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APA Group



Australian Pipeline Ltd
ACN 091 344 704

Australian Pipeline Trust
ARSN 091 678 778

APT Investment Trust
ARSN 115 585 441

ASX RELEASE

22 February 2012

The Manager

ASX Market Announcements
Australian Securities Exchange
4th Floor, 20 Bridge Street
Sydney NSW 2000

Electronic Lodgement

Dear Sir or Madam

Company Announcement

I attach the following announcement for release to the market:

- Australian Pipeline Trust Appendix 4D
- Australian Pipeline Trust Interim Financial Report
- APT Investment Trust Interim Financial Report

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mark Knapman'.

Mark Knapman
Company Secretary

Australian Pipeline Trust

Results For Announcement To The Market For the Half Year Ended 31 December 2011 Appendix 4D

		Percentage Change %	Amount \$'000
Statutory Results			
Revenue including significant items	down	4.4	to 530,452
EBITDA including significant items	up	5.7	to 278,893
EBIT including significant items	up	1.7	to 222,628
Operating profit after tax and minorities including significant items	down	5.9	to 66,017
Operating cash flow including significant items	down	7.5	to 157,107
Operating cash flow per security including significant items	down	6.3c	to 24.7c
Earnings per security including significant items	down	2.4c	to 10.4c

EBIT = Earnings before interest and tax

EBITDA = EBIT before depreciation and amortisation

Australian Pipeline Trust

Results For Announcement To The Market For the Half Year Ended 31 December 2011 Appendix 4D

Dividends (Distributions)

Distributions paid and proposed in relation to the half year ended 31 December 2011 – Australian Pipeline Trust:	Amount per security	Franked Amount per security
Distributions paid in relation to the half year ended 31 December 2011	-	-
Interim distributions proposed ^a		
- profit distribution	4.54¢	-
- capital distribution	6.52¢	-
Total distributions proposed - APT	11.06¢	-
Distributions paid and proposed in relation to the half year ended 31 December 2011 – APT Investment Trust:		
Distributions paid in relation to the half year ended 31 December 2011	-	-
Interim distributions proposed ^a		
- profit distribution	3.88¢	-
- capital distribution	2.06¢	-
Total distributions proposed - APTIT	5.94¢	-
Total APA Group distributions in relation to the half year ended 31 December 2011	17.00¢	

^a The interim distributions have not been recorded in the financial report as required by AASB 137 "Provisions, Contingent Liabilities and Contingent Assets".

Record date for determining entitlements to the unrecognised interim distribution in respect of the year ended 30 June 2012

- interim distribution

30 December 2011

Distribution information is presented on an accounting classification basis. The APA Group Annual Tax Statement and Annual Tax Return Guide (released in September) provide the classification of distribution components for the purposes of preparation of securityholder income tax returns.

Brief Explanation of Revenue, Net Profit/(Loss) and Dividends (Distributions)

Refer Directors' Report.
The Directors have proposed an interim distribution of 11.06 cents per unit, unfranked, to be paid on 15 March 2012.

Australian Pipeline Trust

Results For Announcement To The Market For the Half Year Ended 31 December 2011

Appendix 4D

The Directors also note that APT Investment Trust has proposed an interim distribution of 5.94 cents per unit (refer above), also to be paid on 15 March 2012.
Total distribution for the APA Group stapled security for the December 2011 half year is 17.0 cents per stapled security.

Reporting Period

Current Reporting Period:	Half year ended 31 December 2011
Previous Corresponding Period:	Half year ended 31 December 2010

Distribution Reinvestment Plan

The dividend or distribution plans shown below are in operation.

The distribution reinvestment plan that is in operation is the Australian Pipeline Trust Distribution Reinvestment Plan. The plan became effective on 15 August 2003.

The last date(s) for receipt of election notices for the dividend or distribution reinvestment plans

30 December 2011

Details of Businesses Over Which Control Has Been Gained or Lost

During the half year APA divested its gas distribution network in South East Queensland (Allgas) into the APA minority owned unlisted investment vehicle GDI (EII) Pty Ltd. APA established GDI in December 2011. APA retains a 20.0% interest in GDI and remains operator of the assets. The net proceeds received from the new equity partners, Marubeni Corporation and RREEF totalled \$478.4 million after transaction costs.

Net Tangible Assets Per Security

	2011 \$	2010 \$
Net tangible assets per security	1.64	1.34

Australian Pipeline Trust

Results For Announcement To The Market For the Half Year Ended 31 December 2011 Appendix 4D

Compliance Statement

Information on Audit or Review

(a) The half year report is based on accounts to which one of the following applies.

The accounts have been audited.

The accounts have been subject to review.

The accounts are in the process of being audited or subject to review.

The accounts have not yet been audited or reviewed.

(b) Description of likely dispute or qualification if the accounts have not yet been audited or subject to review or are in the process of being audited or subjected to review.

- N/A -

(c) Description of dispute or qualification if the accounts have been audited or subjected to review.

- N/A -

(d) The entity has a formally constituted audit committee.

Sign here:



22 February 2012

Chairman

Date

Print name: Leonard Bleasel AM

APA Group



Australian Pipeline Trust
ARSN 091 678 778

Interim Financial Report
For the Half Year ended
31 December 2011

Delivering Australia's Energy

Australian Pipeline Trust and its Controlled Entities
Directors' Report for the half year ended 31 December 2011

The directors of Australian Pipeline Limited ("Responsible Entity") submit their interim financial report of Australian Pipeline Trust ("APT") and its controlled entities (together "APA" or "Consolidated Entity") for the half year ended 31 December 2011 ("current period"). This report refers to the consolidated results of APT and APT Investment Trust ("APTIT").

Directors

The names of the directors of the Responsible Entity during and since the current period are:

Leonard Bleasel AM Chairman
Steven Crane
John Fletcher
Russell Higgins AO
Patricia McKenzie
Muri Muhammad
Robert Wright
Michael McCormack Managing Director

George Ratilal served as alternate director for Muri Muhammad during the current period.

Company Secretary

Mark Knapman

Principal activities

The principal activities of APA during the course of the current period were the ownership and operation of energy infrastructure assets and businesses, including:

- Energy infrastructure, primarily gas transmission businesses located across Australia, and the Emu Downs wind farm in Western Australia;
- Energy investments in listed and unlisted entities; and
- Asset management and operations services for the majority of APA's energy investments and for third parties.

Significant changes in state of affairs

The following significant changes in the state of affairs of APA occurred during the current period.

- In December 2011 APA divested its Queensland Gas Network business (Allgas) into the newly established joint venture, GDI (EII) Pty Limited ("GDI"). APA retains a 20% equity interest in GDI with the remaining interest held by Marubeni Corporation and RREEF, each holding a 40% interest. APA remains as asset manager and operator of the network under a long term agreement. The net proceeds of the transaction totalled \$478 million.
- On 14 December 2011, APA announced an off-market takeover offer for Hastings Diversified Utilities Fund ("HDF") through APT Pipelines Limited for all the HDF securities which APA does not already own. APA currently owns 20.7% per cent of HDF securities. HDF is an investment vehicle whose assets include Epic Energy's three natural gas transmission pipeline systems, and is managed by Hastings Funds Management Limited. APA lodged its Bidder's Statement on 15 December 2011, and dispatched this document together with a First Supplementary Bidder's Statement on 3 January 2012. APA lodged a Second Supplementary Bidder's Statement in

Australian Pipeline Trust and its Controlled Entities
Directors' Report for the half year ended 31 December 2011

response to HDF's Target's Statement on 31 January 2012. The offer is open until 31 March 2012, unless extended or withdrawn.

Distributions

On 22 February 2012, the directors declared an interim distribution for APA for the current period of 17.0 cents per security, an increase of 3.0%, or 0.5 cents on the previous corresponding period (pcp). This includes an APT distribution of 11.06 cents per security comprising a 4.54 cent unfranked profit distribution and a 6.52 cent capital distribution, and an APTIT distribution of 5.94 cents per security comprising a 3.88 cent unfranked profit distribution and a 2.06 cent capital distribution. The directors have again determined to offer investors the chance to participate in the Distribution Reinvestment Plan in respect of this distribution. The interim distribution is payable on 15 March 2012.

Financial and operational review

The following table provides a summary of key financial data for the current period:

Half year ended	31 Dec 2011	31 Dec 2010	Changes	
	\$000	\$000	\$000	%
Total revenue excluding pass-through ⁽¹⁾	399,579	369,809	29,770	8.1
Total revenue	530,452	554,708	(24,256)	(4.4)
EBITDA	278,892	263,870	15,022	5.7
Depreciation and amortisation expense	(56,265)	(44,880)	(11,385)	(25.4)
EBIT	222,627	218,990	3,637	1.7
Net interest expense	(131,701)	(124,543)	(7,158)	(5.7)
Pre-tax profit	90,926	94,447	(3,521)	(3.7)
Income tax expense	(24,906)	(24,192)	(714)	(3.0)
Minorities	(3)	(77)	74	96.1
Profit after income tax and minorities, including significant items	66,017	70,178	(4,161)	(5.9)
Significant items after income tax ⁽²⁾	(10,435)	6,887	(17,322)	
Profit after income tax and minorities, before significant items	76,452	63,291	13,161	20.8
Operating cash flow ⁽³⁾	157,107	169,811	(12,704)	(7.5)
Operating cash flow per security (cents)	24.7	31.0	(6.3)	(20.3)
Earnings per security (cents)	10.4	12.8	(2.4)	(18.8)
Distribution per security (cents)	17.0	16.5	0.5	3.0
Distribution payout ratio ⁽⁴⁾	69.2%	53.6%		
Net Tangible Asset per security	\$1.64	\$1.34	\$0.30	22.4
Weighted average number of securities (000)	637,151	547,768		

(1) Pass-through revenue is revenue on which no margin is earned. Pass-through revenue arises in the asset management operations in respect of costs incurred in, and passed on to Envestra in respect of, the operation of the Envestra assets.

(2) Significant items: 2011 - Profit on the sale of APA Gas Network business (Allgas) less transaction costs; 2010 - APA's equity accounted share of the Investment Allowance Concession benefit recognised on the commencement of generation of the North Brown Hill Wind Farm.

(3) Operating cash flow = net cash from operations after interest and tax payments, adjusted for significant items.

(4) Distribution payout ratio = total distribution payments as a percentage of operating cash flow.

Australian Pipeline Trust and its Controlled Entities
Directors' Report for the half year ended 31 December 2011

APA reported an interim operating profit after tax, significant items and minorities of \$66.0 million, a decrease of 5.9% compared with \$70.2 million reported in the pcp. The decrease is due to the significant item of approximately \$10.4 million resulting from transaction costs incurred on the divestment of the APA Gas Networks business of \$22.5 million offsetting a gain on sale of \$12.1 million. The sale of the Queensland Gas Network business (Allgas) into a minority-owned joint venture, GDI (EII) Pty Limited has been classified as a significant item in the current period. The size and nature of this transaction are such that separate disclosure of the transaction is considered relevant in explaining the financial performance of APA.

Profit excluding the significant item was up 20.8% at \$76.5 million (pcp: \$63.3 million) with growth in business earnings offset by higher depreciation and borrowing costs.

Revenue (excluding pass-through) increased by \$29.8 million to \$399.6 million, an increase of 8.1% on the pcp, while earnings before interest, tax, depreciation and amortisation ("EBITDA") increased by \$15.0 million to \$278.9 million, an increase of 5.7%.

The main factors driving the increase in EBITDA are the additional earnings from new expansions and acquired businesses including the Emu Downs wind farm business in Western Australia, additional capacity sales following the Young Wagga looping project and ownership of the Amadeus Gas Pipeline (previously leased by APA).

Operating cash flow decreased by \$12.7 million to \$157.1 million (pcp: \$169.8 million). This is due to the receipt of a contracted monthly payment, of in excess of \$25 million, on the first business day in January rather than its due date of 31 December 2011. This payment timing, together with the increase in issued securities, has reduced the operating cash flow per security for the current period, which is down by 6.3 cents to 24.7 cents per security.

APA's interim distribution is 17.0 cents per security, an increase of 3.0%, or 0.5 cents on the pcp. The distribution payout ratio for the current period was 69.2%, demonstrating APA's continuing ability to fully fund its distributions out of operating cash flows.

Capital management

APA issued 5,218,596 securities under its Distribution Reinvestment Plan on 15 September 2011, at \$3.88 per security, raising \$20.3 million.

As at 31 December 2011, there were 639,334,625 APA securities on issue (30 June 2011: 634,116,029).

APA continues to use the Distribution Reinvestment Plan in providing equity to support its ongoing strong organic growth and investment projects.

During and since the current period APA completed the following debt refinancing programs:-

- On 30 June 2011, APA successfully refinanced \$165 million of bilateral debt facilities which were due to mature in July 2011. APA replaced these three bilateral bank facilities with three new facilities, each providing a commitment of \$75 million with a term of just over three years, maturing in mid July 2014, thus increasing these facilities by \$60 million;
- On 23 August 2011, APA entered into a new \$75 million bilateral bank facility for a term of three years, maturing in August 2014;
- On 12 October 2011, APA entered into a \$150 million bilateral bank facility for a term of five years, maturing in October 2016;
- On 3 November 2011, APA announced the completion of a \$1.45 billion syndicated bank facility, with equally-sized two, three and four year tranches, to refinance syndicated facilities due to mature in June 2012 and July 2013. As at 31 December 2011, APA had repaid all but \$230 million of current borrowings outstanding under those facilities and retained cash sufficient to repay those loans when due on 9 January 2012;

Australian Pipeline Trust and its Controlled Entities
Directors' Report for the half year ended 31 December 2011

- On 9 January 2012, current borrowings of \$230.0 million representing the final tranche of the 2007 syndicated facility were repaid; and
- On 24 January 2012, APA issued JPY 10 billion (A\$126 million) six-year five-month fixed-rate Medium Term Notes utilising documentation in place under its established European MTN program.

The new facilities will be used for general corporate purposes.

At 31 December 2011, APA's debt portfolio has a broad spread of maturities extending out to 2022, with an average maturity of 4.5 years. APA's gearing¹ of 63.4% at 31 December 2011 was down from 66.2% at 30 June 2011, due to the reduction in net debt following receipt of funds from the sale of APA's Queensland Gas Network business.

At 31 December 2011, APA had \$835 million in cash and committed undrawn facilities available to meet the continued capital growth needs of the business.

APA has a prudent treasury policy which requires conservative levels of hedging of interest rate exposures to minimise the potential impacts from adverse movements in rates. All interest rates and foreign currency exposures on US Private Placement Notes and Japanese Medium Term Notes have been hedged. APA also enters into interest rate hedges for a proportion of the interest rate exposure on its other floating rate borrowings. At 31 December 2011, 70.0% of interest obligations were either hedged or issued at fixed interest rates for varying periods extending out more than 10 years.

A level of interest rate protection is also provided through Consumer Price Index ("CPI") indexing in most revenue contracts and the regulatory revenue setting process operating on a number of APA's assets.

Borrowings and finance costs

As at 31 December 2011, APA had borrowings of \$3,119.5 million (\$3,245.0 million at 30 June 2011), principally from syndicated bank facilities, bilateral bank facilities, US Private Placement notes and Australian Medium Term Notes.

The decrease in borrowings since 30 June 2011 was primarily due to the pay down of debt following receipt of funds from the sale of APA's Queensland Gas Network business.

Net underlying finance costs increased by \$7.2 million, or 5.7%, to \$131.7 million (pcp: \$124.5 million) primarily as a result of increased borrowing margins and the amortisation of borrowing costs related to debt facilities. The average interest rate (including credit margins) applying to drawn debt was 7.34% for the current period.

APA's interest cover ratio for the current period increased to 2.19 times from 2.06 times in the pcp, remaining well in excess of its debt covenant default ratio of 1.1 times, and distribution lock up ratio of 1.3 times.

Credit ratings

APT Pipelines Limited, the borrowing entity of APA, maintained its two investment grade credit ratings:

- BBB long term corporate credit rating (outlook Stable) assigned by Standard & Poor's in June 2009, and
- Baa2 long term corporate credit rating (outlook Stable) assigned by Moody's Investors Service in April 2010.

¹ Gearing ratio determined in accordance with covenants in all debt facilities as net debt to net debt plus book equity.

Income tax

The effective income tax rate before significant items is 24.6 %, consistent with 25.1% in the pcp.

Capital expenditure

Capital expenditure for the current period totalled \$124 million, of which \$115 million was in respect of growth projects, including pipeline capacity expansion in Queensland, New South Wales and Victoria, and the expansion of the Mondarra Gas Storage Facility in Western Australia.

Growth capital expenditure was generally either fully underwritten through long-term gas transportation arrangements or has had regulatory approval through the relevant Access Arrangement.

During the period, APA increased its interest in Hastings Diversified Utilities Fund to 20.7% for \$11.7 million and increased its interest in Envestra to 33.6%² for \$14.1 million.

² APA's interest in Envestra was subsequently diluted to 32.7% following equity raised in Envestra's Share Purchase Plan offer.

Australian Pipeline Trust and its Controlled Entities
Directors' Report for the half year ended 31 December 2011

Business segment performance

APA's operations and financial result in the current period reflects growth across all business segments.

Statutory reported revenue and EBITDA performance of APA's business segments is tabled below.

Half year ended	31 Dec 2011	31 Dec 2010	Changes	
	\$000	\$000	\$000	%
Revenue				
Energy Infrastructure				
<i>Queensland</i>	86,165	83,270	2,895	3.5
<i>New South Wales</i>	71,902	64,318	7,584	11.8
<i>Victoria</i>	84,320	78,578	5,742	7.3
<i>South Australia</i>	1,036	1,013	23	2.3
<i>Western Australia</i>	85,907	70,619	15,288	21.6
<i>Northern Territory</i>	10,765	6,780	3,985	58.8
Energy Infrastructure total	340,095	304,578	35,517	11.7
Asset Management	34,145	32,102	2,043	6.4
Energy Investments	22,893	16,241	6,652	41.0
Total segment revenue	397,133	352,921	44,212	12.5
Share of EII2 investment allowance benefit ⁽¹⁾	-	9,839	(9,839)	
Pass-through revenue	130,873	184,899	(54,026)	(29.2)
Unallocated revenue	2,446	7,049	(4,603)	(65.3)
Total revenue	530,452	554,708	(24,256)	(4.4)
EBITDA				
Energy Infrastructure				
<i>Queensland</i>	61,006	54,859	6,147	11.2
<i>New South Wales</i>	60,168	52,921	7,247	13.7
<i>Victoria</i>	66,083	61,139	4,944	8.1
<i>South Australia</i>	691	816	(125)	(15.3)
<i>Western Australia</i>	60,341	47,223	13,118	27.8
<i>Northern Territory</i>	4,189	1,362	2,827	207.6
Energy Infrastructure total	252,478	218,320	34,158	15.6
Asset Management	13,951	19,471	(5,520)	(28.3)
Energy Investments	22,898	16,241	6,657	41.0
Total segment EBITDA	289,327	254,032	35,295	13.9
Profit on sale, less transaction costs ⁽²⁾	(10,435)	-	(10,435)	
Share of EII2 investment allowance benefit ⁽¹⁾	-	9,839	(9,839)	
Total EBITDA	278,892	263,871	15,021	5.7

(1) APA's equity accounted share of the Investment Allowance Concession benefit recognised on the commencement of generation of the North Brown Hill Wind Farm in 2010.

(2) Profit on the sale of APA Gas Network business (Allgas) less transaction costs.

Energy Infrastructure

The Energy Infrastructure segment contributed 86% of revenue and 87% of EBITDA. Revenue (excluding pass-through revenue) was \$340.1 million, an increase of 11.7% on the pcp of \$304.6 million. EBITDA increased by 15.6% to \$252.5 million on the pcp of \$218.3 million.

The following key factors contributed to this result:

- Western Australia experienced the greatest increase, primarily as a result of the inclusion of the first six month contribution of the Emu Downs wind farm business;
- New South Wales increase in revenue and EBITDA is mainly due to the first full six months contribution from the additional capacity sales following completion of the Young Wagga looping project;
- Victorian revenue and EBITDA increase reflects the annual increase in tariffs, offset by lower gas volumes through the Victorian Transmission System due to milder weather;
- Queensland EBITDA increase includes partial recovery of flood repair costs; and
- Northern Territory reflects the first six months ownership and operation of the Amadeus Gas Pipeline (previously leased by APA).

APA continues to focus on the operation, development and enhancement of its gas transmission and distribution assets across mainland Australia.

Queensland

- **Roma Brisbane Pipeline**
APA progressed the \$50 million expansion of the pipeline which will increase capacity by approximately 10%. The project includes additional compression, pipeline pressure upgrades and augmentation of the pipeline in the Brisbane metropolitan area, and is scheduled to be completed in the second half of the 2012 calendar year. The additional capacity has been substantially contracted under long term transportation agreements with an energy retailer and a major industrial gas user.

The project to repair damage to the pipeline easement caused by the 2011 floods neared completion, with final work delayed due to wet weather. During the current period APA recovered some of the repair cost from its insurance provider.

- **APA Gas Network, Queensland**
In December 2011 APA divested its Queensland Gas Network business into the newly established joint venture GDI (EII) Pty Limited. Refer to page 9 for additional information on the transaction.
- **Carpentaria Gas Pipeline and Diamantina Power Station**
In October 2011 APA announced that it will jointly develop the Diamantina Power Station at Mount Isa with AGL Energy. The 242 MW gas fired power station will be supplied with gas via the Carpentaria Gas Pipeline. The power station is underpinned by 17-year energy supply agreements with Mount Isa Mines Limited, a wholly owned subsidiary of Xstrata, and Ergon Energy, the State owned regional electricity supplier. Under the arrangements, AGL has contracted transportation capacity in the Carpentaria Gas Pipeline for an initial ten year period.

The power station is being constructed under a turn-key contract with CTEC Pty Limited and is expected to be fully operational in early 2014, with the first 121 MW unit available in late 2013 and the second unit available in early 2014.

Once project financing is in place and construction of the power station is completed, APA's investment in the power station of approximately \$100 million is expected to be funded from existing unutilised facilities.

New South Wales

- **Moomba Sydney Pipeline**
Work continued on the \$100 million five-year capacity expansion program of the Moomba Sydney Pipeline. Capital expenditure for current period was \$10 million, bringing the total spent thus far to \$66 million.

Victoria and South Australia

- **Victorian Transmission System**
Total gas volume transported through the Victorian Transmission System was lower in the current period at 125.1 PJ, down 6.1% on the pcp (133.2 PJ) due to milder weather. Peak day of 1,151 TJ was also down 3.1% on the pcp (1,188 TJ).

APA continued work on capital projects which provide both additional capacity and security of supply for the Victorian Gas Transmission System. These projects include installation of additional compression at Euroa and construction of the Western Outer Ring Main expansion at Sunbury, with funding included in the system's regulatory arrangements.

Western Australia

- **Goldfields Gas Pipeline**
In December 2011 and January 2012, APA announced two new capacity expansions on the pipeline totalling 44TJ/day, an increase of 28% of the pipeline's capacity. These expansions are underpinned by a new 20-year gas transportation agreement with Rio Tinto and a new 15-year gas transportation agreement with the Mount Newman Joint Venture (85% BHP Billiton).

The expansion work will primarily involve the upgrade of compression at two existing compressor stations (Yarraloola and Paraburdoo) and the construction of two new compressor stations (Turee Creek and Newman inlet), for a total capital cost of approximately \$150 million. APA is managing the construction project on behalf of the Goldfields Gas Transmission Joint Venture through which APA owns 88.2% of the Goldfields Gas Pipeline. The additional capacity will be available in 2014.

On 5 August 2010 the Economic Regulation Authority of Western Australia (ERA) released its further final decision, and installed its own access arrangement. APA has since pursued the merits review process under the regulatory framework. Refer to 'Regulatory matters' on page 10 of this report for additional information.

- **Mondarra Gas Storage Facility**
APA is expanding its Mondarra Gas Storage Facility following execution of a foundation contract for storage capacity with Verve Energy in May 2011. Construction work on the surface facilities, which includes pipeline interconnects and treatment plants commenced during the current period.

Completion of the expanded capacity is scheduled for 2013. The facility will continue to operate its existing contracted storage services during the expansion period.

The expansion will provide APA's customers with supply options and flexibility to better manage their gas supply and demand portfolios.

- **Emu Downs wind farm**
In June 2011, APA acquired the Emu Downs wind farm and development site in Western Australia. The 80 MW wind farm has been in operation since 2006 and is located 200 km north of Perth, 10 kilometres from APA's existing Parmelia Gas Pipeline. The total output of the 80 MW wind farm - both the electricity and Renewable Energy Certificates (RECs) - is contracted for the remaining operating life of this asset of approximately 19 years.

The first six months of financial and operational performance of the wind farm under APA's ownership has been in line with acquisition metrics.

Northern Territory

- **Amadeus Gas Pipeline**

APA acquired the Amadeus Gas Pipeline and associated infrastructure for \$63 million in June 2011. The acquisition is supported by a new long term gas transportation agreement between APA and Power and Water Corporation, the Northern Territory's government-owned electricity provider.

On 20 July 2011, the Australian Energy Regulator released its final decision on APA's access arrangement proposal for the Amadeus Gas Pipeline. Further information is found on page 10 under 'Regulatory matters'.

Asset Management

APA provides asset management and operational services to the majority of its energy investments and a number of third parties. Its main customers are Envestra, Ethane Pipeline Income Fund, SEA Gas Pipeline, Energy Infrastructure Investments and the recently established unlisted joint venture GDI. Asset management services are provided to these customers under long term contracts.

Revenue (excluding pass-through revenue) increased by \$2.0 million to \$34.1 million. However EBITDA decreased by \$5.5 million to \$14.0 million as a result of a lower level of customer contributions received relative to the pcp.

Energy Investments

APA has an interest in a number of energy investments across Australia, including Envestra Limited, SEA Gas Pipeline, Energy Infrastructure Investments, Ethane Pipeline Income Fund, EII2 (investment in the North Brown Hill wind farm), GDI and Hastings Diversified Utilities Fund (HDF). APA holds a number of roles in respect of the majority of these investments, in addition to its ownership interest.

All investments are equity accounted, with the exception of APA's interests in Ethane Pipeline Income Fund and Hastings Diversified Utilities Fund.

EBITDA increased by 41.0% to \$22.9 million, up from \$16.2 million in the pcp, mainly due to an increase in Envestra's profitability.

APA participated in Envestra's Distribution Reinvestment Plan in October 2011, with the total value of distributions reinvested of \$14.1 million, but did not participate in Envestra's Share Purchase Plan offer in November 2011. Consequently, as at 31 December 2011, APA's interest in Envestra is 32.7%.

Sale of APA Gas Network business and establishment of GDI

On 14 December 2011, APA announced the sale of its Queensland Gas Network business (Allgas) into a minority-owned joint venture, GDI (EII) Pty Limited. APA retains a 20% equity interest in GDI, with equity partners Marubeni Corporation and RREEF each holding a 40% interest. APA also remains as asset manager and operator of the network under a 10-year asset management agreement, with two 5-year extension options. Financial close occurred on 16 December 2011.

The net enterprise value (after transaction costs) of the new joint venture is \$526 million, with equity contributions totalling \$247 million and a new three and five-year, non-recourse project debt facility of \$310 million.

The net funds released from the sale of \$478 million have been used to repay current APA debt and provide further headroom to support APA's growth strategy. APA recorded a \$12.1 million profit on sale before transaction costs. After taking transaction costs of \$22.5 million (including stamp duty) into account, APA reported a loss of \$10.4 million in respect of the transaction.

Regulatory matters

Key regulatory matters addressed during the current period included:

Goldfields Gas Pipeline access arrangement

On 5 August 2010 the Economic Regulation Authority of Western Australia (ERA) released its further final decision and installed its own access arrangement. APA, on behalf of the Goldfields Gas Pipeline owners, pursued a merits review of the ERA's decision. While the process is ongoing, it has achieved favourable outcomes on some of the matters pursued, including coverage tests for expansion of pipeline capacity and cost allocation methodology.

Roma Brisbane Pipeline access arrangement

On 12 October 2011, APA submitted a revised access arrangement proposal for the Roma to Brisbane Pipeline to the Australian Energy Regulator (AER). The AER is currently assessing the proposal and its draft decision is expected during April 2012.

Amadeus Gas Pipeline access arrangement

At the conclusion of the access arrangement review process the AER approved and published its own access arrangement and access arrangement information for the Amadeus Gas Pipeline on 27 July 2011. The gas transportation agreement between APA and Power and Water Corporation is not impacted by this access arrangement.

Allgas access arrangement

APA successfully pursued a merits review of the AER's decision on debt risk premium allowed as part of the rate of return applicable in the July 2011 access arrangement decision.

Proposed changes to the National Gas Rules

In October 2011 the AER proposed amendments to the National Gas Rules that would change the process and methodology to determine the allowed rate of return. APA, together with other industry participants, is vigorously opposing the proposed amendments.

Environmental reporting

In October 2011, APA complied with Australia's National Greenhouse and Energy Reporting obligations for the 2011 financial year.

APA's performance on two key measures is set out in the following table:

Financial year	2011	2010	Change	
Scope 1 CO2 emissions (tonnes)	297,099	305,076	(7,977)	(2.6)%
Energy consumption (GJ)	3,361,679	3,248,069	113,610	3.5 %

Impact of carbon policy

The impact of the recently legislated Federal carbon policy, Clean Energy Future, will depend on the final form of its draft regulations. However, APA expects its carbon costs exposure will be immaterial. APA expects to recover all carbon related costs from its regulated assets under the access arrangement review process. For non-regulated assets, APA has implemented changes to its contracts with carbon pass-through clauses included in all new contracts.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on page 32.

Rounding of amounts

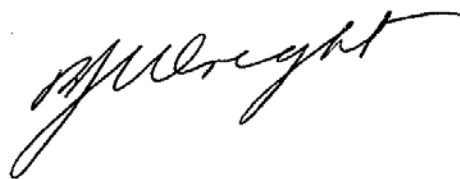
APA is an entity of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to section 306(3) of the Corporations Act 2001.

On behalf of the directors



Leonard Bleasel AM
Chairman



Robert Wright
Director

SYDNEY, 22 February 2012

Australian Pipeline Trust
Condensed Consolidated Statement of Comprehensive Income
For the half year ended 31 December 2011

	Note	31 Dec 2011 \$000	31 Dec 2010 \$000
Continuing operations			
Revenue	3	514,112	535,382
Share of net profits of associates and jointly controlled entities accounted for using the equity method	3	16,340	19,326
		530,452	554,708
Asset operation and management expenses ^a		(63,416)	(44,022)
Depreciation and amortisation expense	4	(56,265)	(44,880)
Other operating costs - pass-through	4	(130,873)	(184,899)
Finance costs	4	(134,147)	(131,592)
Employee benefit expense		(48,707)	(47,098)
Other expenses		(6,118)	(7,770)
Profit before tax		90,926	94,447
Income tax expense		(24,906)	(24,192)
Profit for the period		66,020	70,255
Other comprehensive income, net of income tax			
Gain on available-for-sale investments taken to equity		52,115	39,682
Transfer of (gain)/loss on cash flow hedges to profit or loss		(35,969)	156,274
Gain/(loss) on cash flow hedges taken to equity		2,066	(170,716)
Gain/(loss) on associate hedges taken to equity		(9,570)	4,464
Actuarial (loss)/gain on defined benefit plan		(17,409)	4,474
Income tax relating to components of other comprehensive income		2,686	(9,271)
Other comprehensive income for the period (net of tax)		(6,081)	24,907
Total comprehensive income for the period		59,939	95,162
Profit attributable to:			
Equityholders of the parent		41,220	49,549
Minority interest - APT Investment Trust equityholders		24,797	20,629
APA stapled securityholders		66,017	70,178
Minority interest - other		3	77
		66,020	70,255
Total comprehensive income attributable to:			
Equityholders of the parent		34,956	74,358
Minority interest - APT Investment Trust equityholders		24,980	20,727
APA stapled securityholders		59,936	95,085
Minority interest - other		3	77
		59,939	95,162
Earnings per security			
Basic and diluted (cents per security)	10	10.4	12.8

Diluted earnings per security is exactly the same as basic earnings per security.

(a) Revenue of \$29.8 million (2010: \$28.5 million), expenses of \$10.5 million (2010: \$10.7 million), profit before income tax of \$13.4 million (2010: \$11.7 million), profit after income tax of \$9.5 million (2010: \$8.2 million) are attributable to the Allgas business which was divested into the APA minority owned unlisted investment vehicle GDI (EII) Pty Ltd in December 2011. Within Asset operation and management expenses a significant item of \$10.4 million results from transaction costs incurred on the divestment of the APA Gas Networks business of \$22.5 million offsetting a gain on sale of \$12.1 million.

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Australian Pipeline Trust
Condensed Consolidated Statement of Financial Position
As at 31 December 2011

	31 Dec 2011 \$000	30 Jun 2011 \$000
<u>Current assets</u>		
Cash and cash equivalents	364,975	95,368
Trade and other receivables	169,279	145,698
Other financial assets	119	-
Inventories	10,871	11,076
Other	2,428	3,357
Total current assets	547,672	255,499
<u>Non-current assets</u>		
Receivables	24,086	25,860
Other financial assets	257,052	182,282
Investments accounted for using the equity method	522,293	479,409
Property, plant and equipment	3,332,666	3,768,342
Goodwill	411,081	515,344
Other intangible assets	189,557	192,903
Other	8,895	7,966
Total non-current assets	4,745,630	5,172,106
Total assets	5,293,302	5,427,605
<u>Current liabilities</u>		
Trade and other payables	132,457	135,651
Borrowings	230,000	900,000
Other financial liabilities	46,281	44,986
Provisions	54,369	54,731
Other	348	2,347
Total current liabilities	463,455	1,137,715
<u>Non-current liabilities</u>		
Borrowings	2,572,663	1,990,446
Other financial liabilities	259,592	263,786
Deferred tax liabilities	299,650	336,171
Provisions	45,783	30,840
Other	3,939	802
Total non-current liabilities	3,181,627	2,622,045
Total liabilities	3,645,082	3,759,760
Net assets	1,648,220	1,667,845

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Australian Pipeline Trust
Condensed Consolidated Statement of Financial Position
As at 31 December 2011

	Note	31 Dec 2011 \$000	30 Jun 2011 \$000
Equity			
Australian Pipeline Trust equity:			
Issued capital	8	1,161,353	1,192,779
Reserves	9	60,821	54,899
Retained earnings		29,034	19,054
Equity attributable to securityholders of the parent		1,251,208	1,266,732
Minority interests:			
APT Investment Trust:			
Issued capital	8	371,402	382,001
Reserves	9	717	534
Retained earnings		24,797	18,295
Equity attributable to securityholders of APT Investment Trust		396,916	400,830
Other minority interest		96	283
Total minority interests		397,012	401,113
Total equity		1,648,220	1,667,845

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Australian Pipeline Trust
Condensed Consolidated Statement of Changes in Equity
For the half year ended 31 December 2011

	Consolidated														
	Australian Pipeline Trust						APT Investment Trust				Other minority interest			Total	
	Issued Capital \$000	Available- for-sale		Hedging Reserve \$000	Retained earnings \$000	Attributable of the parent \$000	Issued Capital \$000	Available- for-sale		Retained earnings \$000	APT Investment \$000	Issued Capital \$000	Other \$000	Retained earnings \$000	Other Minority Interest \$000
		Asset Revaluation Reserve \$000	Investment Revaluation Reserve \$000					Revaluation Reserve \$000	Investment Reserve \$000						
Balance at 1 July 2010	984,936	8,669	(3,032)	54,318	9,364	1,054,255	320,931	(101)	19,928	340,758	4	1	127	132	1,395,145
Profit for the period	-	-	-	-	49,549	49,549	-	-	20,629	20,629	-	-	77	77	70,255
Other comprehensive income	-	-	28,662	(6,985)	3,132	24,809	-	98	-	98	-	-	-	-	24,907
Total comprehensive income for the period	-	-	28,662	(6,985)	52,681	74,358	-	98	20,629	20,727	-	-	77	77	95,162
Payment of distributions	-	-	-	-	(9,364)	(9,364)	-	-	(19,928)	(19,928)	-	-	(138)	(138)	(29,430)
Issued under distribution reinvestment plan	26,133	-	-	-	-	26,133	8,446	2	-	8,446	-	-	-	-	34,579
Issue cost of securities	(99)	-	-	-	-	(99)	(33)	-	-	(33)	-	-	-	-	(132)
Capital return to shareholders	(46,552)	-	-	-	-	(46,552)	(16,350)	-	-	(16,350)	-	-	-	-	(62,902)
Balance at 31 December 2010	964,418	8,669	25,630	47,333	52,681	1,098,731	312,994	(3)	20,629	333,620	4	1	66	71	1,432,422
Balance at 1 July 2011	1,192,779	8,669	18,227	28,003	19,054	1,266,732	382,001	534	18,295	400,830	4	1	278	283	1,667,845
Profit for the period	-	-	-	-	41,220	41,220	-	-	24,797	24,797	-	-	3	3	66,020
Other comprehensive income	-	-	36,353	(30,431)	(12,186)	(6,264)	-	183	-	183	-	-	-	-	(6,081)
Total comprehensive income for the period	-	-	36,353	(30,431)	29,034	34,956	-	183	24,797	24,980	-	-	3	3	59,939
Payment of distributions	-	-	-	-	(19,054)	(19,054)	-	-	(18,295)	(18,295)	-	-	(190)	(190)	(37,539)
Issued under Distribution Reinvestment plan	15,381	-	-	-	-	15,381	4,866	-	-	4,866	-	-	-	-	20,247
Issue cost of securities	(46)	-	-	-	-	(46)	(16)	-	-	(16)	-	-	-	-	(62)
Capital return to shareholders	(46,761)	-	-	-	-	(46,761)	(15,449)	-	-	(15,449)	-	-	-	-	(62,210)
Balance at 31 December 2011	1,161,353	8,669	54,580	(2,428)	29,034	1,251,208	371,402	717	24,797	396,916	4	1	91	96	1,648,220

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Australian Pipeline Trust
Condensed Consolidated Statement of Cash Flows
For the half year ended 31 December 2011

	31 Dec 2011 \$000	31 Dec 2010 \$000
<u>Cash flows from operating activities</u>		
Receipts from customers	550,715	593,963
Payments to suppliers and employees	(301,540)	(347,154)
Dividends received	22,588	22,407
Proceeds from repayment of finance leases	1,464	2,643
Interest received	2,871	3,576
Interest and other costs of finance paid	(118,991)	(105,624)
Net cash provided by operating activities	157,107	169,811
<u>Cash flows from investing activities</u>		
Payments for property, plant and equipment	(93,138)	(106,094)
Proceeds from sale of property, plant and equipment	360	100
Payments for available-for-sale investments	(11,669)	(22,446)
Payments for equity accounted investments	(14,052)	(59,274)
Payments for controlled entities	(5,679)	(3,827)
Proceeds from sale of businesses	478,276	3,411
Net cash provided by/(used in) by investing activities	354,098	(188,130)
<u>Cash flows from financing activities</u>		
Proceeds from borrowings	1,309,873	511,600
Repayments of borrowings	(1,460,500)	(454,970)
Proceeds from issue of securities	20,247	34,578
Payment of debt issue costs	(11,408)	(2,396)
Payments of security issue costs	(61)	(132)
Distributions paid to:		
Securityholders of APT	(65,815)	(55,916)
Securityholders of minority interests - APTIT	(33,744)	(36,278)
Other minority interest	(190)	(138)
Net cash used in financing activities	(241,598)	(3,652)
Net increase in cash and cash equivalents	269,607	(21,971)
Cash and cash equivalents at beginning of financial period	95,368	80,940
Cash and cash equivalents at end of financial period	364,975	58,969

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Australian Pipeline Trust

Notes to the condensed consolidated financial statements

For the half year ended 31 December 2011

1. Significant accounting policies

Reporting Entities

In accordance with Interpretation 1002 "Post-Date-of-Transaction Stapling Arrangements", APT and APTIT are required to identify one of them as the acquirer and the parent under the stapling arrangements. APT is the acquirer and the parent. Accordingly for accounting purposes the interests of APTIT securityholders are treated as minority interests in APA.

Statement of compliance

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The consolidated entity is an entity of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998 and in accordance with that Class Order amounts in the Directors' report and the half year financial report are rounded to the nearest thousand dollars (\$000) unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the entity's 2011 annual financial report for the financial year ended 30 June 2011, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Working capital position

The working capital position as at 31 December 2011 for the Consolidated Entity is a surplus of current assets over current liabilities. As at June 2011, there was a surplus of current liabilities over current assets of \$888.6 million primarily as a result of syndicated facilities of \$900 million due to mature on 8 June 2012. On 3 November 2011, APA announced the completion of a \$1.45 billion 2, 3 and 4 year syndicated debt facility to refinance that debt and another syndicated facility which was otherwise due to mature in July 2013. As at 31 December 2011, APA had repaid \$670 million of that facility and retained cash sufficient to make the final repayment of \$230 million on 9 January 2012.

The Directors continually monitor the Group's working capital position, including forecast working capital requirements and have ensured that there are appropriate refinancing strategies and adequate committed funding facilities in place to accommodate debt repayments as and when they fall due.

Australian Pipeline Trust

Notes to the condensed consolidated financial statements

For the half year ended 31 December 2011

1. Significant accounting policies

Adoption of new and revised Accounting Standards

In the current year, the consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current reporting periods.

New and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant for the consolidated entity include:

- Amendments to AASB 7, 101, 134 as a consequence of "AASB 2010-4. Further Amendments to Australian Accounting Standards arising from the Annual Improvements Projects".
- Amendments to "Interpretation 14 AASB 119 - The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction" as a consequence of "AASB 2009-14. Further Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement".
- AASB 2010-5 introduces amendments into Accounting standards that are equivalent to those made by the IASB under its program of annual improvements to its standards.
- AASB 2010-6 introduces amendments into AASB 7 "Financial Instruments: Disclosures" resulting from the IASB's comprehensive review of off balance sheet activities.

The adoption of these amendments has not resulted in any changes to the consolidated entity's accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations has not had a material impact and not resulted in changes to the consolidated entity's presentation of, or disclosure in, its half year financial statements.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the consolidated entity's accounting policies, managements is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment of assets

Determining whether property, plant and equipment, identifiable intangible assets, equity accounted investments and goodwill is impaired requires an estimation of the value-in-use of the cash-generating units. The value-in-use calculation requires the Consolidated Entity to estimate the future cash flows expected to arise from cash-generating units and suitable discount rates in order to calculate the present value of cash-generating units.

Estimates and assumptions used are reviewed on an ongoing basis.

Determining whether available-for-sale investments are impaired requires an assessment as to whether declines in value are significant or prolonged. Management has taken into account a number of qualitative and quantitative factors in making this assessment. An assessment that the decline in value represented an impairment would result in the transfer of the decrement from reserves to the income statement.

Useful lives of non-current assets

The Consolidated Entity reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. Any reassessment of useful lives in a particular year will affect the depreciation or amortisation expense.

Comparative figures

Where necessary to facilitate comparison, comparative figures have been adjusted to conform with changes in presentation in the current period.

Australian Pipeline Trust
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2011

2. Segment information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and assess its performance.

The Consolidated Entity operates in one geographical segment, being Australia.

(a) Description of reportable segments

The Consolidated Entity comprises the following reportable segments:

- Energy infrastructure;
- asset management; and
- energy investments.

Australian Pipeline Trust
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2011

2. Segment information

Information regarding these segments is included below. The following is an analysis of the Group's revenues by reportable operating segment for periods under review:

(b) Reportable segments

Half year ended 31 December 2011	Energy Infrastructure ^(a) \$000	Asset management \$000	Energy investments \$000	Consolidated \$000
Segment revenue ^(b)				
External sales revenue	338,649	34,145	100	372,894
Equity accounted net profits	-	-	16,340	16,340
Pass-through revenue	2,400	128,473	-	130,873
Finance lease and investment interest income	1,446	-	882	2,328
Distributions - other entities	-	-	5,571	5,571
Total segment revenue	342,495	162,618	22,893	528,006
Other interest income				2,446
Consolidated revenue				530,452
Segment result				
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	240,597	13,951	5,676	260,224
Share of net profits of associates and jointly controlled entities accounted for using the equity method	-	-	16,340	16,340
Finance lease and investment interest income	1,446	-	882	2,328
Total EBITDA	242,043	13,951	22,898	278,892
Depreciation and amortisation	(53,933)	(2,332)	-	(56,265)
Earnings before interest and tax ("EBIT")	188,110	11,619	22,898	222,627
Net finance costs ^(c)				(131,701)
Profit before tax				90,926
Income tax expense				(24,906)
Profit for the period				66,020

The following is an analysis of the Group's assets by reportable operating segment

Segment assets as at 31 December 2011

Segment assets	3,881,059	262,990	261,866	4,405,915
Carrying value of investments accounted for using the equity method	-	-	522,293	522,293
Unallocated assets ^(d)				365,094
Total assets as 31 December 2011				5,293,302

(a) Revenue of \$29.8 million (2010: \$28.5 million), expenses of \$10.5 million (2010: \$10.7 million), profit before income tax of \$13.4 million (2010: \$11.7 million), profit after income tax of \$9.5 million (2010: \$8.2 million) are attributable to the Allgas business which was divested into the APA minority owned unlisted investment vehicle GDI (EII) Pty Ltd in December 2011. Within Asset operation and management expenses a significant item of \$10.4 million results from transaction costs incurred on the divestment of the APA Gas Networks business of \$22.5 million offsetting a gain on sale of \$12.1 million.

(b) The revenue reported above represents revenue generated from external customers, any intersegment sales were immaterial.

(c) Excluding finance lease income and any gains or losses on revaluation of derivatives which have been included as part of EBIT for segment reporting purposes.

(d) Unallocated assets consist of cash and cash equivalents, current tax assets, fair value of interest rate swaps and foreign exchange contracts.

Australian Pipeline Trust
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2011

2. Segment information

Half year ended 31 December 2010	Energy Infrastructure \$000	Asset management \$000	Energy investments \$000	Consolidated \$000
Segment revenue ^(a)				
External sales revenue	303,411	32,102	174	335,687
Equity accounted net profits	-	-	19,326	19,326
Pass-through revenue	87,206	97,693	-	184,899
Finance lease and investment interest income	1,167	-	744	1,911
Distributions - other entities	-	-	5,836	5,836
Total segment revenue	391,784	129,795	26,080	547,659
Other interest income				7,049
Consolidated revenue				554,708

Segment result

Earnings before interest, tax, depreciation and amortisation ("EBITDA")	217,152	19,471	6,010	242,633
Share of net profits of associates and jointly controlled entities accounted for using the equity method	-	-	19,326	19,326
Finance lease and investment interest income	1,167	-	744	1,911
Total EBITDA	218,319	19,471	26,080	263,870
Depreciation and amortisation	(42,594)	(2,286)	-	(44,880)
Earnings before interest and tax ("EBIT")	175,725	17,185	26,080	218,990
Net finance costs ^(b)				(124,543)
Profit before tax				94,447
Income tax expense				(24,192)
Profit for the year				70,255

The following is an analysis of the Group's assets by reportable operating segment

Segment assets as at 30 June 2011

Segment assets	4,430,652	235,219	186,957	4,852,828
Carrying value of investments accounted for using the equity method	-	-	479,409	479,409
Unallocated assets ^(c)				95,368
Total assets as at 30 June 2011				5,427,605

(a) The revenue reported above represents revenue generated from external customers, any intersegment sales were immaterial.

(b) Excluding finance lease income and any gains or losses on revaluation of derivatives which have been included as part of EBIT for segment reporting purposes.

(c) Unallocated assets consist of cash and cash equivalents, current tax assets, fair value of interest rate swaps and foreign exchange contracts.

Australian Pipeline Trust

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2011

3. Revenue

An analysis of the Consolidated Entity's revenue for the year is as follows:

Continuing operations

	31 Dec 2011 \$000	31 Dec 2010 \$000
Operating revenue		
Energy infrastructure revenue:		
• Energy infrastructure revenue	338,384	303,151
• pass-through revenue	2,400	87,206
	340,784	390,357
Asset management revenue:		
• asset management revenue	34,145	32,102
• pass-through revenue	128,473	97,693
	162,618	129,795
Energy investments	100	174
	503,502	520,326
Share of net profits of associates and jointly controlled entities accounted for using the equity method	16,340	19,326
Finance income		
Interest	2,446	7,049
Redeemable ordinary shares (EII) interest income	882	744
Finance lease income	1,446	1,167
	4,774	8,960
Dividends		
Other entities	5,571	5,836
	5,571	5,836
Other income		
Rental income	265	260
	265	260
	530,452	554,708

Australian Pipeline Trust

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2011

4. Expenses

Profit before tax includes the following expenses:

	31 Dec 2011 \$000	31 Dec 2010 \$000
Depreciation and amortisation expense		
Depreciation of non-current assets	53,437	42,030
Amortisation of non-current assets	2,828	2,850
	56,265	44,880
Other operating costs - pass-through		
Operating lease rental expenses	-	9,626
Gas pipeline costs	2,400	77,580
	2,400	87,206
Management, operating and maintenance costs	128,473	97,693
	130,873	184,899
Finance costs		
Interest on bank overdrafts and borrowings	118,852	120,466
Amortisation of deferred borrowing costs	13,161	5,939
Finance lease charges	-	32
Other finance costs	5,257	6,870
	137,270	133,307
Less: amounts included in the cost of qualifying assets	(3,719)	(3,101)
	133,551	130,206
Loss/(gain) on fair value of other derivatives	263	287
Unwinding of discount on non-current provisions	333	1,099
	134,147	131,592

5. Significant items

Individually significant revenue/(expenses) included in profit after related income tax expense are as follows:

	31 Dec 2011 \$000	31 Dec 2010 \$000
Significant items		
Profit on sale of Allgas Distribution Network before transaction costs	12,085	-
Less: Transactions costs	(22,520)	-
Loss on sale of Allgas Distribution Network after transaction costs	(10,435)	-
Equity accounted share of EII2 investment allowance benefit	-	9,839
(Loss)/profit from significant items before related income tax	(10,435)	9,839
Income tax related to significant items above	-	(2,952)
Loss/profit from significant items after related income tax	(10,435)	6,887

Australian Pipeline Trust

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2011

6. Distributions

Recognised amounts	31 Dec 11		31 Dec 10	
	2011 cents per security	2011 Total \$000	2010 cents per security	2010 Total \$000
Final distribution paid on 15 September 2011				
(2010: 15 September 2010)				
Profit distribution - APT ^(a)	3.4	19,054	1.7	9,364
Profit distribution - APTIT ^(a)	3.4	18,295	3.7	19,928
Capital distribution - APT	8.4	46,761	8.6	46,552
Capital distribution - APTIT	2.7	15,449	3.0	16,350
	17.9	99,559	17.0	92,194
Unrecognised amounts				
Interim distribution payable on 15 March 2012				
(2010: 17 March 2011)				
Profit distribution - APT ^(a)	4.54	29,034	9.55	52,681
Profit distribution - APTIT ^(a)	3.88	24,797	3.74	20,629
Capital distribution - APT	6.52	41,655	2.46	13,592
Capital distribution - APTIT	2.06	13,201	0.75	4,127
	17.00	108,687	16.5	91,029

(a) Profit distributions were unfranked (2010: unfranked).

The interim distribution in respect of the financial year ending 30 June 2012 has not been recognised in the half year as the distribution was not declared, determined or publicly recommended prior to 31 December 2011.

7. Notes to the cash flow statement

Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	31 Dec 2011 \$000	30 Jun 2011 \$000
Cash at bank and on hand ^(a)	48,439	90,706
Short-term deposits	316,536	4,662
	364,975	95,368

Restricted cash

(a) As at 31 December 2011, Australian Pipeline Limited held \$5.0 million (2010: \$5.0 million) on deposit to meet its financial requirements as the holder of an Australian Financial Services Licence.

Australian Pipeline Trust

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2011

8. Issued capital

	31 Dec 2011 \$000	30 Jun 2011 \$000
APT Securities, fully paid ^(a)	1,161,353	1,192,779

	2011 No. of securities 000	2011 \$000
Movements		
Balance at 1 July 2011	634,116	1,192,779
Issue of securities under Distribution Reinvestment Plan	5,219	15,381
Issue cost of securities	-	(46)
Capital return to shareholders	-	(46,761)
Balance at 31 December 2011	639,335	1,161,353

(a) Fully paid securities carry one vote per security and carry the right to distributions.

	31 Dec 2011 \$000	30 Jun 2011 \$000
APT Investment Trust Securities, fully paid ^(a)	371,402	382,001

	2011 No. of securities 000	2011 \$000
Movements		
Balance at 1 July 2011	634,116	382,001
Issue of securities under Distribution Reinvestment Plan	5,219	4,866
Issue cost of securities	-	(16)
Capital return to shareholders	-	(15,449)
Balance at 31 December 2011	639,335	371,402

(a) Fully paid securities carry one vote per security and carry the right to distributions.

Australian Pipeline Trust

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2011

8. Issued capital

	31 Dec 2010 \$000	30 Jun 2010 \$000
APT Securities, fully paid ^(a)	964,418	984,936
	2010 No. of securities 000	2010 \$000
Movements		
Balance at 1 July 2010	542,319	984,936
Issue of securities under Distribution Reinvestment Plan	9,370	26,133
Issue cost of securities	-	(99)
Capital return to shareholders		(46,552)
Balance at 31 December 2010	551,689	964,418

(a) Fully paid securities carry one vote per security and carry the right to distributions.

	31 Dec 2010 \$000	30 Jun 2010 \$000
APT Investment Trust Securities, fully paid ^(a)	312,994	320,931
	2010 No. of securities 000	2010 \$000
Movements		
Balance at 1 July 2010	542,319	320,931
Issue of securities under Distribution Reinvestment Plan	9,370	8,446
Issue cost of securities	-	(33)
Capital return to securityholders	-	(16,350)
Balance at 31 December 2010	551,689	312,994

(a) Fully paid securities carry one vote per security and carry the right to distributions.

Australian Pipeline Trust
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2011

9. Reserves

Australian Pipeline Trust Reserves

	31 Dec 2011 \$000	30 Jun 2011 \$000
Hedging	(2,428)	28,003
Asset revaluation	8,669	8,669
Available-for-sale investment revaluation	54,580	18,227
	60,821	54,899
Hedging reserve		
Balance at beginning of financial year	28,003	54,318
Gain/(loss) recognised:		
Interest rate swaps/currency swaps	2,066	(228,392)
Deferred tax related to gains/losses recognised	(620)	68,517
Transferred to profit or loss:		
Interest rate swaps/currency swaps	(35,969)	192,900
Deferred tax related to amounts transferred to profit or loss	10,791	(57,870)
Share of hedge reserve of associate	(9,570)	(2,100)
Deferred tax related to share of hedge reserve	2,871	630
Balance at end of financial year	(2,428)	28,003

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in profit or loss when the hedged transaction impacts profit or loss, or is included as a basis adjustment to the non-financial hedge item, consistent with the applicable accounting policy.

Asset revaluation reserve

Balance at beginning of financial year	8,669	8,669
Balance at end of financial year	8,669	8,669

The asset revaluation reserve arose on the revaluation of the existing interest in a pipeline as a result of a business combination. Where revalued pipelines are sold, that portion of the asset revaluation reserve which relates to that asset and is effectively realised, is transferred directly to retained earnings. The reserve can be used to pay distributions only in limited circumstances.

Available-for-sale investment revaluation reserve

Balance at beginning of financial year	18,227	(3,032)
Revaluation gain recognised	51,932	29,008
Deferred tax related to gains/losses recognised	(15,579)	(7,749)
Balance at end of financial year	54,580	18,227

The available-for-sale investment revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, that portion of the reserve which relates to that financial asset and is effectively realised, is recognised in profit or loss. Where a revalued financial asset is impaired, that portion of the reserve which relates to that financial asset is recognised in profit or loss.

APT Investment Trust Reserves

Available-for-sale investment revaluation reserve:

Balance at beginning of financial year	534	(101)
Revaluation gain recognised	183	635
Balance at end of financial year	717	534

Australian Pipeline Trust

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2011

10. Earnings per security

	31 Dec 2011	31 Dec 2010
Basic and diluted earnings per security (cents)	10.4	12.8

The earnings and weighted average number of ordinary securities used in the calculation of basic and diluted earnings per security are as follows:

Net profit attributable to securityholders for calculating basic and diluted earnings per security (\$000)	66,017	70,178
	No. of securities	
Adjusted weighted average number of ordinary securities used in the calculation of basic and diluted earnings per security (000)	637,151	547,768

Australian Pipeline Trust

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2011

11. Disposal of business

During the half year APA divested its gas distribution network in South East Queensland (Allgas) into the APA minority owned unlisted investment vehicle GDI (EII) Pty Ltd. APA established GDI in December 2011. APA retains 20.0% interest in the vehicle and remains operator of the assets. The net proceeds received from the new equity partners, Marubeni Corporation and RREEF totalled \$478.4 million after transaction costs.

	16 December 11
	\$000
Net assets disposed	
Current assets	
Trade and other receivables	12,738
Other	168
Non-current assets	
Property, plant and equipment	471,006
Goodwill	104,263
Intangibles	633
Total assets	588,808
Current liabilities	
Trade and other payables	(1,214)
Other	(1,086)
Non-current liabilities	
Deferred tax liabilities	(58,742)
Total liabilities	(61,042)
Net assets	527,766
Profit on sale of Allgas Distribution Network before transaction costs	12,085
Transactions costs	(22,520)
Loss on disposal (after transaction costs)	(10,435)
Less: Redeemable preference shares acquired	(10,400)
Fair value of equity accounted interest retained	(39,020)
Payables - sale of business	10,441
Net cash inflow on disposal of Allgas	478,352

Australian Pipeline Trust

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2011

12. Contingencies

	31 Dec 2011 \$000	30 Jun 2011 \$000
Contingent liabilities		
Bank guarantees	35,324	8,051
	35,324	8,051
Contingent assets	-	-

13. Events occurring after reporting date

On 9 January 2012, current borrowings of \$230.0 million representing the final tranche of the 2007 syndicated facility were repaid.

On 24 January 2012, APA issued JPY 10 billion (A\$126 million) six-year five-month fixed-rate Medium Term Notes utilising documentation in place under its established European MTN program.

On 22 February 2012, the Directors declared an interim distribution of 17.0 cents per security (\$108.7 million) for the APA Group (comprising a distribution of 11.06 cents per security from APT and a distribution of 5.94 cents per security from APTIT), made up of 8.42 cents per security profit distribution (unfranked) and 8.58 cents per security capital distribution. The distribution will be paid on 15 March 2012.

Australian Pipeline Trust
Declaration by the Directors of Australian Pipeline Limited
For the half year ended 31 December 2011

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that Australian Pipeline Trust will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Accounting Standards and give a true and fair view of the financial position and performance of Australian Pipeline Trust and its controlled entities.

Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors



Leonard Bleasel AM
Chairman



Robert Wright
Director

SYDNEY, 22 February 2012

The Directors
Australian Pipeline Limited as responsible entity for
Australian Pipeline Trust
HSBC Building
Level 19, 580 George Street
Sydney NSW 2000

22 February 2012

Dear Directors

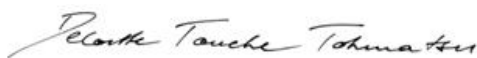
**Auditors Independence Declaration to Australian Pipeline Limited as responsible entity for
Australian Pipeline Trust**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Australian Pipeline Limited as responsible entity for Australian Pipeline Trust.

As lead audit partner for the review of the financial statements of Australian Pipeline Trust for the half year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



G Coultas
Partner

Independent Auditor's Review Report to the Unitholders of Australian Pipeline Trust

We have reviewed the accompanying half-year financial report of Australian Pipeline Trust, which comprises the condensed consolidated statement of financial position as at 31 December 2011, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the Trust and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 12 to 31.

Directors' Responsibility for the Half-Year Financial Report

The directors of Australian Pipeline Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Australian Pipeline Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

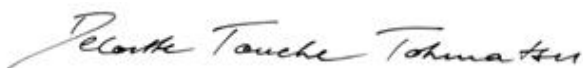
Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Australian Pipeline Limited as responsible entity for Australian Pipeline Trust, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Australian Pipeline Trust is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



G Couttas
Partner
Chartered Accountants
Sydney, 22 February 2012

APA Group



APT Investment Trust
ARSN 115 585 441

Interim Financial Report
For the Half Year ended
31 December 2011

Delivering Australia's Energy

APT Investment Trust and its Controlled Entities
Directors' Report for the half year ended 31 December 2011

The directors of Australian Pipeline Limited ("Responsible Entity") submit their interim financial report for APT Investment Trust ("APTIT" or "Trust") and its controlled entities (together "Consolidated Entity") for the half year ended 31 December 2011 ("current period"). This report and the financial statements attached refer to the consolidated results of APTIT, one of the two stapled entities of APA Group, with the other stapled entity being Australian Pipeline Trust (together "APA").

Directors

The names of the directors of the Responsible Entity during and since the current period are:

Leonard Bleasel AM Chairman
Steven Crane
John Fletcher
Russell Higgins AO
Patricia McKenzie
Muri Muhammad
Robert Wright
Michael McCormack Managing Director

Company Secretary

Mark Knapman

Principal activities

APTIT operates as an investment and financing entity within the Australian Pipeline Trust stapled group.

Significant changes in state of affairs

In the opinion of the Directors of the Responsible Entity, no significant changes in the state of affairs of APTIT occurred during the year.

Distributions

The Directors have declared an interim distribution of 5.9 cents per security (\$37.998 million). The distribution comprises a 3.9 cent profit distribution and a 2.0 cent capital distribution. The distribution will be paid on 15 March 2012.

Financial and operational review

APTIT reported net profit after tax of \$24.8 million (2010: \$20.6 million) for the half year ended 31 December 2011 on total revenue of \$24.8 million (2010: \$20.6 million).

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporation Act 2001 is included on page 14.

Rounding of amounts

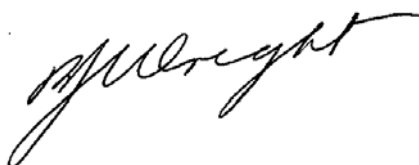
APTIT is an entity of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half year financial report are rounded to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors



Leonard Bleasel AM
Chairman



Robert Wright
Director

SYDNEY, 22 February 2012

APT Investment Trust
Condensed Consolidated Statement of Comprehensive Income
For the half year ended 31 December 2011

	Note	31 Dec 2011 \$000	31 Dec 2010 \$000
Continuing operations			
Revenue	2	24,797	20,699
Expenses	2	-	(70)
Profit before tax		24,797	20,629
Income tax expense		-	-
Profit for the period		24,797	20,629
Other comprehensive income			
Gain on available-for-sale investments taken to equity		183	98
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income for the period (net of tax)		183	98
Total comprehensive income for the period		24,980	20,727
Profit attributable to:			
Equity holders of the parent		24,797	20,629
		24,797	20,629
Total comprehensive income attributable to:			
Equity holders of the parent		24,980	20,727
		24,980	20,727
Earnings per security			
Basic and diluted earnings per security (cents)	6	3.9	3.8

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

APT Investment Trust
Condensed Consolidated Statement of Financial Position
As at 31 December 2011

	Note	31 Dec 2011 \$000	30 Jun 2011 \$000
<u>Current assets</u>			
Receivables		740	720
<u>Non-current assets</u>			
Receivables		12,162	12,448
Other financial assets		384,025	387,671
Total non-current assets		396,187	400,119
Total assets		396,927	400,839
<u>Current liabilities</u>			
Trade and other payables		11	9
Total liabilities		11	9
Net assets		396,916	400,830
<u>Equity</u>			
Issued capital	4	371,402	382,001
Reserves	5	717	534
Retained earnings		24,797	18,295
Total equity		396,916	400,830

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

APT Investment Trust
Condensed Consolidated Statement of Changes in Equity
For the half year ended 31 December 2011

	Issued capital \$000	Available for sale reserves \$000	Retained earnings \$000	Total \$000
Balance at 1 July 2010	320,931	(101)	19,928	340,758
Profit for the year	-	-	20,629	20,629
Gain on available for sale investment	-	98	-	98
Total comprehensive income for the period	-	98	20,629	20,727
Distributions	(16,350)	-	(19,928)	(36,278)
Issue of capital (net of issue costs)	8,413	-	-	8,413
Balance at 31 December 2010	312,994	(3)	20,629	333,620
Balance at 1 July 2011	382,001	534	18,295	400,830
Profit for the year	-	-	24,797	24,797
Gain on available for sale investment	-	183	-	183
Total comprehensive income for the period	-	183	24,797	24,980
Distributions	(15,449)	-	(18,295)	(33,744)
Issue of capital (net of issue costs)	4,850	-	-	4,850
Balance at 31 December 2011	371,402	717	24,797	396,916

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

APT Investment Trust
Condensed Consolidated Statement of Cash Flows
For the half year ended 31 December 2011

	31 Dec 2011 \$000	31 Dec 2010 \$000
<u>Cash flows from operating activities</u>		
Trust distribution	16,449	16,282
Capital distribution received - related party	-	-
Capital distribution received - external	256	247
Dividends received	68	103
Interest received - related parties	5,307	3,974
Finance lease receivable repayments	584	584
Receipts from customers	76	62
Payments to suppliers	-	(1)
Interest paid	-	-
Net cash provided by operating activities	22,740	21,251
<u>Cash flows from investing activities</u>		
Repayment received from related parties	6,154	6,614
Net cash provided by investing activities	6,154	6,614
<u>Cash flows from financing activities</u>		
Proceeds from issue of securities	4,850	8,413
Distributions to securityholders	(33,744)	(36,278)
Net cash (used in) financing activities	(28,894)	(27,865)
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of financial period	-	-
Cash and cash equivalents at end of financial period	-	-

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

APT Investment Trust
Notes to the condensed consolidated financial statements
For the half year ended 31 December 2011

1. Significant accounting policies

Statement of compliance

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

APTIT is an entity of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998 and in accordance with that Class Order amounts in the Directors' report and the half year financial report are rounded to the nearest thousand dollars (\$000) unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the entity's 2011 annual financial report for the financial year ended 30 June 2011.

Adoption of new and revised Accounting Standards

In the current year, the consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current reporting periods.

New and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant for the Group include :

Amendments to AASB 7, 101, 134 as a consequence of "AASB 2010-4. Further Amendments to Australian Accounting Standards arising from the Annual Improvements Projects".

AASB 2010-5 introduces amendments into Accounting standards that are equivalent to those made by the IASB under its program of annual improvements to its standards.

AASB 2010-6 introduces amendments into AASB 7 "Financial Instruments: Disclosures' resulting from the IASB's comprehensive review of off balance sheet activities.

The adoption of these amendments has not resulted in any changes to the consolidated entity's accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations have not had a material impact and not resulted in changes to the consolidated entity's presentation of, or disclosure in, its half year financial statements.

APT Investment Trust
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2011

2. Profit from operations

Profit before income tax includes the following items of income and expense:

	31 Dec 2011 \$000	31 Dec 2010 \$000
Revenue		
Distributions		
Trust distribution - related party	16,449	16,282
Other entities	83	58
	16,532	16,340
Finance income		
Interest - related parties	5,748	3,985
Gain on financial asset held at fair value through profit and loss	2,131	-
Finance lease income - related party	311	323
	8,190	4,308
Other revenue		
Other	75	51
Total revenue	24,797	20,699
Expenses		
Loss on financial asset held at fair value through profit and loss	-	70
Total expenses	-	70

APT Investment Trust
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2011

3. Distributions

	31 Dec 2011 \$000	31 Dec 2010 \$000
Recognised amounts:		
Final distribution paid on 15 September 2011 (2010: 15 September 2010)		
Profit distribution ^(a)	18,295	19,928
Capital distribution	15,449	16,350
	33,744	36,278
Unrecognised amounts:		
Interim distribution payable on 15 March 2012 (2010: 17 March 2011)		
Profit distribution ^(a)	24,797	20,629
Capital distribution	13,201	4,127
	37,998	24,755

(a) Profit distributions unfranked (2010: unfranked).

The interim distribution in respect of the financial year ending 30 June 2012 has not been recognised in the half year as the distribution was not declared, determined or publicly confirmed prior to 31 December 2011.

APT Investment Trust
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2011

4. Issued capital

	31 Dec 2011 \$000	30 Jun 2011 \$000
Securities, fully paid ^(a)	371,402	382,001
	2011	2011
	No. of units	\$000
	000	\$000
Movements		
Balance at beginning of financial year	634,116	382,001
Issue of securities under Distribution Reinvestment Plan	5,219	4,866
Issue cost of securities	-	(16)
Capital distributions paid	-	(15,449)
Balance at end of financial period	639,335	371,402

(a) Fully paid securities carry one vote per security and carry the right to distributions.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to issued capital from 1 July 1998. Therefore, the Trust does not have a limited amount of authorised capital and issued securities do not have a par value.

	31 Dec 2010 \$000	30 Jun 2010 \$000
Securities, fully paid ^(a)	312,994	320,931
	2010	2010
	No. of units	\$000
	000	\$000
Movements		
Balance at beginning of financial year	542,319	320,931
Issue of securities under Distribution Reinvestment Plan	9,370	8,446
Issue cost of securities	-	(33)
Capital distributions paid	-	(16,350)
Balance at end of financial period	551,689	312,994

(a) Fully paid securities carry one vote per security and carry the right to distributions.

APT Investment Trust
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2011

5. Reserves

	31 Dec 2011 \$000	30 Jun 2011 \$000
Available-for-sale investment revaluation reserve		
Balance at beginning of financial year	534	(101)
Valuation gain recognised	183	635
Balance at end of financial period	717	534

The available-for-sale investment revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, that portion of the reserve which relates to that financial asset is effectively realised and is recognised in profit or loss. Where a revalued financial asset is impaired, that portion of the reserve which relates to that financial asset is recognised in profit or loss.

6. Earnings per security

	31 Dec 2011	31 Dec 2010
Basic and diluted earnings per security (cents)	3.9	3.8

The earnings and weighted average number of ordinary securities used in the calculation of basic and diluted earnings per security are as follows:

Net profit attributable to securityholders for calculating basic and diluted earnings per security (\$000)	24,797	20,629
	No. of securities	
Weighted average number of ordinary securities on issue used in the calculation (000)	637,151	547,768

APT Investment Trust

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2011

7. Contingent liabilities and contingent assets

At 31 December 2011, there are no material contingent liabilities or contingent assets (2010: \$nil).

8. Subsequent events

On 22 February 2012, the Directors declared an interim distribution for the 2012 financial year, of 5.94 cents per security (\$38.0 million). The distribution represents a 3.88 cents per security unfranked profit distribution and 2.06 cents per security capital distribution. The distribution will be paid on 15 March 2012.

APT Investment Trust
Declaration by the Directors of Australian Pipeline Limited
For the half year ended 31 December 2011

The Directors declare that:

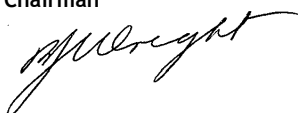
- (a) in the Directors' opinion, there are reasonable grounds to believe that APT Investment Trust will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Accounting Standards and give a true and fair view of the financial position and performance of APT Investment Trust and its controlled entities.

Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors



Leonard Bleasel AM
Chairman



Robert Wright
Director

SYDNEY, 22 February 2012

The Directors
Australian Pipeline Limited as responsible entity for
APT Investment Trust
HSBC Building
Level 19, 580 George Street
Sydney NSW 2000

22 February 2012

Dear Directors

**Auditors Independence Declaration to Australian Pipeline Limited as responsible entity for
APT Investment Trust**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Australian Pipeline Limited as responsible entity for APT Investment Trust.

As lead audit partner for the review of the financial statements of APT Investment Trust for the half year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



G Couttas
Partner

Independent Auditor's Review Report to the Unitholders of APT Investment Trust

We have reviewed the accompanying half-year financial report of APT Investment Trust, which comprises the condensed consolidated statement of financial position as at 31 December 2011, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the Trust and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 3 to 13.

Directors' Responsibility for the Half-Year Financial Report

The directors of Australian Pipeline Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of APT Investment Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

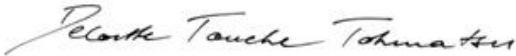
Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Australian Pipeline Limited as responsible entity for APT Investment Trust, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of APT Investment Trust is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



G Couttas

Partner

Chartered Accountants

Sydney, 22 February 2012