



Financial Results
Half year ended 31 December 2010

23 February 2011



Result overview and strategic highlights

Mick McCormack
Managing Director and CEO

Steady and solid result

	1H11 \$ million	1H10 \$ million	Change	
Operating cash flow	170	160	up	6%
Revenue excluding pass-through ⁽¹⁾	370	343	up	8%
EBITDA	264	244	up	8%
Profit ⁽²⁾	70	64	up	10%
Operating cash flow per security (cents)	31.0	31.6	down	(2%)
Distribution per security (cents)	16.5	15.75	up	5%
Distribution payout ratio	53.6%	50.2%		
Net tangible asset per security	\$1.34	\$1.23	up	9%

(1) Pass-through revenue is revenue on which no margin is earned

(2) Profit includes significant item – APA share of EII2 investment allowance benefit

Strategic and operational highlights

Expanded APA's gas infrastructure portfolio

- Commissioned the Young Wagga looping project, New South Wales
- Progressed construction of Victorian Transmission System, northern augmentation project
- Completed Roma Brisbane Pipeline lateral to large industrial customer
- Continued the 5-year Moomba Sydney Pipeline expansion project
- Commenced initial stages of expanding Mondarra Gas Storage Facility, Western Australia
- Continued expansion of the gas network into new housing development areas, south Brisbane and Gold Coast, Queensland



Strategic and operational highlights

Capturing revenue and operating synergies

- Implemented national finance system
- Developing national customer interface for gas transport and storage services
- Operational excellence program across transmission operations

Leveraged APA's infrastructure portfolio

- Facilitating the development of gas-fired power generation in the Mt Isa region – proposed gas fired power station would be connected to the Carpentaria Gas Pipeline

Strengthened our financial capability

- Issued 10-year \$300 million Australian Medium Term Notes
- Raised new equity – Distribution Reinvestment Plan

Flood and weather impacts

Floods and extreme weather during November 2010 to February 2011 has impacted APA's assets and operations across three states

- Minimal disruption to gas services despite impact on APA's assets
 - Pipeline damage (Toowoomba) and flood damage to facilities at two gas inlet stations (Queensland)
 - Easement wash-outs (Queensland and New South Wales)
 - Damage to 180 residential meters and regulators
- APA people skilled to manage emergency events and repairs
 - Emergency management immediately in place
 - APA engineering and operations personnel mobilised locally and interstate to assist in emergency management and repairs
- Repairs and remediation underway (most completed)
 - Cost impact mainly limited to insurance deductibles

Quality APA people and portfolio

Flood and weather impacts

Roma Brisbane Pipeline – repair to damaged pipeline section and easement wash-out on the Toowoomba escarpment



Before flooding



After flooding



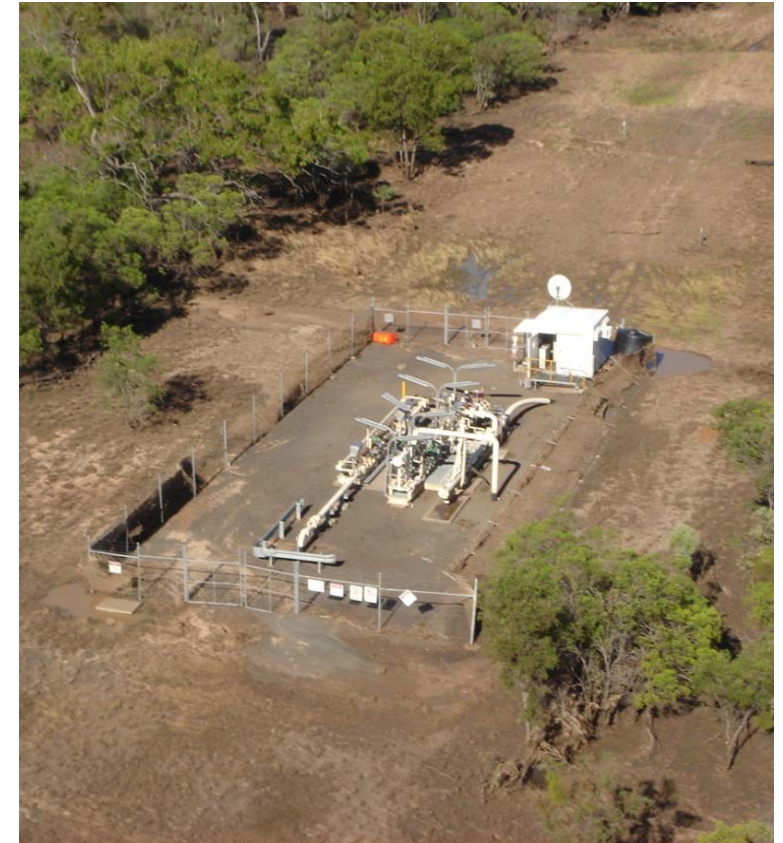
Repairing the pipeline

Flood and weather impacts

Arubial gas inlet station – continued operating while flooded



During floods



After flooding



Financial performance

Peter Fredricson
Chief Financial Officer

Consistent financial performance

	1H11 \$ million	1H10 \$ million	Change
Total revenue excluding pass-through ⁽¹⁾	369.8	343.3	7.7 %
Total revenue	554.7	495.9	11.8 %
EBITDA	263.9	244.3	8.0 %
EBIT	219.0	197.4	10.9 %
Net interest expense	(124.5)	(111.1)	(12.1%)
Tax	(24.2)	(22.7)	(6.7 %)
Profit ⁽²⁾	70.2	63.6	10.4 %
Operating cash flow	169.8	159.5	6.4 %
Operating cash flow per security (cents)	31.0	31.6	(2.0%)
Distribution per security (cents)	16.5	15.75	4.8 %
Distribution payout ratio	53.6%	50.2%	
Net tangible asset per security	\$1.34	\$1.23	8.6 %

(1) Pass-through revenue is revenue on which no margin is earned

(2) Profit includes significant item – APA share of EII2 (North Brown Hill wind farm) investment allowance benefit

EI2 – significant item

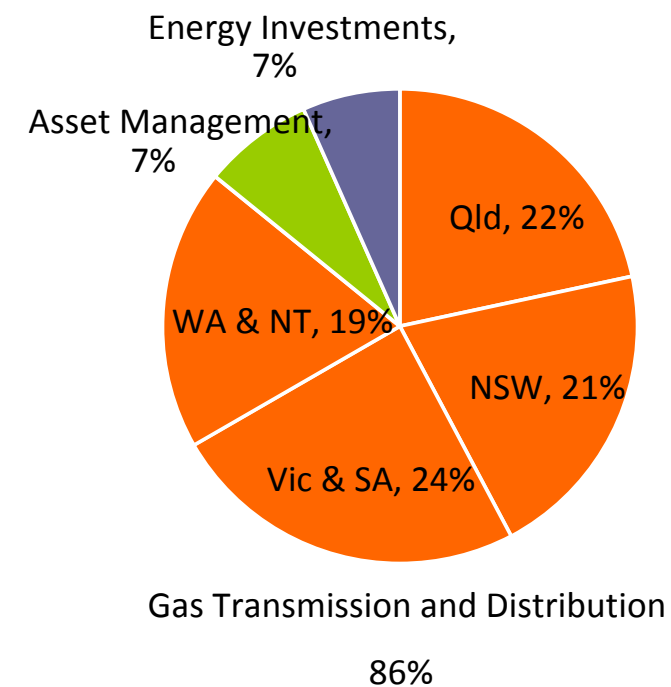
	1H11 \$ million
EBITDA	263.9
Significant item	9.8
EBITDA before significant item	254.0
Profit after tax	70.2
Significant item after tax	6.9
Profit after tax, before significant item	63.3

- APA has a 20.2 % interest in EI2 which holds the North Brown Hill wind farm
- The wind farm was connected to the grid and commenced generation in December 2010, ahead of schedule
- EI2 generated a “once off” accounting profit due to that early availability of generation capacity

EBITDA by business segment

	1H11 \$ million	1H10 \$ million	Change
Gas Transmission and Distribution			
<i>Queensland</i>	54.9	51.6	6.4 %
<i>New South Wales</i>	52.9	53.1	(0.4 %)
<i>Victoria & South Australia</i>	62.0	57.2	8.3 %
<i>Western Australia & Northern Territory</i>	48.6	52.2	(6.9 %)
Gas Transmission and Distribution	218.3	214.1	2.0 %
Asset Management	19.5	16.3	19.2 %
Energy Investments	16.2	13.8	17.3 %
Total segment EBITDA	254.0	244.3	4.0 %

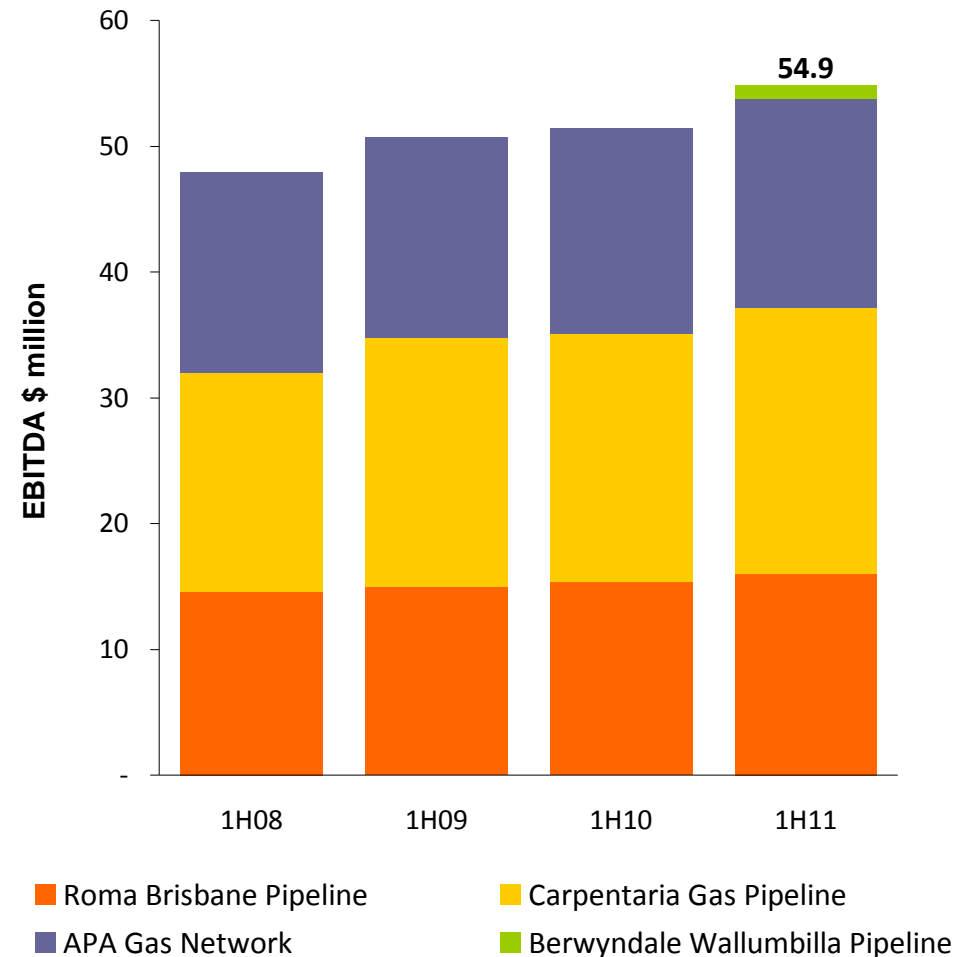
1H11 EBITDA split by segment



Gas transmission and distribution

Queensland

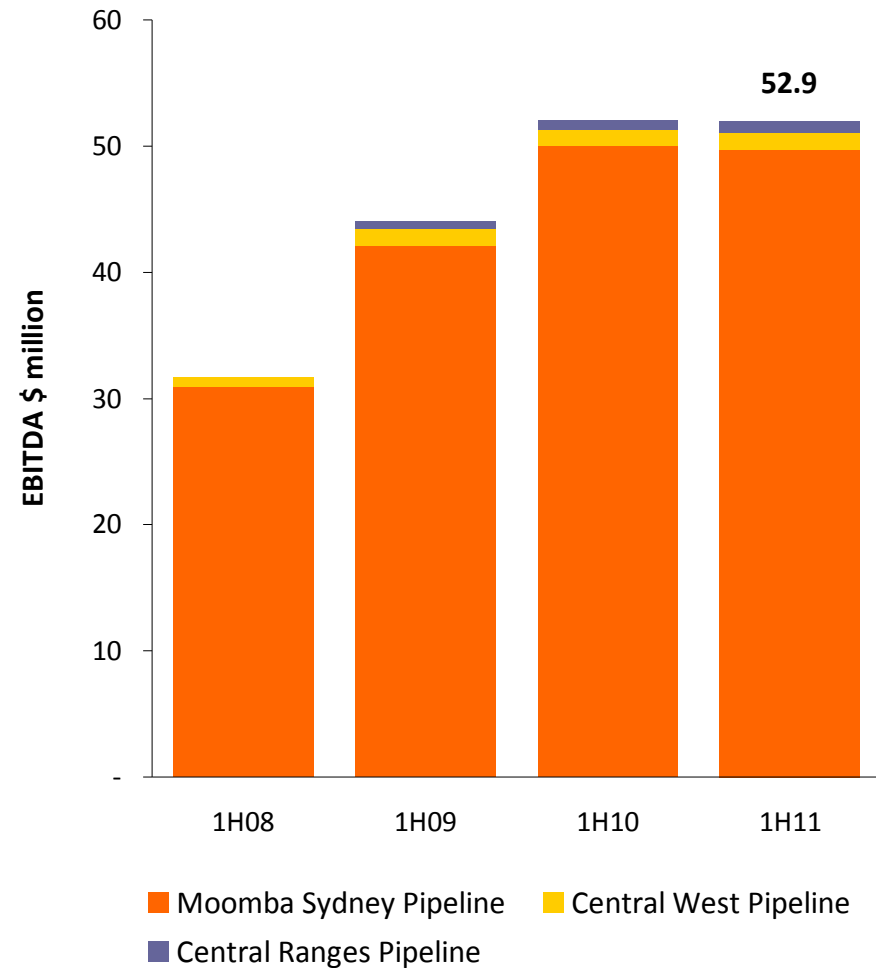
- Roma Brisbane Pipeline lateral addition
- Proposed energy solutions for Mt Isa underpinned by Carpentaria Gas Pipeline capacity
- Berwyndale Wallumbilla Pipeline contribution
 - acquired April 2010
- Extension of APA Gas Network
 - 25 km new gas mains
 - 1,560 additional connections
- APA Gas Network access arrangement
 - AER draft decision on APA's proposed access arrangement, released February 2011



Gas transmission and distribution

New South Wales

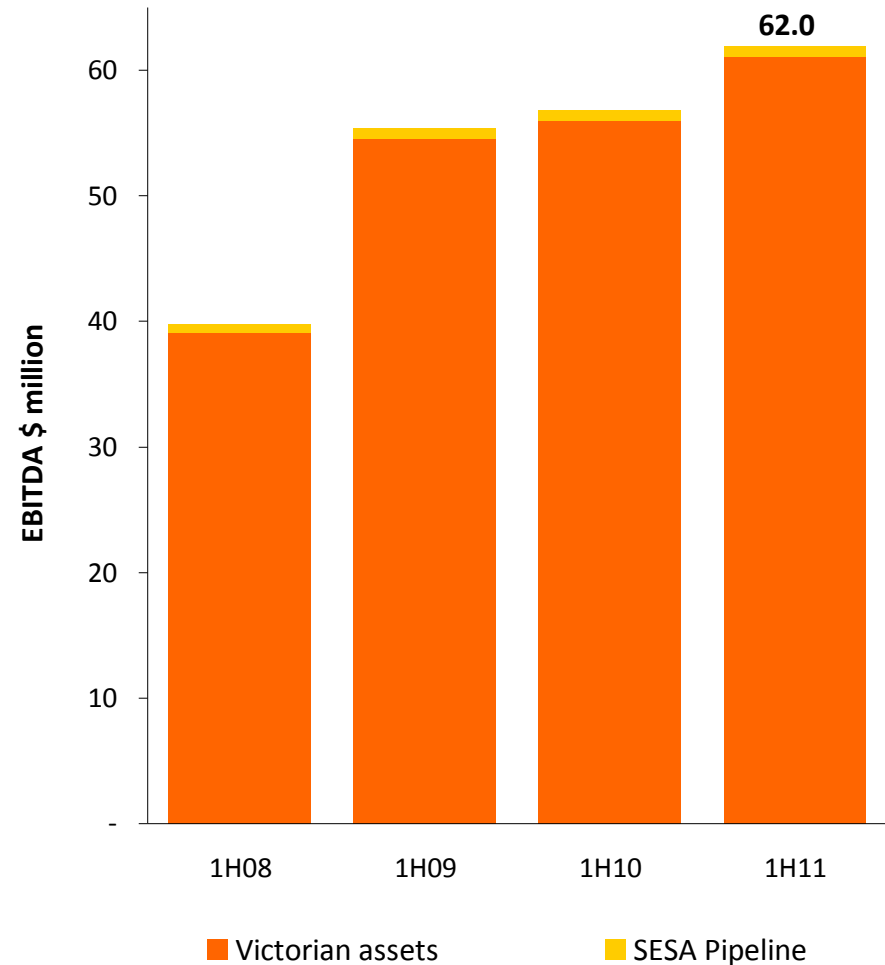
- Continued mainline expansion program
- Completed Young Wagga lateral looping project
 - Commissioning delayed due to weather
- End of short term 'as available' contract
- Short Term Trading Market commenced (Sydney, Adelaide) 1 September 2010



Gas transmission and distribution

Victoria & South Australia

- Increased gas volumes due to cooler winter weather impact
- Northern augmentation expansion program
 - Commissioning by March 2011
- LNG storage facility
 - Open access truck refueling
 - Renegotiated storage contracts



Gas transmission and distribution

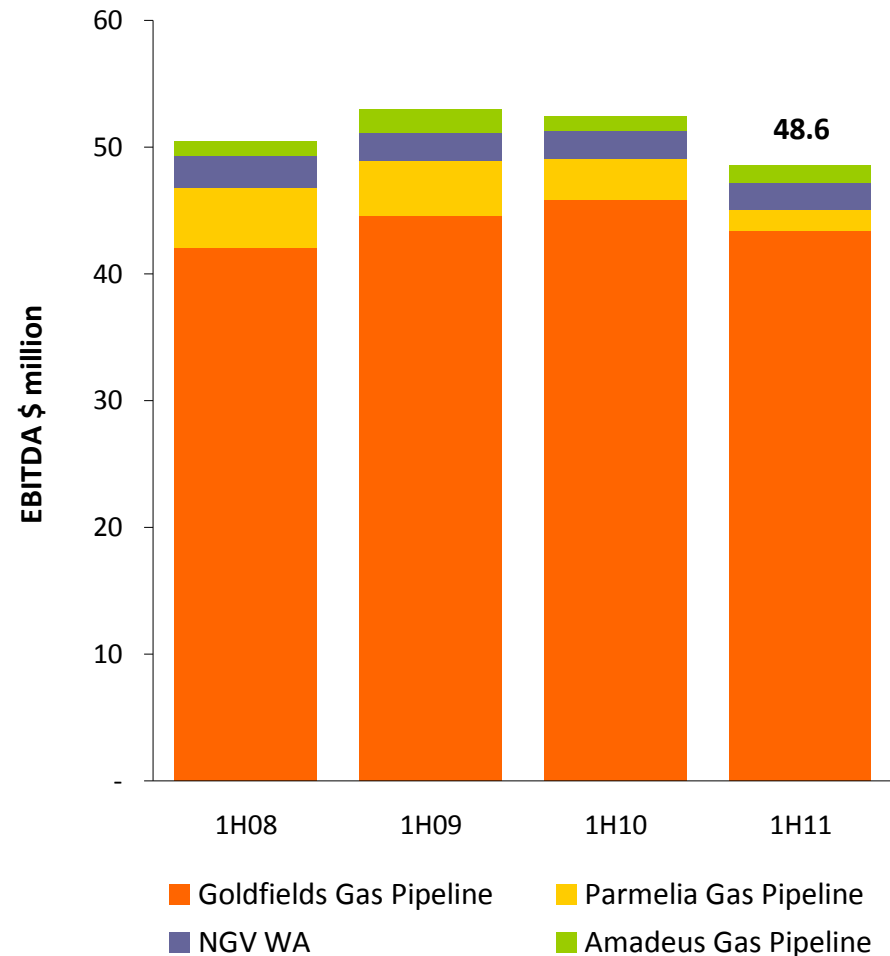
Western Australia & Northern Territory

- Goldfields Gas Pipeline access arrangement
 - 10% reduction in reference tariffs that apply to contracts that provide ~40% of APA's GGP revenue
 - APA is pursuing the merits review process within the regulatory framework

- Reduced use of the Parmelia Gas Pipeline

- Mondarra gas storage facility
 - Completed initial stages of development
 - Commercial negotiations with cornerstone customers underway

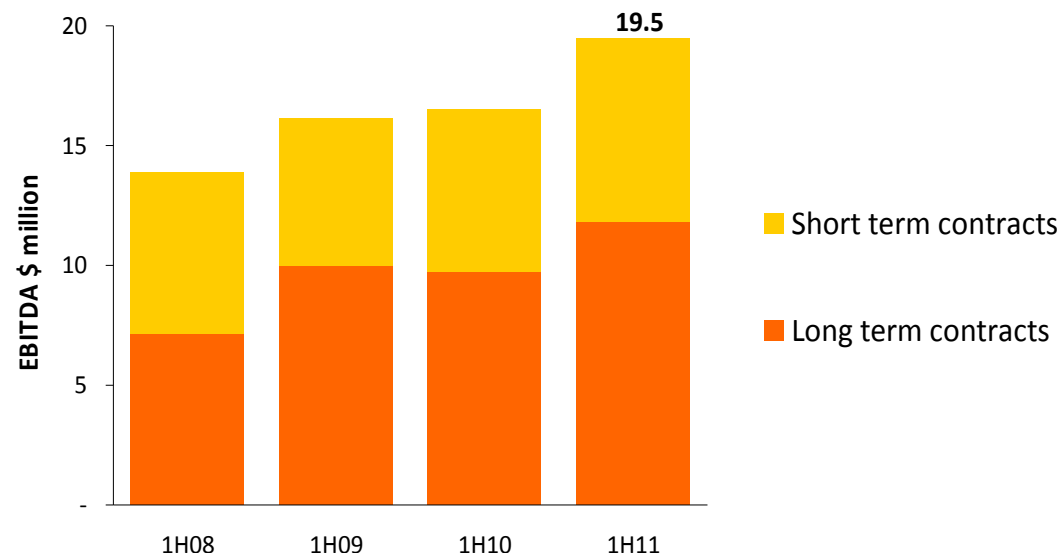
- Amadeus Gas Pipeline access arrangement proposal submitted



Asset Management and Energy Investments

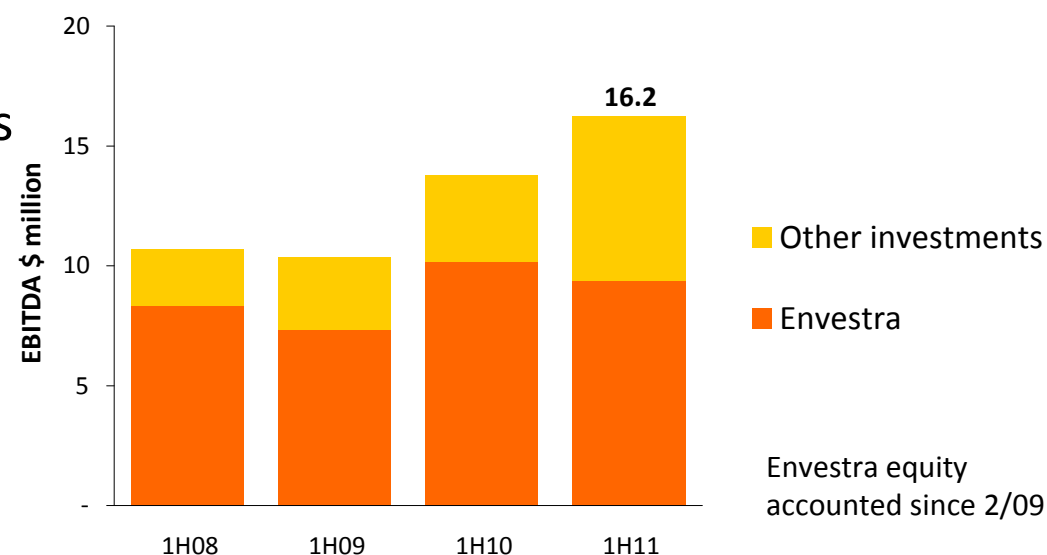
Asset Management

- Increased revenue from Envestra asset management
- Increased third party work
- Added Wagga gas network O&M to Envestra asset management



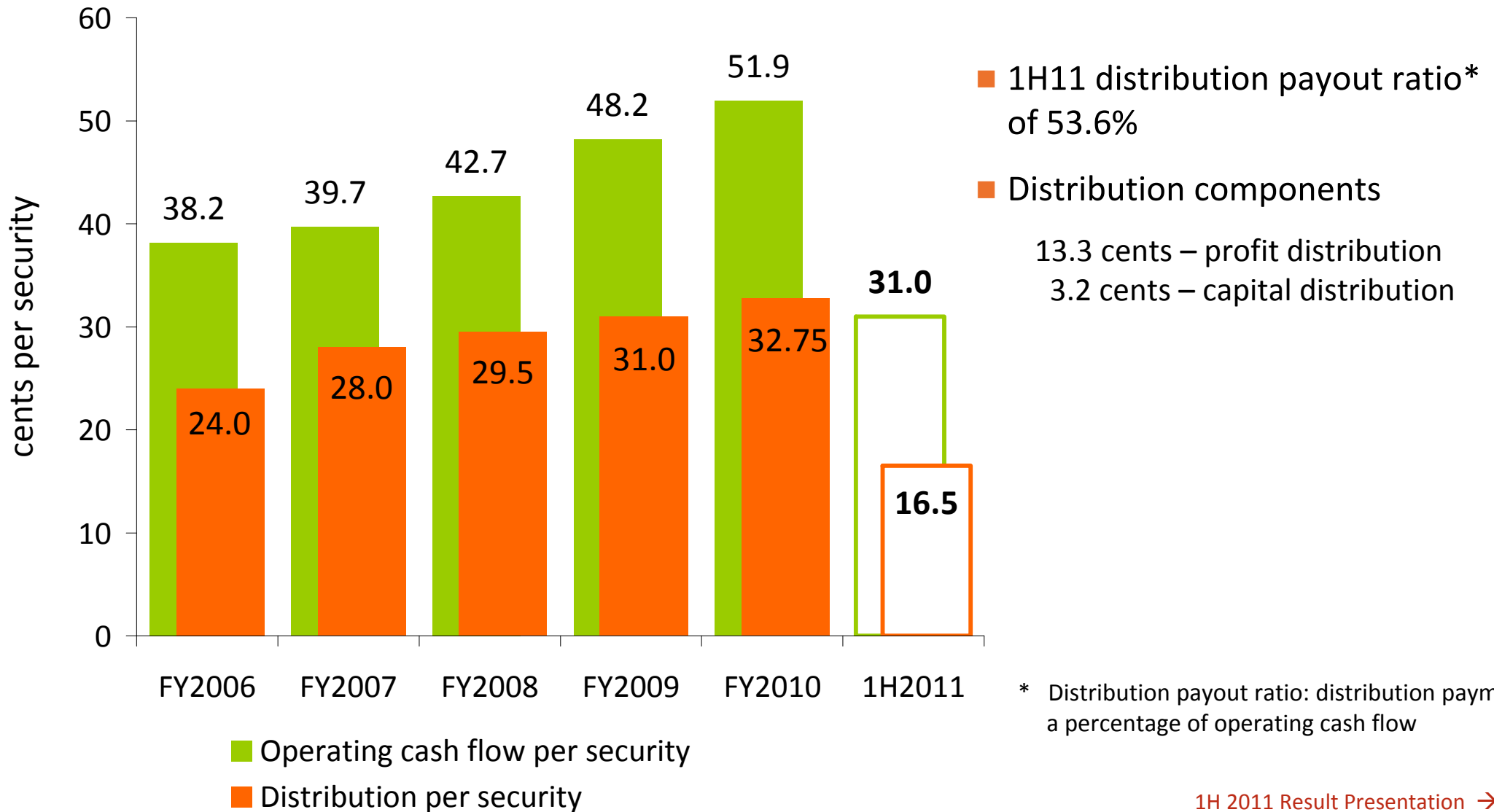
Energy Investments

- Contribution from additional investments
 - Increased investment in Envestra (32.4%)
 - Increased investment in Hastings Diversified Utilities Fund (19.8%)
- Acquired 16.7% SEA Gas interest
 - Overall interest now 50%



Fully covered distributions

On target to deliver distribution growth guidance



Major capital expenditure for 1H11

	1H11 \$ million	Description of 1H11 major projects	1H10 \$ million
Growth capital expenditure			
Regulated			
Victoria Transmission System	13.5	Northern augmentation project	16.6
APA Gas Networks (Qld)	11.6	Includes southern network expansion	8.7
Major Projects			
Queensland expansion	13.2	Roma Brisbane Pipeline lateral; X41 expansion	8.4
New South Wales expansion	28.6	MSP mainline expansion; Young to Wagga looping project	11.4
Western Australia expansion	24.9	Mondarra Gas Storage Facility	9.0
Other	8.0	National finance and customer systems	-
Investment			
Gas pipelines	46.3	Increase in SEA Gas Pipeline interest	-
Listed energy companies	34.8	Increase in Hastings Diversified Utilities Fund and Envestra	10.9
	180.9		65.0
Stay in business capex	6.3		11.6
Total	187.2		76.6

Funding 1H11 growth capital expenditure

	1H11 \$ million	
Growth capital expenditure	181	
Funds		
Free operating cash flow retained in the business (Operating cash flow less distributions and SIB capex)	73	
Existing cash utilised	13	
Cash	86	48%
New equity (Distribution Reinvestment Plan)	35	19%
New debt	60	33%
	181	

Cash retained in the business is used to fund organic growth

Prudent capital management

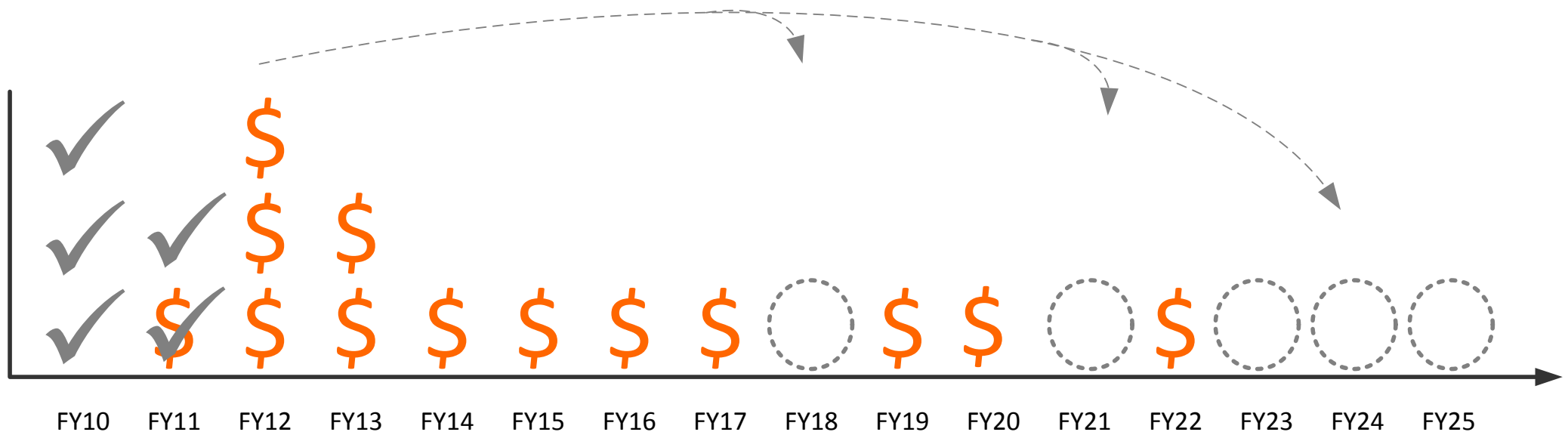
- Cash and committed undrawn facilities of \$340 million at 31 December 2010
 - Reduced debt headroom by cancelling \$412 million undrawn syndicated bank facilities
- 2010 metrics
 - Gearing* of 70.1%, marginally higher compared to 69.8% at 30 June 2010
 - Interest Cover Ratio of 2.1 times, relatively flat to 30 June 2010
 - Average interest rate applying to drawn debt – 7.52%
 - Interest rate exposure fixed or hedged – 78.7%
- \$35 million equity raised through the Distribution Reinvestment Plan
- \$300 million Australian dollar MTN raised in July 2010
 - repaid \$102 million USPP and refinanced existing facilities ahead of maturity to reduce debt costs

* Ratio of Net Debt to Net Debt plus Book Equity.

Capital management strategy

- Managing balance sheet to maintain minimum investment grade credit rating metrics
 - Standard & Poor’s BBB; Moody’s Baa2

- Refinancing program focused on extending debt maturity, diversifying funding sources and reducing borrowing costs
 - Sufficient headroom to refinance debt maturing in FY11
 - Next refinancing obligation in June 2012
 - AMTN and EMTN programs in place for future refinancing





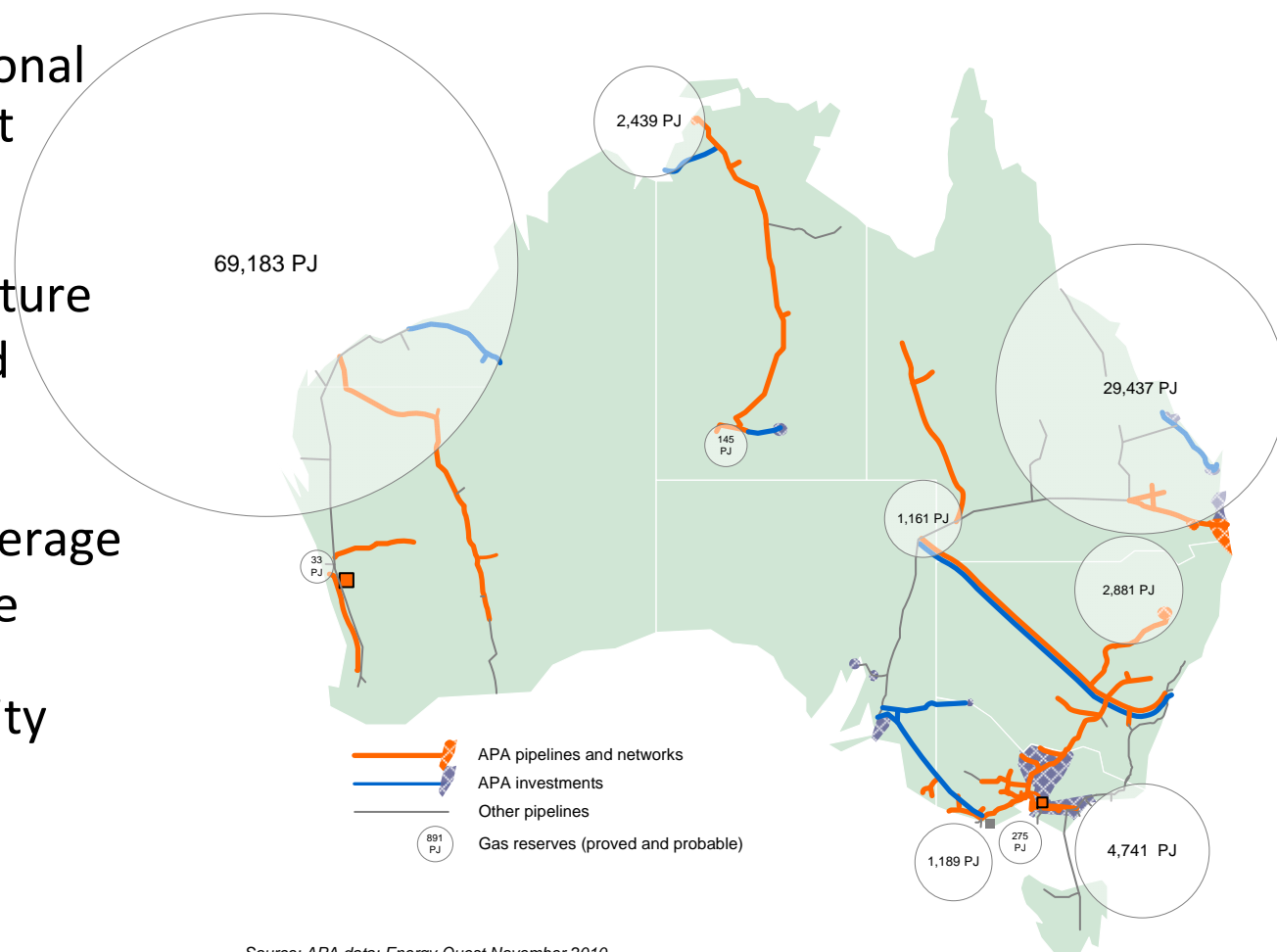
Outlook and guidance

Mick McCormack
Managing Director and CEO

Maintain strategy for profitable growth

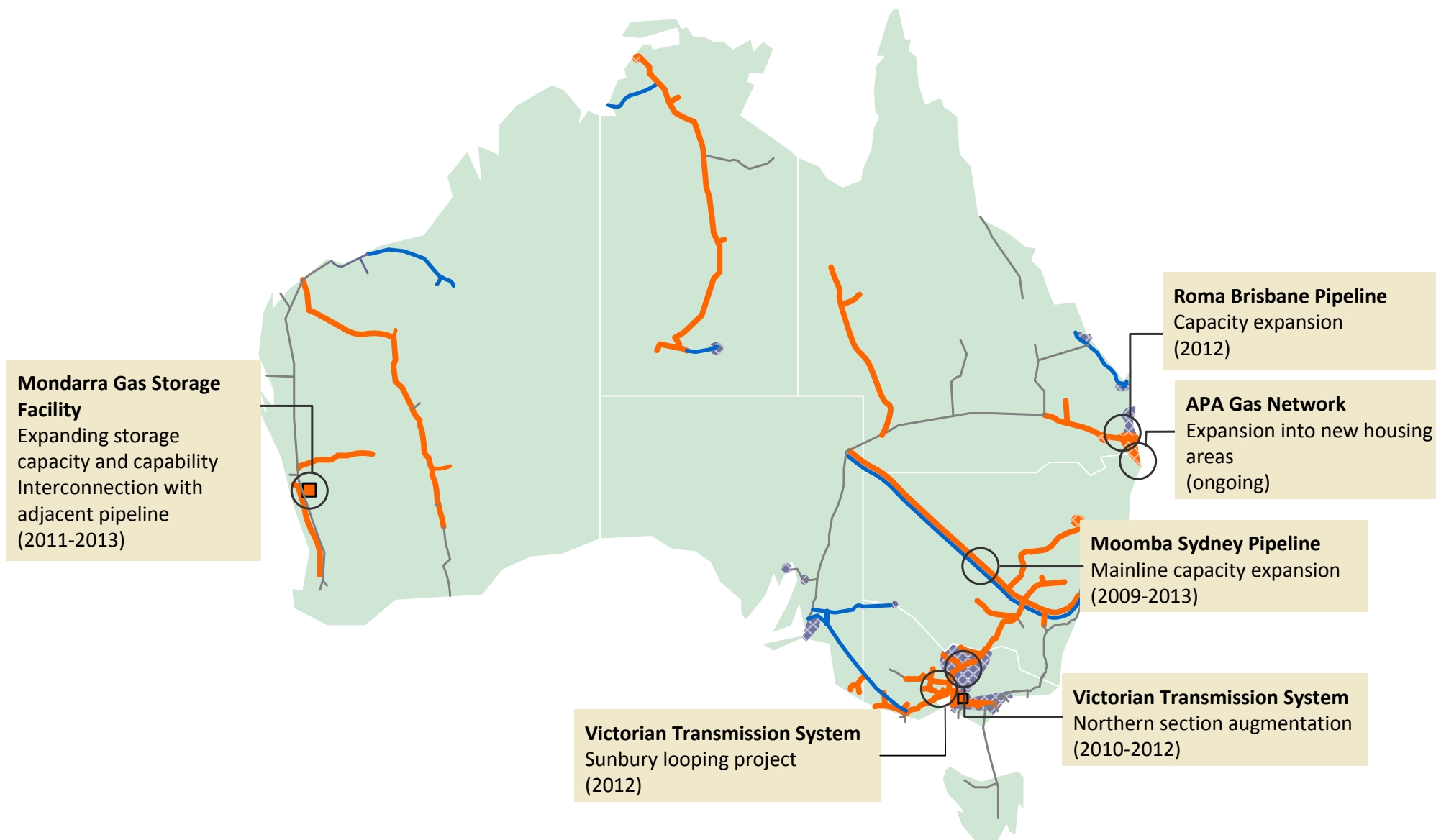
Continue to maximise value for securityholders

- Enhancing APA's portfolio of gas infrastructure assets in Australia's growing gas market
- Capturing revenue and operational synergies from APA's significant asset base
- Leveraging APA's gas infrastructure portfolio to develop gas related projects
- Pursuing opportunities that leverage APA's knowledge and skills base
- Strengthening financial capability



Source: APA data; Energy Quest November 2010

Committed and planned capital projects



Expanding APA's gas infrastructure portfolio

APA growth drivers

Growth drivers

Gas supply and demand

Gas fired power generation

Gas storage

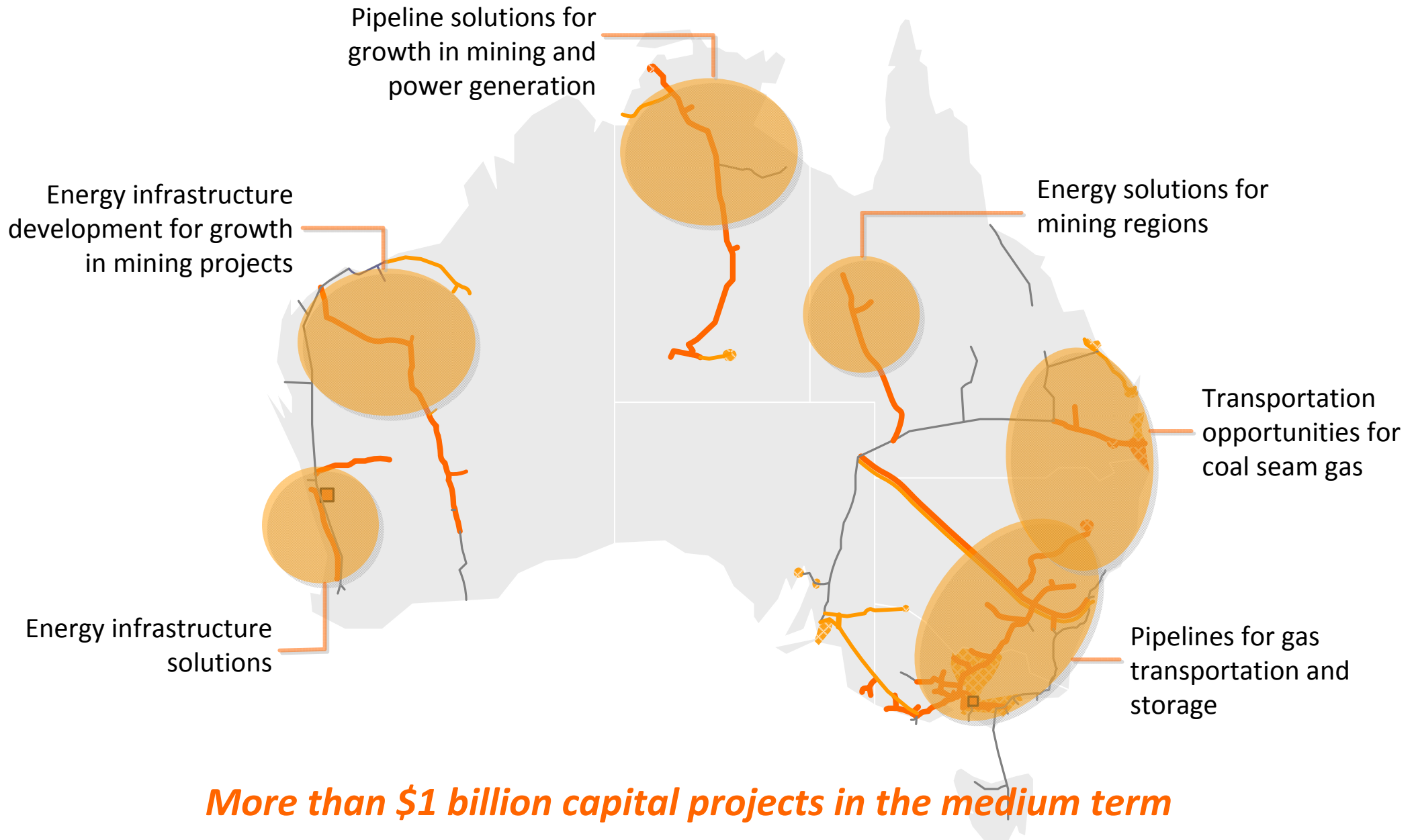
Integrated market

Strategic investment management

Market developments

- Growth in mining projects
- Increasing electricity demand
- Renewable energy projects
- Gas producer contracting strategy
- Energy market integration
- Coal seam gas developments

Long-term organic growth opportunities



More than \$1 billion capital projects in the medium term

Guidance for FY2011

EBITDA guidance revised

- EBITDA – expected towards the upper end of the range of \$480 million to \$490 million

No change to distribution and interest cost guidance

- Distribution – anticipate delivering 5% growth for 2011 full year distribution
- Net interest cost – expected within a range of \$240 million to \$245 million

Delivering value and long term growth

- Consistent financial performance - stability
 - Increasing key measures – operating cash flow, EBITDA and distributions
 - Maintaining cash flow stability and revenue certainty
 - Managing environment of higher borrowing costs
- Long term organic growth – investing for the future
 - Expanding APA’s gas infrastructure portfolio in line with customer demand – adding gas transportation and storage capacity
 - Enhancing APA’s existing portfolio – facilitating gas fired power generation
 - Developing customer solutions in a dynamic energy market – gas related
- Quality APA people and portfolio
 - In-house skills developing the unique growth opportunities available to APA
 - Safety and security of assets – minimal impact from weather events



Supplementary information

APA profile

- APA is Australia's largest natural gas infrastructure business
 - **Gas Transmission and Distribution:** gas pipelines, interconnected gas storage facilities across Australia, and gas distribution networks in Queensland and New South Wales
 - **Asset Management:** provides asset management, operating and maintenance services to the majority of its investments and other third parties
 - **Energy Investments:** minority interests in energy infrastructure investments, including Envestra, SEA Gas Pipeline, Energy Infrastructure Investments, Hastings Diversified Utilities Fund, EII2 (North Brown Hill wind farm) and Ethane Pipeline Income Fund
- APA generates secure cash flows from contractual and regulatory arrangements on its assets
 - with more than 90% of revenue from regulated (natural monopoly) assets and long term contracts
- APA has direct management and operational control over its assets and investments
 - no fee leakage or conflicts that arise with external management model
 - employing over 1,100 skilled and experienced people who perform all commercial, engineering and operations functions for APA's assets and investments

APA delivers more than half of Australia's domestic gas usage

Financials

Key financial ratios

	1H11	1H10
Operating cash flow per security (cents)	31.0	31.6
Weighted average securities on issue (million)	547.8	504.6
Payout ratio	53.6%	50.2%
Earning per security (cents)	12.8	12.6
Interest cover ratio (times)	2.06	2.16
Gearing ratio	70.1%	69.9%
Total assets (\$ million)	5,113	4,792
Net assets (\$ million)	1,432	1,315
Net tangible asset backing per security (\$)	1.34	1.23

Financials

Cash flow

	1H11 \$ million	1H10 \$ million	Change
Operating cash flow	169.8	159.5	6.4 %
Distributions (net of DRP)	57.6	50.6	
Available operating cash flow	112.2	108.9	3.0 %
Operating cash flow per security (cents)	31.0	31.6	(2.0 %)
Distributions per security (cents)	16.5	15.75	4.8 %
Distribution payout ratio	53.6%	50.2%	
Capital expenditure	106.1	65.7	
Investments	81.7	32.9	
Acquisitions	-	-	

Financials

Revenue analysis by business segment

	1H11 \$ million	1H10 \$ million	Change
Gas Transmission and Distribution			
<i>Queensland</i>	83.3	76.8	8.4%
<i>New South Wales</i>	64.3	64.3	0.0%
<i>Victoria & South Australia</i>	79.6	73.8	7.8%
<i>Western Australia & Northern Territory</i>	77.4	78.1	(0.9%)
Gas Transmission and Distribution	304.6	293.0	3.9%
Asset Management	32.1	29.1	10.2%
Energy Investments	16.2	14.2	14.8%
Total segment revenue	352.9	336.3	4.9%
Share of EII2 investment allowance benefit	9.8	-	-
Pass-through revenue	184.9	152.6	21.1%
Unallocated revenue	7.0	7.0	0.7%
Total revenue	554.7	495.9	11.8%

Financials

Total committed debt facilities

Facility	Facility amount	Tenor
2008 Bilateral borrowings ⁽¹⁾	\$165 million	July 2011
2009 Bilateral borrowing ⁽²⁾	\$150 million	August 2014
2007 Syndicated facility ⁽²⁾	\$900 million	June 2012
2009 Syndicated facility ⁽³⁾	\$618 million	2 and 4 year tranches maturing July 2011 and 2013
2003 US private placement ⁽⁴⁾	\$394 million	10, 12 and 15 year tranches maturing September 2013, 2015 and 2018
2007 US private placement	\$811 million	10, 12 and 15 year tranches maturing May 2017, 2019 and 2022
2009 US private placement	\$185 million	7 and 10 year tranches maturing July 2016 and 2019
2010 Medium Term Notes	\$300 million	10 year tranche maturing July 2020

(1) Comprises three facilities, fully drawn to \$145m cash limit. \$20m balance is fully utilised as a bank letter of credit. A refinancing process is underway.

(2) These facilities are fully drawn.

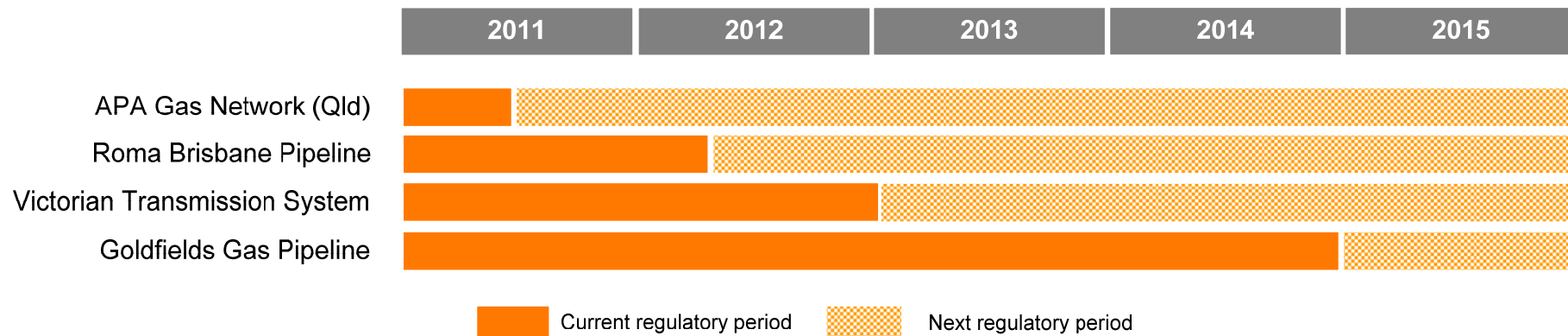
(3) Comprises a \$103m commitment maturing in July 2011 (\$412m of this tranche was cancelled in Dec 2010) and a \$515m commitment maturing in July 2013. Total amount drawn under both tranches at 31 Dec 2010 was \$337 million but subsequently reduced to \$317m in Feb 2011.

(4) \$102m of 7 year Notes were repaid upon maturity on 9 Sep 2010.

Regulatory update

APA's major price regulated assets

Regulatory resets over the next five years



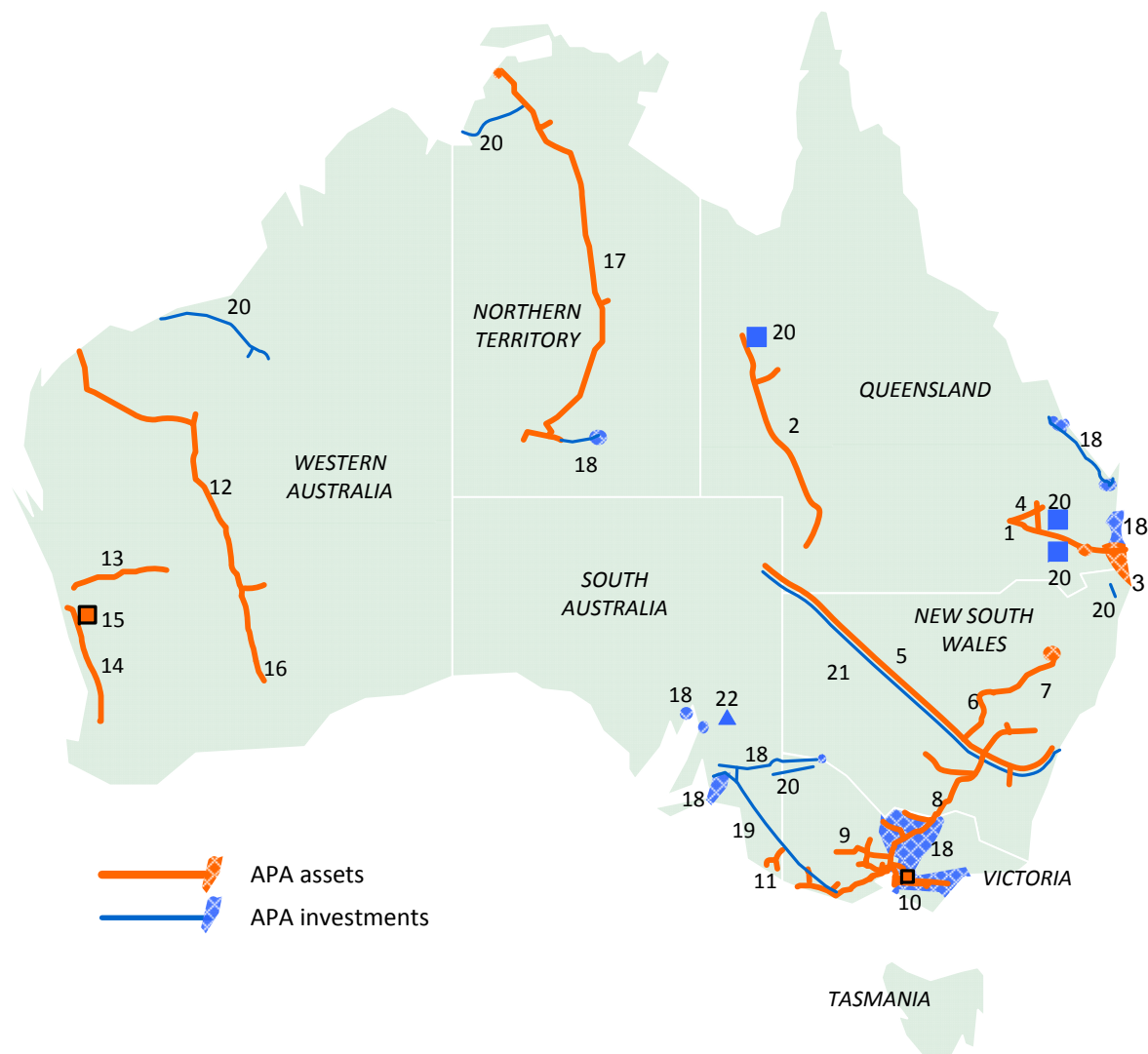
Regulatory resets are spread out over five years, with on average one reset per year

Regulatory resets currently under review

- APA Gas Network (Qld) – AER draft decision released February 2011
- Amadeus Gas Pipeline (NT) – AER draft decision due March 2011

APA asset and investment portfolio

APA Group assets and investments



Gas transmission and distribution
Queensland (1) Roma Brisbane Pipeline (2) Carpentaria Gas Pipeline (3) APA Gas Network (4) Berwyndale to Wallumbilla
New South Wales (5) Moomba Sydney Pipeline (6) Central West Pipeline (7) Central Ranges Pipeline (8) NSW interconnect with Victoria
Victoria (9) Victorian Transmission System (10) Dandenong LNG facility
South Australia (11) SESA Pipeline
Western Australia (12) Goldfields Gas Pipeline (88.2%) (13) Mid West Pipeline (50%) (14) Parmelia Pipeline (15) Mondarra Gas Storage (16) Kalgoorlie Kambalda
Northern Territory (17) Amadeus Gas Pipeline (96%)

Asset Management
Commercial and operational services to: - Energy Infrastructure Investments - Envestra Limited - Ethane Pipeline Income Fund
Operational services to: - SEA Gas Pipeline - other third parties

Energy investments
(18) Envestra Limited (32.4%) Gas distribution networks and pipelines (SA, Vic, Qld, NSW & NT)
(19) SEA Gas Pipeline (50%)
(20) Energy Infrastructure Investments (19.9%) Annuity gas pipelines, electricity transmission, small gas-fired power stations and gas processing plants
(21) Ethane Pipeline Income Fund (6%)
(22) EII2 - North Brown Hill wind farm (20.2%)
Hastings Diversified Utilities Fund (19.8%)

Disclaimer

The information contained in this presentation is given without any liability whatsoever to Australian Pipeline Trust or APT Investment Trust or any of its related entities (collectively “APA Group”) or their respective directors or officers, and is not intended to constitute legal, tax or accounting advice or opinion. No representation or warranty, expressed or implied, is made as to the accuracy, completeness or thoroughness of the content of the information. The recipient should consult with its own legal, tax or accounting advisers as to the accuracy and application of the information contained herein and should conduct its own due diligence and other enquiries in relation to such information.

The information in this presentation has not been independently verified by APA Group. APA Group disclaims any responsibility for any errors or omissions in such information, including the financial calculations, projections and forecasts set forth herein. No representation or warranty is made by or on behalf of APA Group that any projection, forecast, calculation, forward-looking statement, assumption or estimate contained in this presentation should or will be achieved.

Please note that, in providing this presentation, APA Group has not considered the objectives, financial position or needs of the recipient. The recipient should obtain and rely on its own professional advice from its tax, legal, accounting and other professional advisers in respect of the addressee’s objectives, financial position or needs.

This presentation does not carry any right of publication. This presentation is incomplete without reference to, and should be viewed solely in conjunction with, the oral briefing provided by APA Group. Neither this presentation nor any of its contents may be reproduced or used for any other purpose without the prior written consent of APA Group.



For further information contact

Chris Kotsaris

Investor Relations, APA Group

Tel: +61 2 9693 0049

E-mail: chris.kotsaris@apa.com.au

or visit APA's website

www.apa.com.au

Delivering Australia's energy