paid) of each Infrastructure Bond will be determined by reference to prevailing market interest rates at the time of issue and be specified, or determined in accordance with terms specified, in the relevant Issue Flyer and the relevant Appendix to this Prospectus or the relevant Supplemental Prospectus (if one is required to be prepared pursuant to the Securities Act 1978) relating to the relevant Series.

Infratil is the only member of the Infratil Group to which this Infrastructure Bond issue relates. The Infrastructure Bonds issued pursuant to this offer do not place any obligations on any other member of the Infratil Group.

DETAILS OF INCORPORATION OF THE ISSUER

Infratil is a company incorporated in New Zealand under the Companies Act 1993. It was incorporated on 27 January 1994. Infratil's registered number is 597366. The public file in relation to the company can be viewed on the Companies Office website at www.companies.govt.nz. Where relevant documents are not available on the website, a request for the documents can be made by contacting Searchlink at info@searchlink.co.nz.

DESCRIPTION OF ACTIVITIES OF INFRATIL GROUP AND PRINCIPAL SUBSIDIARIES

Infratil is the listed holding company for the Infratil Group. All investments made by the Infratil Group are made by subsidiaries of Infratil. The day to day administration and

management of assets and liabilities of the Infratil Group is undertaken by Morrison & Co Infrastructure Management Limited under a management agreement dated 11 February 1994. The only business activities of Infratil are the holding of shares in its wholly owned subsidiaries and the raising of equity and debt financing to assist the expansion of investments by the Infratil Group. This has been the only business of Infratil since its incorporation and listing on the NZX on 28 March 1994. Since March 1999 all debt financing has been raised by Infratil's wholly owned subsidiary, Infratil Finance Limited.

No assets are charged as security for any of the Infrastructure Bonds.

Each of Infratil Investments Limited, Infratil Securities Limited, Infratil 1998 Limited, NZ Airports Limited, Infratil UK Limited, Infratil Australia Limited, Infratil Europe Limited, Infratil Ventures Limited and Infratil Finance Limited is 100% owned by Infratil. Each, except Infratil Finance Limited, is solely involved in owning shares or other financial assets. Infratil Finance Limited is involved solely in borrowing money for the Infratil Group. Wellington International Airport Limited is 66% owned by NZ Airports Limited which is a holding company 100% owned by Infratil. It owns most of the assets associated with the operations of Wellington airport at Rongotai, Wellington. Infratil UK Limited which is a holding company 100% owned by Infratil, owns 100% of the UK registered holding company Infratil Airport Holdings Limited which owns 100% of Prestwick Aviation Holdings Limited which owns most of the assets associated with the operations of Glasgow Prestwick International Airport at Prestwick on the west coast of Scotland near the city of Glasgow. None of the principal assets of the Infratil Group are held under lease.

GUARANTORS

None of the Infrastructure Bonds or payments thereunder or Shares issued on conversion thereof is guaranteed by any person.

DIRECTORATE AND ADVISERS

The Directorate and Advisers which are required to be specified by clause 5 of the First and Second Schedules to the Securities Regulations 1983 are listed on pages 67 and 73 of this Prospectus.

No member of the Infratil Group employs any Infratil Director.

RESTRICTIONS ON DIRECTORS' POWERS

The Constitution of Infratil provides that the directors may not:

- (a) except in limited circumstances, cause Infratil to issue equity securities in Infratil without the prior written approval of shareholders by resolution;

- (b) vote on any matter in which he or she is interested unless it is in respect of a matter which, pursuant to the Companies Act 1993, directors are required to sign a certificate;
- (c) cause Infratil to give financial assistance in connection with the acquisition of equity securities issued by Infratil or redeem equity securities unless certain criteria are met;
- (d) cause Infratil to enter into, or permit any of Infratil's subsidiaries to enter into, any transaction or series of transactions which would change the essential nature of the business of the Infratil Group or which would have a gross value in excess of 50% of shareholder funds, without the prior approval of shareholders by resolution;
- (e) cause Infratil to enter into, or permit any of Infratil's subsidiaries to enter into any business to a significant extent outside the essential nature of the business of the Infratil Group, subject to certain exceptions, without prior written approval of shareholders by resolution;
- (f) cause Infratil to enter into certain major transactions without a special resolution of shareholders; or
- (g) cause Infratil to enter into certain transactions with related parties, without the prior approval of shareholders by resolution.

There are no other modifications, exceptions or limitations on the powers of the directors of Infratil under the Companies Act 1993 or imposed by the Constitution. However, the Companies Act 1995 does contain provisions that could have the effect of limiting the powers of the Infratil directors. Such provisions apply to all companies registered under the Companies Act 1993.

SUBSTANTIAL SHAREHOLDERS OF INFRATIL

On 12 August 2005 Infratil's ten largest shareholders were:

NZ Central Securities Depository Limited	94,967,594
Alliant Energy New Zealand Limited	10,998,853
Hettinger Nominees Limited	9,186,799
Custodial Services Limited	5,352,298
Forbar Custodians Limited	5,275,513
JML Trustee Company Limited	2,990,531
Agra Nominees Limited	1,220,000
Ronnoco Nominees Limited	873,200
HA Morrison	728,430
First NZ Capital Custodians	691,001

None of these parties has any liability in respect of the Infrastructure Bonds, payments thereunder or Shares issued on conversion thereof.

SUMMARY FINANCIAL STATEMENTS

Five year summary financial statements for the Infratil Group and Infratil are set out on pages 25 to 28 of this Prospectus.

PROSPECTS AND FORECASTS

Infratil invests in companies holding, operating or developing infrastructure or utility assets or projects. At the current time, Infratil's main investments and focus are in airports, renewable energy and energy generation. The investments are in New Zealand, Australia and Europe. Further investments may occur in these and other infrastructure sectors.

Infratil's objective is to take an active role in investments in which it has majority ownership. It seeks to bring in industry expertise to assist investee companies out-perform industry standards.

A description of the risks to which Infratil is exposed and which may not be known or anticipated by the general public and which could materially affect the prospects of Infratil are set out below in relation to the various investment sectors and more generally under the heading "Investment risks".

ENERGY

Infratil's largest investment in the energy sector is its 35.2% shareholding in the listed electricity generation and retailing company, TrustPower Limited. Infratil has been a shareholder in TrustPower since 1994 and, along with its investment partner, Alliant Energy New Zealand Limited, controls TrustPower. TrustPower's performance has lifted in recent years as it has improved its business focus and risk management strategies and electricity prices have risen. The New Zealand electricity sector continues to have risks associated with it. The market is dominated by State Owned Enterprises that may not always operate in the same economic way as equivalent private sector companies. The Electricity Commission and other regulatory bodies may have adverse or unexpected consequences for the electricity industry. The long term wholesale electricity price (which is the principal driver of the value of TrustPower) depends on, among other things, the cost of new generation, the New Zealand Government's policies on climate change and green house gas emissions and on the timing and cost of discovering and extracting new gas supplies. It also depends on the New Zealand Government's approach to regulating the industry. A lessening of the commitments to limiting green house gas emissions and the early discovery of abundant gas would have an adverse effect on the value of TrustPower. The volatile nature of electricity

prices can also produce short-term fluctuations in the earnings of a company such as TrustPower, as can climatic conditions which impact hydro and wind power generation. TrustPower does seek to hedge against such eventualities, but hedging cannot eliminate all risk. TrustPower's profitability also depends on maintenance of the margin between the wholesale price and the retail price.

Infratil has been a shareholder in Energy Developments Limited, based in Australia, since 2002. It currently has a 19.9% shareholding. Energy Developments has two main businesses. The first is in remote area power supply (the provision of generators to isolated areas not connected to national or regional electricity networks). Most of this business is in Australia. The other is in generating electricity from methane (and similar gases) that leach from waste in landfills and coal seams. This business is seen as environmentally friendly as it converts the more noxious green house gases into less damaging carbon dioxide. This business has operations in a number of countries around the world. Energy Developments' business and prospects are dependent on the operational efficiency of its plant, obtaining access to gas and the policies of the governments in the countries where it operates continuing to encourage the reduction of greenhouse gas emissions.

In addition to these two relatively major investments, Infratil has also invested in Victoria Electricity Limited. Victoria Electricity is a start-up energy retailer based in Melbourne, Victoria. Victoria Electricity buys electricity and gas in the wholesale market and then retails it to a mainly residential and small business customer base. Because it is in start-up mode, a significant part of Victoria Electricity's business involves growing its customer base. The prospects for Victoria Electricity depend on it being able to continue to grow its sales via customer number growth, maintaining efficiently priced energy supply and in being able to keep costs down.

At 31 March 2005, the investments in TrustPower, Energy Developments and Victoria Electricity were 68% of Infratil's total assets, with listed investments valued at market and all others valued at book value.

AIRPORTS

Infratil owns 100% of Glasgow Prestwick Airport in Scotland, having first acquired a 67% shareholding in 2001, and 66% of Wellington Airport, having first acquired a 26% shareholding in 1998.

Glasgow Prestwick's performance is closely linked to its use by low-cost passenger airlines and freight services. Almost all Glasgow Prestwick's passengers fly on Ryanair which provides direct services to Irish, English and continental

European destinations. Freight services are provided by a number of specialist freight airlines.

Glasgow Prestwick's financial performance is influenced by the volume of freight that passes through the Airport, passenger numbers (which directly impacts the airport charges levied on passenger airlines) and passenger spend rates on parking, food & beverages and other retail while passing through the airport.

It is considered likely that the low-cost passenger airline sector will continue to grow, both absolutely and as a proportion of the air travel market, and that Glasgow Prestwick will continue to experience growing passenger volumes.

Considerable management focus is being given to increasing the passenger spend rates and securing greater air-freight volumes. Recent disappointing financial performance at Glasgow Prestwick is due to underperformance in these areas.

Wellington International Airport is a more mature investment than Glasgow Prestwick. Because of its location and relatively short runway, air-freight is not a significant part of its business. It also has fewer route growth opportunities than Glasgow Prestwick. The performance of Wellington Airport is mainly dependant on the New Zealand domestic and Tasman market for air travel remaining competitive. In particular, it is important that Air New Zealand maintain a commitment to low fares and making capacity available on Wellington's routes. Wellington is serviced by four material airlines, Air New Zealand, Qantas, Pacific Blue and Origin Pacific and the cessation of activity by any one, or agreement to limit supply by any group of them, would probably result in higher air travel costs and lower passenger numbers.

As of 31 March 2005, the investments in Wellington International Airport and Glasgow Prestwick were, at book value, 28% of Infratil's total assets, with listed investments valued at market and all others valued at book value.

In late August Infratil acquired Kent International Airport for approximately GBP17.0 million, which is approximately 4% of Infratil's total assets. The acquisition was mainly funded by way of Infratil borrowing under its bank facilities with ANZ and BNZ.

OTHER

As at 31 March 2005 Infratil also held 5% of the shares in Port of Tauranga. The shareholding in Port of Tauranga has been reduced from 25% and shares are being sold over time. As of 31 March 2005, the investment in Port of Tauranga was, at market value, 3% of Infratil's total assets, with listed investments valued at market and all others valued at book value.

Other, non specified, assets amounted to approximately 1% of Infratil's total assets.

INVESTMENT RISKS

Some specific investment risks are noted above. The value and profitability of Infratil's investments in energy and airport companies and any other infrastructure and utility companies are also dependent on management performance and investment decision making at Infratil and investee company levels, specific natural disasters (e.g. earthquakes), adverse world events (e.g. terrorist attacks reducing air travel), macro-economic factors affecting general trading circumstances (e.g. local or global recessions), regulatory risk (e.g. government regulation), changes to taxation regimes and financial market risk (e.g. rising interest rates and/or an increase in the value of the New Zealand dollar against the Australian and/or United Kingdom currencies or other changes that adversely affect asset values). The value of equity investments is more volatile when the issuer has higher debt levels, so higher debt levels may be an additional investment risk.

ACQUISITION OF BUSINESS OR SUBSIDIARY

Over the two year period prior to the date of this Prospectus no business, subsidiary or body corporate has been acquired where consideration was over 20% of the total tangible assets of the Infratil Group.

DIRECTORS INTERESTS

The constitution of Infratil provides that Infratil may make a payment to a Director or former Director, or his or her dependants, by way of a lump sum pension, upon or in connection with the retirement or cessation of office of the Director, only if the amount of the payment or the method of calculation of the amount of that payment is authorised by an ordinary resolution of Infratil.

However Infratil may make a payment to a Director or a former Director that was in office on or before 1 May 2004 and has continued to hold office since that date, or to his or her dependants, by way of a lump sum or pension, upon or in connection with the retirement or cessation of office of that Director, without an ordinary resolution of Infratil provided that the total amount of that payment (or the base for the pension) does not exceed the total remuneration of that Director in his or her capacity as a Director in any three years chosen by Infratil.

Since 1 April 2000 the following transactions, which may be material transactions requiring disclosure under the Regulations, have been entered into:

- On 19 January 2001 Infratil acquired a 67% interest in Glasgow Prestwick Holdings Limited from an unrelated company, and as part of the consideration payable to Morrison & Co for arranging the transaction, and as an

incentive to management, Infratil granted its manager Morrison & Co an option over 6.1% of the shares in Glasgow Prestwick Holdings Limited. As at 31 March 2004 Infratil and Morrison & Co agreed the intention to cancel the option. The cancellation terms were confirmed as at 30 September 2004 and Infratil has paid Morrison & Co UK£680,975, which now forms part of Infratil's cost of acquiring 100% of Glasgow Prestwick Holdings Limited.

- On 31 March 2004, 22.73% of the shares of Glasgow Prestwick Holdings Limited were acquired by Infratil from Utilico Investment Trust plc. ("Utilico") for \$29.0 million. Utilico acquired the shares on 19 January 2001.

MATERIAL CONTRACTS/OPTIONS TO SUBSCRIBE FOR SECURITIES

WARRANTS

As at 31 March 2005 Infratil had on issue 45,385,259 warrants each of which entitles the holder to acquire one Infratil share for \$3.50 at any time until a final exercise date of 10 July 2009. The terms of the warrants are adjusted if Infratil undertakes a bonus or rights issue. Between 31 March 2005 and 25 August 2005 27,014 warrants were exercised.

BONDS

As at 31 March 2005 Infratil has on issue 49,369,350 convertible bonds of \$1.00 face value, maturity of 15 November 2005, which pay a quarterly 9.0% pa. coupon, 20,000,000 convertible bonds of \$1.00 face value, maturity of 15 November 2011, which pay a quarterly 8.5% pa. coupon, 85,276,395 convertible bonds of \$1.00 face value, maturity of 15 September 2013, which pay a quarterly 8.5% pa. coupon, 70,700,200 convertible bonds of \$1.00 face value, maturity of 15 November 2015, which pay a quarterly 8.5% pa. coupon and 8,593,500 convertible bonds of \$1.00 face value, maturity of 15 February 2020, which pay a quarterly 8.5% pa. coupon;. The terms of these Bonds are set out in the Trust Deed dated 11 November 1999 between Infratil and Trustees Executors Limited as trustee as amended by deeds dated 14 August 2003, 10 December 2004 and 18 February 2005. Between 31 March 2005 and 30 June 2005 a further 11,406,500 convertible bonds of \$1.00 face value, maturity of 15 February 2020, which pay a quarterly 8.5% pa. coupon were issued.

BANK FACILITIES

Infratil has two bank loan facility agreements. One with each of ANZ National Bank Limited dated 30 September 2004 and Bank of New Zealand dated 30 September 2004.

PENDING PROCEEDINGS

There are no legal proceedings or arbitrations that are pending at the date of registration of this Prospectus that may have a material adverse effect on the Issuing Group.

ISSUE EXPENSES

Infrastructure Bond Programme establishment expenses (including printing costs, share registry expenses, legal costs, accounting, financial advisory and programme establishment expenses) are estimated at \$200,000 and are payable by Infratil. Infratil will incur further issue expenses at the time of issue of each Series of Infrastructure Bonds. It may pay brokerage or placement fees on Infrastructure Bonds at rates agreed between Infratil and the broker or investor. As at the date of this Prospectus no such fees have been agreed in relation to the Infrastructure Bonds.

MOVEMENTS IN SHARE CAPITAL SINCE 31 MARCH 2005

Movements in issued and fully paid ordinary shares		
	Shares	Capital \$000
Balance 1 April 2005	219,298,763	151,409
Warrants exercised	27,014	95
Less share buy back	0	0
Total issued capital at 24 August 2005		
ordinary shares	219,325,777	151,504

RESTRICTIONS ON INFRATIL AND THE INFRATIL GROUP

The restrictions on the ability of Infratil and the Infratil Group to borrow and to make distributions are set out in the Bond Priority section on page 11 of this Prospectus.

RANKING OF SECURITIES/PROVISIONS OF TRUST DEED

There are no securities that are secured by a mortgage or charge over any of the assets of Infratil that rank in point of security ahead or equally with the Infrastructure Bonds. See "Bond Priority" on page 11 of this Prospectus for a description of how the Infrastructure Bonds are structurally subordinated to the bank debt of the Infratil Group.

Brief details and particulars of the Trust Deed are set out in the section entitled "Summary of the Trust Deed Constituting the Infrastructure Bonds" on pages 17 to 23 of this Prospectus. For the purposes of clause 13(1)(c) of the Second Schedule to the Securities Regulations, the Trust Deed contains the following limitations.

Infratil has covenanted not to create or permit to subsist security over its assets to any person unless at the same time the benefit of such security is extended equally and rateably to Bondholders in respect of the Infrastructure Bonds.

Under the Trust Deed Infratil covenants that, on the last day of each financial year and half-year of Infratil (and, if at any time Infratil has covenanted with any bank to comply with a balance sheet financial covenant on a day other than the last day of each financial year and half-year, then during the currency of that covenant such additional day or days) during the currency of any Series of Infrastructure Bonds, Borrowed Money Indebtedness of the Issuer Group shall not exceed 50% of Tangible Assets as at that date. In this covenant, terms are defined substantially as follows:

“Borrowed Money Indebtedness” of the Issuer Group means the aggregate financial indebtedness of each member of the Issuer Group (excluding any guarantee, indemnity or similar obligation of one member in respect of the financial indebtedness of any other member) and including the Infrastructure Bonds.

“Issuer Group” means Infratil and those of its subsidiaries that, as at the date of the Trust Deed or from time to time, guarantee any financial indebtedness of Infratil or any of its subsidiaries that, in turn, guarantees any financial indebtedness of Infratil.

“Market Value” of an asset on any date means:

- (a) in relation to an investment in securities listed on the NZX or any Recognised Stock Exchange (for the purposes of the NZX Listing Rules) the value determined by reference to the closing price of the relevant securities on that date; and
- (b) in relation to any other asset, its cost or, if an assessed value (i.e. the value determined by an Independent Expert) has been obtained, the most recent such assessed value.

“Tangible Assets” means, at any date, the aggregate on a consolidated basis of the Market Value of all tangible assets (determined in accordance with NZ GAAP) of the Issuer and its subsidiaries as at that date.

If Infratil breaches this covenant it shall have a 30 day grace period to remedy the default from the date Infratil receives written notice from the Trustee requiring the default to be remedied. Failure to remedy the default shall entitle the Bondholders to require, at their election by Extraordinary Resolution, immediate repayment of the Face Value of the Infrastructure Bonds or conversion by the issuance of the number of Shares obtained by dividing the Face Value by the product of the relevant Conversion Percentage and of the Market Price. All accrued interest (less any withholding taxes and other deductions) will also be payable by Infratil.

The Trustee’s statement required by clause 13(3) of the Second Schedule of the Securities Regulations 1983 is set out on page 24 of this Prospectus.

OTHER TERMS OF OFFER AND SECURITIES

All terms of the Infrastructure Bonds that may be offered under the programme are set out in this Prospectus, except those

implied by law, set out in the Constitution, the Trust Deed, the relevant Series Supplement, or that will be set out in the relevant Issue Flyer and Supplemental Prospectus (if one is required to be prepared pursuant to the Securities Act 1978).

FINANCIAL STATEMENTS

The audited financial statements of Infratil (as the borrowing group) and audited consolidated financial statements for the Infratil Group (as the issuing group) as at, and for the 12 months ending, 31 March 2005 are set out on pages 29 to 57 of this Prospectus. These financial statements include those required to be included in this Prospectus by clauses 22 to 38 of the First Schedule and clauses 16 to 32 of the Second Schedule to the Securities Regulations 1983.

While consolidated financial statements have been included for Infratil and its subsidiaries, none of the subsidiaries guarantee the Infrastructure Bonds, payments thereunder or Share issued on conversion thereof.

PLACES OF INSPECTION OF DOCUMENTS

During the currency of this Prospectus, copies of the Constitution of Infratil, the Trust Deed, any Series Supplement, any Supplemental Prospectuses and of the material contracts referred to on page 68 of this Prospectus may be inspected by any person without fee at the office of Infratil at 97 The Terrace, Wellington or on the Companies Office website at www.companies.govt.nz. Where relevant documents are not available on the website, a request for the documents can be made by contacting Searchlink at info@searchlink.co.nz.

OTHER MATERIAL MATTERS

There are no other material matters relating to the Programme or any Infrastructure Bonds to be offered under this Prospectus other than the matters set out elsewhere in this Prospectus and which will be set out in the relevant Issue Flyer and Supplemental Prospectus (if one is required to be prepared pursuant to the Securities Act 1978).

DIRECTORS' STATEMENT

In the opinion of the Directors of Infratil after due enquiry by them in relation to the period since 31 March 2005 to the date this Prospectus was delivered for registration no circumstances have arisen that would materially adversely affect:

- The trading or profitability of Infratil or the Infratil Group;
- The value of the assets of Infratil or the Infratil Group;
or

- The ability of Infratil or the Infratil Group to pay its liabilities due within the next 12 months.

AUDITOR'S REPORT

A copy of the report signed by Infratil's auditors, KPMG, is set out on page 58 to 60 of this Prospectus.

REGISTRATION

A copy of this Prospectus signed by each Director of Infratil, or his duly authorised agent, having attached thereto all documents required to be attached by section 41 of the Securities Act 1978 (being the material contracts referred to on page 68 of this Prospectus and the signed auditor's report and statement of consent), has been delivered to the Registrar of Companies at Auckland for registration under section 42 of the Securities Act 1978.

DIRECTORS

Infratil's Directors are:

D A R Newman has been a director since 1994 and Chairman since the 2004 Annual Meeting. He is Chairman of Wellington Airport, FinMedia and Austral Pacific and a director of Infratil Airport Holdings (the holding company of Infratil's European airports) and a member of the Board of the Guardians of the New Zealand Superannuation Fund. He is a chartered accountant. He was previously Managing Director of BP New Zealand and Chief Executive of the Institute of Directors.

D F Caygill joined the Infratil board in 2004. He is Chairman of the Audit and Review Committee. He was a Christchurch City Councillor for nine years and Member of Parliament from 1978 to 1996 including six years as a Cabinet Minister (Trade and Industry, Health, Finance). Between 1993-96 he was Deputy Leader of the Opposition. In 1996 he retired from politics and became a partner in the legal firm Buddle Findlay. He is, or has been, chair of the Accident Compensation Corporation, the electricity industry's Grid Security Committee, Education New Zealand and the 2000 Ministerial Inquiry into the Electricity Industry. He is Deputy Chair of the Commerce Commission.

H R L Morrison is Executive Chairman of H.R.L. Morrison & Co, Infratil's manager. He was appointed to the board of Infratil in August 2002. He is Chairman of Infratil Airport Holdings (the holding company of Infratil's European airports), Deputy Chairman of NZX (New Zealand Stock Exchange) and a director of Wellington Airport, Port of Tauranga and TrustPower. He established the H.R.L. Morrison Music Trust to support New Zealand music and musicians and the H.R.L. Morrison Arts Trust to support the arts in New Zealand..

J K Peterson was appointed to the board in 2002. He has been President of Alliant Energy International since 1998 and leads the international project development activities for Alliant Energy. Prior to this he worked for 18 years in the utility industry in a range of roles including regulatory, marketing, human resources and corporate strategic planning.

D P Saville has been a director since Infratil's establishment in 1994. He is a chartered accountant and a director of H.R.L. Morrison & Co, Infratil's manager. He is the principal of a funds management business, an experienced non-executive director and has advised on utility privatisations.

Contact details are set out in the Directory on page 80 of this Prospectus.

EXECUTION

This Prospectus has been duly signed by Infratil by a duly authorised Director and by each Director of Infratil or by his agent authorised in writing:

David A R Newman



David F Caygill



H R Lloyd Morrison



John K Peterson



Duncan P Saville



GLOSSARY

Board	Means the board of directors of Infratil.
Bondholder	Means a person whose name is recorded in Infratil's register as the holder of an Infrastructure Bond.
Bond Programme	Means Infratil's Infrastructure Bond Programme.
Business Day	Means a day on which the NZX is open for trading.
Constitution	Means the constitution for the time being of Infratil.
Conversion Percentage	Means the percentage specified as the Conversion Percentage in the relevant Issue Flyer. See page 9 of this Prospectus.
Coupon Payment Dates	Means the dates specified as such in the relevant Issue Flyer.
Coupon Rate	Means the rate per annum specified as such in the relevant Issue Flyer.
Directors	Means the directors for the time being of Infratil.
Face Value	Means \$1.00 per Infrastructure Bond.
Independent Expert	Means an investment banker, chartered accountant or other financial adviser (in each case, being appropriately qualified having regard to the purpose of the appointment) selected by the Board and approved by the chairperson for the time being of the Institute of Chartered Accountants of New Zealand, or means an expert appointed in accordance with the Listing Rules, as appropriate.
Infrastructure Bond	Means one convertible bond with a face value of \$1.00, issued pursuant to this Prospectus.
Infratil	Means Infratil Limited.
Infratil Group	Means Infratil and its subsidiaries.
Interest Rate	Means the rate per annum specified as such in the relevant Issue Flyer or the rate determined in accordance with the terms specified in the relevant Issue Flyer
Investment Statement	Means the Investment Statement prepared for the purposes of the Securities Act 1978 and the Securities Regulations 1983 relating to this Infrastructure Bond Programme and the Infrastructure Bonds dated 26 August 2005 and, where the Investment Statement is being read in the context of a particular Series of Infrastructure Bonds, the Issue Flyers for such Series.

Issue Date	Means in relation to a particular Infrastructure Bond, the date the Registrar processes the completed application and cleared funds for the Infrastructure Bond.
Issue Flyer	Means a document specifying the terms and conditions applying to a particular Series of Infrastructure Bonds. See page 5 of this Prospectus.
Issuer Group	Means Infratil and those of its subsidiaries that, as at the date of the Trust Deed or from time to time, guarantee any financial indebtedness of Infratil or any of its subsidiaries that, in turn, guarantees any financial indebtedness of Infratil.
Issue Price	Means the amount specified as such in the relevant Issue Flyer.
Listing Rules	Means the Listing Rules of NZX, as in place from time to time.
Market Price	See "Redemption/Conversion on Maturity at the Option of Infratil" on page 9 of this Prospectus.
Maturity Date	Means the date specified as such in the relevant Issue Flyer.
NZX	Means New Zealand Exchange Limited.
Prospectus	Means this prospectus prepared by Infratil and dated 26 August 2005 for the Bond Programme including the Appendices hereto and, where this Prospectus is being read in the context of a particular Series of Infrastructure Bonds, this Prospectus and the Supplemental Prospectus (if any) for such Series.
Registrar	Means BK Registries Limited.
Series or Bond Series	Means Infrastructure Bonds identified as being of a particular series and having the same Maturity Date, Interest Rate, Coupon Rate, Coupon Payment Dates, Conversion Percentage and otherwise issued, or to be issued, on the same terms and conditions.
Share	Means a fully paid ordinary share issued by Infratil.
Shareholder	Means the person whose name is recorded in Infratil's share register as the holder of Shares.
Shareholder Resolution	Means the 8 August 2005 Shareholder Resolution by Infratil shareholders which approved the Bond Programme.
Supplemental Prospectus	Means a memorandum of amendments to this Prospectus registered under section 43 of the Securities Act 1978.
Takeovers Code	Means the takeover code recorded in Takeovers Code Approval Order 2000.
Trust Deed	Means the trust deed dated 11 November 1999 as amended by deeds dated 14 August 2003, 10 December

	2004 and 18 February 2005, which sets out the rights and obligations of the Trustee, Bondholders and Infratil and, where the Trust Deed is being read in the context of a particular Series of Infrastructure Bonds, the Series Supplement for such Series.
Trustee	Means Trustees Executors Limited.

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DIRECTORY

DIRECTORS: D A R Newman (Chairman), Wellington D F Caygill, Christchurch H R L Morrison, Wellington J K Peterson, Cedar Rapids D P Saville, Sydney C/- 97 The Terrace Wellington	REGISTERED OFFICE: 97 The Terrace PO Box 320 Wellington Telephone: 04 473 3663 Internet Address www.infratil.com
MANAGER: Morrison & Co Infrastructure Management Limited 97 The Terrace PO Box 1395 Wellington Internet Address http://www.hrlmorrison.com	AUDITOR: KPMG KPMG Centre 135 Victoria Street PO Box 996 Wellington
SHARE REGISTRAR: BK Registries Limited National Bank Chambers 138 Tancred Street PO Box 384 Ashburton Telephone: 03 308 8887	TRUSTEE: Trustees Executors Limited Level 1 50-64 Customhouse Quay PO Box 3222 Wellington
SOLICITORS TO THE ISSUER: Russell McVeagh Mobil on the Park 157 Lambton Quay PO Box 10 214 Wellington http://www.russellmcveagh.com	SOLICITORS TO THE TRUSTEE: Buddle Findlay State Insurance Tower 1 Willis Street PO Box 2694 Wellington
	BROKERS ABN AMRO Craigs Limited ANZ National Bank Limited Bank of New Zealand Direct Broking Limited First NZ Securities Limited Forsyth Barr / Forsyth Barr Frater Williams Greenslades Limited McDouall Stuart Securities Limited

APPENDIX 1

TERMS OF ISSUE OF SERIES 2012

1. **Maturity Date:**
15 November 2012
2. **Coupon Rate:**
7.75% per annum.
3. **Yield:**
7.75% per annum.
4. **Issue Price:**
\$1.00 per \$1.00 Bond
5. **Coupon Payment Dates:**
15 November 2005, 15 February 2006, 15 May 2006, 15 August 2006, 15 November 2006, 15 February 2007, 15 May 2007, 15 August 2007, 15 November 2007, 15 February 2008, 15 May 2008, 15 August 2008, 15 November 2008, 15 February 2009, 15 May 2009, 15 August 2009, 15 November 2009, 15 February 2010, 15 May 2010, 15 August 2010, 15 November 2010, 15 February 2011, 15 May 2011, 15 August 2011, 15 November 2011, 15 February 2012, 15 May 2012, 15 August 2012, 15 November 2012
6. **Offer Period**
The offer of Series 2012 Bonds is open until 31 December 2005 (unless extended to no later than 30 September 2006, if Infratil registers a certificate under section 37A(1A) of the Securities Act 1978), but may be closed earlier by Infratil if the issue is filled or Infratil chooses to cease to issue Series 2012 Bonds.
7. **CP or Conversion Percentage:**
98%.
8. **Series Reference: 2012**
9. **Underwriting:**
The offer of Series 2012 Infrastructure Bonds is not underwritten.

APPENDIX 2

Terms of issue of Series 2020

1. **Maturity Date:**
15 February 2020
2. **Coupon Rate:**
8.5% per annum.
3. **Yield:**
8.5% per annum.
4. **Issue Price:**
\$1.00 per \$1.00 Bond
5. **Coupon Payment Dates:**
15 November 2005, 15 February 2006, 15 May 2006, 15 August 2006, 15 November 2006, 15 February 2007, 15 May 2007, 15 August 2007, 15 November 2007, 15 February 2008, 15 May 2008, 15 August 2008, 15 November 2008, 15 February 2009, 15 May 2009, 15 August 2009, 15 November 2009, 15 February 2010, 15 May 2010, 15 August 2010, 15 November 2010, 15 February 2011, 15 May 2011, 15 August 2011, 15 November 2011, 15 February 2012, 15 May 2012, 15 August 2012, 15 November 2012, 15 February 2013, 15 May 2013, 15 August 2013, 15 November 2013, 15 February 2014, 15 May 2014, 15 August 2014, 15 November 2014, 15 February 2015, 15 May 2015, 15 August 2015, 15 November 2015, 15 February 2016, 15 May 2016, 15 August 2016, 15 November 2016, 15 February 2017, 15 May 2017, 15 August 2017, 15 November 2017, 15 February 2018, 15 May 2018, 15 August 2018, 15 November 2018, 15 February 2019, 15 May 2019, 15 August 2019, 15 November 2019, 15 February 2020.
6. **Offer Period**
The offer of Series 2020 Bonds is open until 31 December 2005 (unless extended to no later than 30 September 2006, if Infratil registers a certificate under section 37A(1A) of the Securities Act 1978), but may be closed earlier by Infratil if the issue is filled or Infratil chooses to cease to issue Series 2020 Bonds.
7. **CP or Conversion Percentage:**
98%.
8. **Series Reference:** 2020
9. **Underwriting:**
The offer of Series 2020 Infrastructure Bonds is not underwritten.

AUTHORITY TO SIGN PROSPECTUS

I, John Peterson, a director of Infratil Limited, appoint David Newman as my duly authorised agent for the purpose of signing the prospectus to be issued by Infratil Limited in relation to an Infrastructure Bond Programme.

SIGNED BY:

Signature

Name

DATE: 26 - August, 2005

AUTHORITY TO SIGN PROSPECTUS

I, David Newman a director of Infratil Limited, appoint David Newman as my duly authorised agent for the purpose of signing the prospectus to be issued by Infratil Limited in relation to an Infrastructure Bond Programme.

SIGNED BY:



Signature



Name

DATE: