

27 February 2007

RESULTS FOR ANNOUNCEMENT TO THE MARKET

This announcement refers to the results of Australian Pipeline Trust and APT Investment Trust ("APA Group") as detailed in the Half-Yearly Reports provided to the ASX for the period 1 July 2006 to 31 December 2006 ("the current period")

APA Group recorded significant increases in Revenue, EBITDA and Free Cash Flow per security for the six months ended 31 December 2006. Based on these results, APA Group has declared a 7 cents per security ("cps") distribution and a further issue under its Distribution Reinvestment Plan.

HIGHLIGHT FINANCIAL RESULTS

- **Total Revenue** - \$243.3 million, up 30.3% previous corresponding period ("pcp");
- **EBITDA** - \$134.9 million, up 34.8% on pcp;
- **Profit after income tax and minorities** - \$32.6 million, up 4.4% on pcp;
- **Free cash flow per security** - 19.8 cps, up 9.0% on pcp
- **Distributions for the current period** - 14 cps, up 16.7% on pcp.

(Figures above have been adjusted for significant items)

Cash flow - Free cash flow available for distribution to securityholders is a key metric for the business. Free cash flow is defined as net cash from operations after interest and tax payments and after 'stay-in-business' capital expenditure. During the period free cash flow has grown strongly in dollar terms, as well as on a per security basis. The growth in free cash flow has come from organic growth on APA's existing pipelines, recent acquisitions (GasNet and Allgas) and complementary assets. Free cash flow for the current period was \$64.9 million, an increase of \$12.4 million or 23.6% on pcp. On a per security basis, free cash flow was 19.8 cps, an increase of 1.6 cps or 9.0% on pcp. Recognising APA's commitment to return distributions to its securityholders, APA's free cash flow payout ratio increased to 70.9% from 66.2% in the pcp.

Earnings - APA Group recorded an operating profit after tax and minorities before significant items of \$32.6 million for the six months ended 31 December 2006, an increase of 4.4% over the previous corresponding period ("pcp") of \$31.2 million.

The increased performance, after adjusting for non-recurring significant items detailed below, was mainly due to:

- increased pipeline transportation revenue from the WA and Queensland gas businesses;
- part year contributions from the two new acquisitions completed during the half year, Allgas and GasNet; and
- a six month contribution (2005: nil) from the Murraylink business acquired in March 2006.

Significant items in the current period related to "one-off" expenses associated with Alinta related legal actions of \$2.7 million after tax and a revaluation gain of \$2.4 million after tax on ineffective interest rate hedges acquired as part of the GasNet acquisition. The prior period result included a significant item in relation to resolution of a tariff dispute resulting in a profit after tax benefit of \$2.3 million. After significant items, profit attributable to securityholders of APA Group for the six months ended 31 December 2006 was \$32.3 million (2005: \$33.5 million).

Distribution to Securityholders

The Directors have declared a second interim distribution of 7.0 cents per security for the APA Group (comprising a distribution of 4.0 cps from Australian Pipeline Trust and a distribution of 3.0 cps from APT Investment Trust), made up of a 5.5 cents per security income distribution (unfranked) and 1.5 cents per security tax deferred distribution. The distributions will be paid on 30 March 2007. This takes the total distributions in respect of the current period to 14.0 cps (2005: 12.0 cps).

Record date for determining securityholders' entitlement to the distributions will be the close of business on 9 March 2007. Ex distribution date is 5 March 2007.

Distribution Reinvestment Plan ("DRP")

The Board has determined that a further issue of securities under the DRP will be made at a discount to market of 2.5%. The last date for receipt of election notices for the DRP is 5pm on 9 March 2007. Details of the Plan are available from the Registry at Link Market Services Limited (ph 02 8280 7132) or on the APA website – www.pipelinetrust.com.au

SUMMARY OF RESULTS

Six Months Ended	31 Dec 2006 \$'000	31 Dec 2005 \$'000	Changes on pcp \$'000 %	
Pipeline transportation revenue	179,495	139,219	40,276	28.9
Electricity transmission revenue	6,389	-	6,389	-
Other tolling revenue	651	-	651	-
Other pipeline revenue - passthrough	47,827	42,625	5,202	12.2
Other revenue (including interest)	8,914	4,840	4,074	84.2
Total Revenue	243,276	186,684	56,592	30.3
EBITDA	134,923	100,079	34,844	34.8
Depreciation	29,170	18,797	10,373	55.2
EBIT	105,753	81,282	24,471	30.1
Net interest expense	57,139	34,778	22,361	64.3
Pre tax Profit	48,614	46,504	2,110	4.5
Income tax expense	15,892	15,089	803	5.3
Profit after income tax and minorities	32,629	31,249	1,380	4.4
Significant items net of tax	(358)	2,283	(2,641)	-
Net profit including significant items	32,271	33,532	(1,261)	(3.8)

Financial Ratios

	31 Dec 2006	31 Dec 2005	Changes on pcp %	
Free Cash Flow per security – (cents)	19.8c	18.1c	1.6c	9.0
Net Tangible Asset Backing per security	\$2.13	\$2.11	0.02	0.9
Earnings Per Security (cents) *	9.9c	10.8c	(0.9)	(7.9)

Interest Cover Ratio (x)	2.3	2.6	-	-
Gearing Ratio (%)	66.0	64.7	1.3	2.1

* Before significant items

OPERATIONAL HIGHLIGHTS

Consistent with its Strategic Plan, APA Group has made a series of acquisitions and new investments, expanding its total asset base in the process from \$2.1bn at 30 June 2006 to \$4.0bn at 31 December 2006. The financial period has seen an unprecedented level of activity. This reflects the ongoing ownership changes within the Australian energy infrastructure sector as institutional investors and private equity companies compete aggressively with the established players for control of some of Australia's most valuable infrastructure assets.

However, APA Group has been disciplined in focusing on the execution of its strategy of increasing utilisation of existing assets, expanding its portfolio of gas transportation assets through targeted acquisitions and investing in related and complementary assets which supports its aim to increase distributions by at least CPI annually.

A summary of the major achievements for the period is set out below:

- Acquisition of GasNet Australia Group ("GasNet") for \$445.8 million cash (including acquisition costs and an 11c interim distribution). APA Group launched its offer for GasNet following the termination of an unsuccessful joint bid for the company with Babcock and Brown Infrastructure in August 2006. The offer of \$3.10 cash per GasNet stapled security was unanimously supported by the GasNet board with completion of the compulsory acquisition process on 18 December 2006.
- Acquisition on 1 November 2006 of the Allgas Energy ("Allgas") distribution business in south east Queensland and northern New South Wales, via competitive tender for \$538.4 million (including acquisition costs). Allgas is one of two gas distribution businesses in south east Queensland and northern New South Wales and includes a network of over 2,300km of distribution mains located in high population growth centres. APA's Roma to Brisbane Pipeline ("RBP") is the only supply source into the Allgas distribution system, providing APA Group with a unique opportunity to expand the combined transmission and distribution system, leveraging the rapid growth of the south east Queensland market.
- Heads of Agreement signed between Epic Energy ("Epic") and APA Group on 10 November 2006 to carry out Front End Engineering and Design ("FEED") of the North Gas Link. The Link will join Epic's South West Queensland Pipeline ("SWQP") at Ballera with the two principal transmission systems originating at Moomba - APA Group's Moomba Sydney Pipeline ("MSP") and Epic's Moomba Adelaide Pipe System. The Link is a key step in the evolution of a true East Coast Gas grid connecting Queensland, South Australia, NSW and Victoria to a physical gas supply. The FEED study was completed in December 2006 at a cost of approximately \$240,000 (APA Group share).
- Agreement signed on 20 December 2006 to acquire the DirectLink electricity transmission asset for \$170 million. DirectLink is one of only two transmission links between the New South Wales and Queensland power grids. The acquisition continues APA Group's strategy of acquiring complementary energy transmission assets and follows the purchase in March 2006 of the Murraylink electricity assets. Settlement is expected in late February or early March 2007.

- During November 2006, APA announced further investments in complementary assets including a second coal seam gas processing facility and a second gas fired power station.
- APA Group successfully raised \$598 million in equity during the period to part pay down acquisition bridge finance and to reduce its gearing. This was achieved via an institutional placement (\$190 million) and a security purchase plan (\$40 million) in September 2006; two instalments of the DRP and a 2:7 renounceable rights issue (\$356 million) completed in December 2006.
- In December 2006, all securityholders on the register were issued one stapled security in APT Investment Trust (APTIT) which will provide securityholders with access to tax deferred distributions. APA now trades as a stapled group on the ASX.

FINANCIAL COMMENTARY

The following is a commentary on the operating results for the period:

Revenue

Revenue before significant items grew by 30.3% from \$186.7 million in the pcg to \$243.3 million.

Pipeline transportation revenue (excluding significant items, passthrough revenue) increased by 28.9% from \$139.2 million in the pcg to \$179.5 million in the current period. The major components of this increase were:

	\$M
• Additional revenue from new businesses - Allgas and GasNet	33.9
• CGP and RBP revenue increase	5.0
• WA revenue increase	5.3
• New third party revenues on MSP	1.9

Revenue from RBP increased principally due to additional revenue from CS Energy associated with additional generation at the Swanbank power station and additional throughput to major industrial users in the Brisbane area. Higher revenue on CGP reflects the commencement of a new short-term contract with Mt Isa Mines Limited, plus general tariff escalation.

The increase in revenue from the WA Gas Business is mainly due to increased third party revenues, particularly from the mining sector.

Pipeline transportation revenue increased despite a reduction in the revenue of MSP under the GTD of \$2.9 million and the cessation of the capital return tariff on the Amadeus Basin to Darwin pipeline in Northern Territory of \$2.6 million, as foreshadowed in previous financial reports.

Expenses

Pipeline operating and management expenses increased from \$32.8 million in the pcg to \$47.2 million, an increase of 44.3%, due to the impact of consolidating the newly acquired entities Allgas, GasNet and Murraylink. Excluding the pipeline operating and management expenses of the acquired entities, expenses were higher by \$0.4 million.

Borrowings and Finance Cost

As at 31 December 2006, APA had borrowings of \$2,503.6 million principally from bi-lateral facilities and US Private Placement notes, compared to \$1,259.5 million at 30 June 2006. Borrowings increased due to the funding of the acquisitions of Allgas and GasNet, net of equity proceeds and from the consolidation of GasNet's own borrowings of \$654.2 million.

Cash Flow

The net cash from operating activities before interest and tax increased by 24.5% from \$96.7 million in the pcg to \$120.4 million principally due to the acquisitions detailed above.

The net cash used in investing activities includes the acquisition of the Allgas Energy Distribution business (\$538.4 million) and GasNet Australia Group (\$445.8 million). Payments for property, plant and equipment include the construction of two gas fired power stations at Daandine and Mt Isa in Queensland, a gas storage facility at Mondarra and the compressor expansion on the GGT pipeline in Western Australia.

Distributions

Profits of \$40.1 million (2005: \$33.5 million) were distributed to securityholders in the current period. Of this, \$11.5 million (2,678,000 securities) was reinvested in new securities under the DRP.

Earnings per Security

Earnings per security ("EPS") before significant items, calculated on a weighted average basis, for the current period was 9.93 cps an 7.9% decrease over the pcg of 10.78 cps. The equity raised through the private placement, rights issue, dividend reinvestment plan and security purchase plan increased the number of securities on issue, which impacted EPS. The weighted average number of securities on issue during the current period was 328,522,000, up from 289,819,000 in the pcg.

REGULATORY MATTERS

Interaction with governments and regulators of gas transmission pipelines continued to play a significant role in APA Group's business. The key regulatory matters addressed during the period included:

Roma Brisbane Pipeline Access Arrangement

In December 2006, the ACCC released its Final Decision on the RBP Access Arrangement. The Final Decision does not impact APA Group's ability to undertake RBP expansions at a tariff negotiated with users. The RBP is effectively fully contracted until 2012 so the changes being proposed by the ACCC do not have a material impact for a number of years.

MSP Federal Court Decision

In February 2007 the High Court granted APA Group leave to appeal against the decision of the Federal Court in the MSP matter. It is likely that the appeal will be heard by the Court in the second half of 2007. The Australian Competition Tribunal has not yet decided whether to defer its reconsideration of the matter until the High Court appeal is heard. The outcome of the court proceedings has no material impact on pipeline revenues as the pipeline is only partially covered by regulation.

APT Allgas

Full Retail Contestability ("FRC") is to be introduced in Queensland in July 2007. APA Group has commenced work on systems to ensure FRC is implemented in a timely and effective manner. FRC is seen as a positive step forward for the Queensland energy market.

OTHER ISSUES

Alinta Investment in APA Group

In August 2006, Alinta acquired (through a subsidiary named Trewas Pty Ltd) approximately 10% of APA's total issued capital (Alinta Purchases). Following the implementation of the Alinta/AGL merger in October 2006, Alinta also acquired old AGL (together with its APA securityholding).

The Takeovers Panel made a declaration that the Alinta Purchases amounted to unacceptable circumstances and made orders requiring the APA securities acquired by the Alinta Purchases (and the APA securities Alinta acquired under APA's placement on 1 September 2006) be vested in ASIC and sold by a bookbuild or into an unconditional takeover bid.

Alinta applied to the Federal Court challenging the Panel's declaration and orders, however, Alinta's application was dismissed. The Federal Court upheld the orders of the Takeovers Panel. Alinta then appealed to the full Federal Court. A decision is expected soon. The Takeovers Panel's orders have been stayed pending that decision.

The Federal Court also dismissed APA's application for a declaration that the Alinta Purchases were in contravention of the Corporations Act. APA has appealed this to the full Federal Court. A decision is expected soon.

Alinta has also given revised undertakings to the ACCC, which include an undertaking to sell all of its securities in APA, as well as its 12 shares in APL and the options it has over another 12 shares in APL. The time period for such a sale is confidential. If however, APA sells some of its major assets, then Alinta will be allowed to keep these securities, shares and options. The Board of APL has no present intention to sell these assets. Alinta's revised undertakings (of 27 November 2006) may be viewed on the ACCC's website (www.accc.gov.au).

In November 2006, Alinta commenced an action against APL, APT Pipelines Limited and all of the directors of APL. The action against Mr Muri Muhammad was later discontinued. Alinta is seeking certain declarations and to "unwind" the share issue made by APL to APT Pipelines Limited in October 2006 as part of meeting its dealers licence obligations. This claim is being defended.

Northern Gas

APA Group has long been an advocate for the development of additional northern gas supplies to meet the strong and growing demand for gas in eastern Australia within the next 10-15 years.

On 1 February 2007, Oil Search announced that work on the PNG to Australia Pipeline project had been suspended whilst other gas development options were being evaluated. While the decision is disappointing, APA Group believes there are currently adequate gas supplies to meet demand in eastern Australia, as well as alternative supplies for the future, including Coal Seam Gas (CSG).

The CSG industry has developed rapidly over the past three years and is expected to play an increasing role in the energy market over the medium term. APA Group recently announced the joint development with Epic Energy of the North Gas Link which will deliver CSG to the southern markets via an interconnecting pipeline between Ballera and APA Group's MSP.

In the longer term, a northern gas solution will be vital to meet the supply demands of eastern Australia and APA will continue to advocate options such as Papua New Guinea, Timor Sea or North West Shelf gas sources.



Stress Corrosion Cracking ("SCC") Repair Program

The investigation and repair of SCC on the MSP continued during the period. Between 7 October 2006 and 11 November 2006, 69 sites were inspected and the necessary repairs made at a cost of \$4.2 million. A further \$2.7 million was committed for the pigging of 276 kilometres of the pipeline immediately upstream of Bulla Park in February 2007. The provision for the 2006/07 SCC program is expected to be sufficient to meet the expenditure requirements for the year.

Industry funded research into fatigue failure of SCC cracks and burst testing produced positive results in the period in terms of the cost of future repairs.

OUTLOOK

The Directors are pleased with the performance of the APA business and the initial contributions from the new acquisitions during the period. In the Directors' opinion, the fundamentals of the business are solid and management has the appropriate strategies in place to ensure continued growth.

Cash flows derived from operations continue to be strong with further growth being supplemented by recent acquisitions. Barring unforeseen circumstances, APA expects to be able to maintain the current level of cash distributions for the remainder of the current financial year, resulting in a 2007 full year distribution of 28 cps, an increase of 16.7% on the prior year.

NPAT guidance (excluding significant items) for the full year is in a range of \$58-61 million.

About Australian Pipeline Trust (APA)

The Australian Pipeline Trust is the major ASX-listed energy transmission company in Australia with interests in more than 10,000kms of natural gas pipeline infrastructure, over 2,300kms of gas distribution network in south east Queensland, a Coal Seam Gas processing plant, gas storage facilities and a high voltage direct current interconnector system including a 180km underground transmission cable. The trust has a varied and quality customer base including AGL Energy, Cooper Eromanga Basin Producers, Xstrata, Newmont, CS Energy, BHP Billiton, Zinifex, Incitec Pivot, Origin, Energex, RioTinto, Nickel West, Synergy and Verve Energy.

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