

Appendix 4B

Half yearly/preliminary final report

Introduced 30/6/2002.

Name of entity

AUSTRALIAN PIPELINE TRUST (“APA”)

ABN or equivalent company reference	Half yearly (tick)	Preliminary final (tick)	Half year/financial year ended ('current period')
21 858 175 226	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Half year ended 31 December 2002

For announcement to the market

Extracts from this report for announcement to the market (see note 1).

\$A'000

Revenues from ordinary activities (<i>item 1.1</i>)	Up	7.08%	to	132,358
Profit (loss) from ordinary activities after tax attributable to members (<i>item 1.22</i>)	Up	12.17%	to	21,286
Profit (loss) from extraordinary items after tax attributable to members (<i>item 2.5(d)</i>)	gain (loss) of		-	
Net profit (loss) for the period attributable to members (<i>item 1.11</i>)	Up	12.17%	to	21,286
Dividends (distributions)	Amount per security	Franked amount per security		
Final dividend (<i>Preliminary final report only - item 15.4</i>)	10.0¢	0.00¢		
Interim dividend (<i>Half yearly report only - item 15.6</i>)	(refer to page 14)			
Previous corresponding period (<i>Preliminary final report - item 15.5; half yearly report - item 15.7</i>)	10.0¢	0.00¢		
+Record date for determining entitlements to the dividend, (in the case of a trust, distribution) (<i>see item 15.2</i>)	14 March 2003			
Brief explanation of any of the figures reported above (see Note 1) and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				

If this is a half yearly report it is to be read in conjunction with the most recent annual financial report.

+ See chapter 19 for defined terms.

Condensed consolidated statement of financial performance

	Current period - \$A'000	Previous corresponding period - \$A'000
1.1 Revenues from ordinary activities (<i>see item 1.24</i>)	132,358	123,609
1.2 Expenses from ordinary activities (<i>see items 1.24 + 1.25 + 2.3</i>)	(73,620)	(69,382)
1.3 Borrowing costs	(31,071)	(29,344)
1.4 Share of net profits (losses) of associates and joint venture entities (<i>see item 16.7</i>)	6,024	5,503
1.5 Profit (loss) from ordinary activities before tax	33,691	30,386
1.6 Income tax on ordinary activities (<i>see note 4</i>)	(12,264)	(11,259)
1.7 Profit (loss) from ordinary activities after tax	21,427	19,127
1.8 Profit (loss) from extraordinary items after tax (<i>see item 2.5</i>)	-	-
1.9 Net profit (loss)	21,427	19,127
1.10 Net profit (loss) attributable to outside ⁺ equity interests	141	150
1.11 Net profit (loss) for the period attributable to members	21,286	18,977
Non-owner transaction changes in equity		
1.12 Increase (decrease) in revaluation reserves	-	-
1.13 Net exchange differences recognised in equity	-	-
1.14 Other revenue, expense and initial adjustments recognised directly in equity (attach details)	-	-
1.15 Initial adjustments from UIG transitional provisions	-	-
1.16 Total transactions and adjustments recognised directly in equity (items 1.12 to 1.15)	-	-
1.17 Total changes in equity not resulting from transactions with owners as owners	21,286	18,977

Earnings per security (EPS)	Current period	Previous corresponding period
1.18 Basic EPS	8.7 cents	7.8 cents
1.19 Diluted EPS	N/A	N/A

+ See chapter 19 for defined terms.

Notes to the condensed consolidated statement of financial performance

Profit (loss) from ordinary activities attributable to members

	Current period - \$A'000	Previous corresponding period - \$A'000
1.20 Profit (loss) from ordinary activities after tax (<i>item 1.7</i>)	21,427	19,127
1.21 Less (plus) outside ⁺ equity interests	141	150
1.22 Profit (loss) from ordinary activities after tax, attributable to members	21,286	18,977

Revenue and expenses from ordinary activities

(see note 15)

	Current period - \$A'000	Previous corresponding period - \$A'000
1.24 Details of revenue and expenses		
Revenue from ordinary activities		
Pipeline transportation revenue	89,842	84,075
Other Pipeline revenue	35,508	32,944
Interest income	6,880	6,510
Other	128	80
	132,358	123,609
Expenses (excl. depreciation & amortisation):		
Pipeline Operating and Mgt. Expenses	21,166	19,721
Other Pipeline Costs:		
Operating Lease – rental expense	7,503	8,793
Gas Pipeline Costs	28,005	24,151
Total Other Pipeline Costs	35,508	32,944
Other expenses from ordinary activities	4,665	3,886
	61,339	56,551
1.25 Depreciation and amortisation excluding amortisation of intangibles (see item 2.3)	11,699	12,249
Capitalised outlays		
1.28 Interest costs capitalised in asset values	210	1,183
1.29 Outlays capitalised in intangibles (unless arising from an ⁺ acquisition of a business)	-	-

+ See chapter 19 for defined terms.

Consolidated retained profits

	Current period - \$A'000	Previous corresponding period - \$A'000
1.30 Retained profits (accumulated losses) at the beginning of the financial period	769	1,488
1.33 Net effect of changes in accounting policies (refer to 19.5)	15,860	-
Adjusted retained profits at the beginning of the financial period	16,629	1,488
1.31 Net profit (loss) attributable to members (item 1.11)	21,286	18,977
1.32 Net transfers from (to) reserves (details if material)	-	-
1.34 Distribution paid – final 2002 (refer to 19.5)	(15,860)	-
Distribution paid – interim	(7,320)	(7,320)
Distribution provided – interim	-	(7,320)
1.35 Retained profits (accumulated losses) at end of financial period	14,735	5,825

Intangible and extraordinary items

		<i>Consolidated – current period</i>			
		Before tax \$A'000	Related tax \$A'000	Related outside +equity interests \$A'000	Amount (after tax) attributable to members \$A'000
		(a)	(b)	(c)	(d)
2.1	Amortisation of goodwill	232	-	-	232
2.2	Amortisation of other intangibles	350	-	-	350
2.3	Total amortisation of intangibles	582	-	-	582
2.4	Extraordinary items (details)	-	-	-	-
2.5	Total extraordinary items	-	-	-	-

+ See chapter 19 for defined terms.

Comparison of half year profits

(Preliminary final report only)

	Current year - \$A'000	Previous year - \$A'000
3.1 Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the <i>1st</i> half year (item 1.22 in the half yearly report)	N/A	N/A
3.2 Consolidated profit (loss) from ordinary activities after tax attributable to members for the <i>2nd</i> half year	N/A	N/A

+ See chapter 19 for defined terms.

Condensed consolidated statement of financial position		At end of current period \$A'000 (Dec. 2002)	As shown in last annual report \$A'000 (June 2002)	As in last half yearly report \$A'000 (Dec. 2001)
Current assets				
4.1	Cash	14,572	15,691	12,366
4.2	Receivables	17,746	17,810	25,286
4.4	Inventories	95	66	175
	Current tax assets	-	-	-
4.6	Other - prepayments	700	1,005	757
4.7	Total current assets	33,113	34,572	38,584
Non-current assets				
4.8	Receivables	260	253	313
4.9	Investments (equity accounted)	130,564	130,240	130,205
4.14	Other property, plant and equipment (net)	1,229,711	1,232,010	1,236,481
4.15	Intangibles (net)	7,934	8,516	9,098
4.16	Tax assets - FITB	5,698	7,176	7,279
4.17	Other – deferred expenditure	3,407	4,102	4,874
4.18	Total non-current assets	1,377,574	1,382,297	1,388,250
4.19	Total assets	1,410,687	1,416,869	1,426,834
Current liabilities				
4.20	Payables	51,378	49,853	60,735
4.21	Interest bearing liabilities	220	209	180
4.22	Current tax liabilities	-	1	1
4.23	Provisions exc. tax liabilities	1,165	17,266	13,000
4.24	Other – unearned revenue	3,587	7,316	4,059
4.25	Total current liabilities	56,350	74,645	77,975
Non-current liabilities				
4.26	Payables	-	-	-
4.27	Interest bearing liabilities	749,071	756,025	763,459
4.28	Tax liabilities	156,823	146,853	136,055
4.29	Provisions exc. tax liabilities	227	131	108
4.30	Other – unearned revenue	402	468	549
4.31	Total non-current liabilities	906,523	903,477	900,171
4.32	Total liabilities	962,873	978,122	978,146
4.33	Net assets	447,814	438,747	448,688

The interim distribution declared on 5 March 2003 has not been included as a provision in the condensed consolidated statement of financial position because the distribution was declared after the balance date. This is in accordance with AASB 1044 “Provisions, Contingent Liabilities and Contingent Assets” which became effective on 1 July 2002.

+ See chapter 19 for defined terms.

Condensed consolidated statement of financial position continued

	Equity			
4.34	Capital (Refer 18.4)	474,787	474,787	474,787
	Capital Distributions – cumulative	(41,724)	(36,844)	(31,964)
	Capital at period end	433,063	437,943	442,823
4.35	Reserves	-	-	-
4.36	Retained profits (accumulated losses)	14,735	769	5,825
4.37	Equity attributable to members of the parent entity	447,798	438,712	448,648
4.38	Outside ⁺ equity interests in controlled entities	16	35	40
4.39	Total equity	447,814	438,747	448,688
4.40	Preference capital included as part of 4.33	-	-	-

Notes to the condensed consolidated statement of financial position

Exploration and evaluation expenditure capitalised

(To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred.)

	Current period \$A'000	Previous corresponding period - \$A'000
5.1	Opening balance	N/A
5.2	Expenditure incurred during current period	N/A
5.3	Expenditure written off during current period	N/A
5.4	Acquisitions, disposals, revaluation increments, etc.	N/A
5.5	Expenditure transferred to Development Properties	N/A
5.6	Closing balance as shown in the consolidated balance sheet (item 4.12)	N/A

+ See chapter 19 for defined terms.

Development properties

(To be completed only by entities with mining interests if amounts are material)

	Current period \$A'000	Previous corresponding period - \$A'000
6.1 Opening balance	N/A	N/A
6.2 Expenditure incurred during current period	N/A	N/A
6.3 Expenditure transferred from exploration and evaluation	N/A	N/A
6.4 Expenditure written off during current period	N/A	N/A
6.5 Acquisitions, disposals, revaluation increments, etc.	N/A	N/A
6.6 Expenditure transferred to mine properties	N/A	N/A
6.7 Closing balance as shown in the consolidated balance sheet (item 4.13)	N/A	N/A

+ See chapter 19 for defined terms.

Condensed consolidated statement of cash flows

		Current period \$A'000	Previous corresponding period - \$A'000
Cash flows related to operating activities			
7.1	Receipts from customers	138,309	129,861
7.2	Payments to suppliers and employees	(69,202)	(67,926)
7.3	Dividends received from associates	5,701	5,050
7.5	Interest and other items of similar nature received	268	183
7.6	Interest and other costs of finance paid	(27,269)	(25,200)
7.7	Income taxes paid	(756)	(489)
7.9	Net operating cash flows	47,051	41,479
Cash flows related to investing activities			
7.10	Payment for purchases of property, plant and equipment	(12,900)	(42,722)
7.11	Proceeds from sale of property, plant and equipment	122	35
7.12	Payment for purchases of equity investments	-	-
7.13	Proceeds from sale of equity investments	-	-
7.17	Net investing cash flows	(12,778)	(42,687)
Cash flows related to financing activities			
7.19	Proceeds from borrowings	1,071,000	1,083,500
7.20	Repayment of borrowings	(1,078,113)	(1,055,119)
7.21	Dividends paid	(28,279)	(27,044)
7.22	Other – payment for issue cost	-	-
7.22	Other – excess allotment	-	-
7.23	Net financing cash flows	(35,392)	1,337
7.24	Net increase (decrease) in cash held	(1,119)	129
7.25	Cash at beginning of period (see Reconciliation of cash)	15,691	12,237
7.26	Exchange rate adjustments to item 7.25.	-	-
7.27	Cash at end of period (see Reconciliation of cash)	14,572	12,366

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. (If an amount is quantified, show comparative amount.)

N/A

+ See chapter 19 for defined terms.

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period \$A'000	Previous corresponding period - \$A'000
8.1 Cash on hand and at bank	9,455	5,711
8.2 Deposits at call	5,117	6,655
8.3 Bank overdraft	-	-
8.4 Other (provide details)	-	-
8.5 Total cash at end of period (item 7.27)	14,572	12,366

Other notes to the condensed financial statements

Ratios	Current period	Previous corresponding period
9.1 Profit before tax / revenue Consolidated profit (loss) from ordinary activities before tax (item 1.5) as a percentage of revenue (item 1.1)	25.45%	24.58%
9.2 Profit after tax / ⁺equity interests Consolidated net profit (loss) from ordinary activities after tax attributable to members (item 1.11) as a percentage of equity (similarly attributable) at the end of the period (item 4.37)	4.75%	4.23%

+ See chapter 19 for defined terms.

Earnings per security (EPS)

10. Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of AASB 1027: *Earnings Per Share* are as follows.

	Current period	Previous corresponding period
(a) Net profit attributable to unitholders (\$'000)	21,286	18,977
(b) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	244,000,000	244,000,000

NTA backing
(see note 7)

	Current period	Previous corresponding period
11.1 Net tangible asset backing per ⁺ ordinary security	1.80*	1.80*

* The Net Tangible Asset backing reflects the return of capital included in the interim distribution.

Discontinuing Operations

(Entities must report a description of any significant activities or events relating to discontinuing operations in accordance with paragraph 7.5 (g) of AASB 1029: Interim Financial Reporting, or, the details of discontinuing operations they have disclosed in their accounts in accordance with AASB 1042: Discontinuing Operations (see note 17).)

12.1 Discontinuing Operations

N/A

+ See chapter 19 for defined terms.

Control gained over entities having material effect

13.1 Name of entity (or group of entities)	N/A
13.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was ⁺ acquired	\$N/A
13.3 Date from which such profit has been calculated	\$N/A
13.4 Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	\$N/A

Loss of control of entities having material effect

14.1 Name of entity (or group of entities)	N/A
14.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	\$N/A
14.3 Date to which the profit (loss) in item 14.2 has been calculated	N/A
14.4 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	\$N/A
14.5 Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	\$N/A

Dividends (in the case of a trust, distributions)

15.1 Date the dividend (distribution) is payable	31 March 2003
15.2 ⁺ Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if ⁺ securities are not ⁺ CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if ⁺ securities are ⁺ CHESS approved)	14 March 2003
15.3 If it is a final dividend, has it been declared? <i>(Preliminary final report only)</i>	N/A

⁺ See chapter 19 for defined terms.

Amount per security

		Amount per security	Franked amount per security at 0% tax (see note 4)	Amount per security of foreign source dividend
15.4	<i>(Preliminary final report only)</i> Final dividend: Current year	N/A¢	N/A¢	N/A¢
15.5	Previous year	N/A¢	N/A¢	N/A¢
15.6	<i>(Half yearly and preliminary final reports)</i> Interim dividend: Current year	10.0¢*	-	-
15.7	Previous year	10.0¢	-	-

* Refer page 14 for details.

Total dividend (distribution) per security (interim plus final)

(Preliminary final report only)

	Current year	Previous year
15.8 +Ordinary securities	N/A¢	N/A¢
15.9 Preference +securities	N/A¢	N/A¢

**Half yearly report - interim dividend (distribution) on all securities or
Preliminary final report - final dividend (distribution) on all securities**

	Current period \$A'000	Previous corresponding period - \$A'000
15.10 +Ordinary securities <i>(each class separately)</i>	24,400	24,400
15.11 Preference +securities <i>(each class separately)</i>	N/A	N/A
15.12 Other equity instruments <i>(each class separately)</i>	N/A	N/A
15.13 Total	24,400	24,400

The +dividend or distribution plans shown below are in operation.

The Directors have not activated the Dividend Reinvestment Plan at the present time and it will remain suspended until the Directors consider it appropriate to implement.
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The last date(s) for receipt of election notices for the +dividend or distribution plans

N/A

+ See chapter 19 for defined terms.

Any other disclosures in relation to dividends (distributions). *(For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting)*

The distribution reflected in item 15.6 represents the first interim distribution of 5.0 cents per unit comprising of 2.0 cents per unit of capital distribution and 3.0 per unit of unfranked income distribution paid on 20 December 2002. In addition, the directors have declared a second interim distribution of 5.0 cents per unit comprising of 2.0 cents per unit of capital distribution and 3.0 cents per unit of unfranked income distribution, which will be paid on 31 March 2003.

In accordance with AASB 1044 "Provisions, Contingent Liabilities & Contingent Assets" which became effective on 1 July 2002, this second interim distribution has not been reflected as a provision in the condensed consolidated statement of financial position as at 31 December 2002 as it was declared by the directors of the Responsible Entity after the balance date.

Details of aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	Current period \$A'000	Previous corresponding period - \$A'000
16.1 Profit (loss) from ordinary activities before tax	8,912	8,120
16.2 Income tax on ordinary activities	(2,888)	(2,617)
16.3 Profit (loss) from ordinary activities after tax	6,024	5,503
16.4 Extraordinary items net of tax	-	-
16.5 Net profit (loss)	6,024	5,503
16.6 Adjustments	-	-
16.7 Share of net profit (loss) of associates and joint venture entities	6,024	5,503

+ See chapter 19 for defined terms.

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. *(If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy").)*

<i>Name of entity</i>	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) (<i>item 1.9</i>)	
	Current period	Previous corresponding period	Current period \$A'000	Previous corresponding period - \$A'000
17.1 Equity accounted associates and joint venture entities				
SCP Investments (No. 1) Pty Ltd	45%	45%	6,024	5,503
17.2 Total			6,024	5,503
17.3 Other material interests	N/A	N/A	N/A	N/A
17.4 Total				

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current period

(Description must include rate of interest and any redemption or conversion rights together with prices and dates)

Category of +securities	Total number	Number quoted	Issue price per security (see note 14) (cents)	Amount paid up per security (see note 14) (cents)
18.1 Preference +securities (description)	N/A	N/A	N/A	N/A
18.2 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions	N/A	N/A	N/A	N/A
18.3 +Ordinary securities	244,000,000	244,000,000	\$2.00	-
18.4 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks	- -	-	-	\$1.829
18.5 +Convertible debt securities (description and conversion factor)	N/A	N/A	N/A	N/A
18.6 Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted	N/A	N/A	N/A	N/A
18.7 Options (description and conversion factor)	N/A	N/A	Exercise price	Expiry date (if any)
			N/A	N/A
18.8 Issued during current period	N/A	N/A	N/A	N/A
18.9 Exercised during current period	N/A	N/A	N/A	N/A
18.10 Expired during current period	N/A	N/A	N/A	N/A

+ See chapter 19 for defined terms.

Category of ⁺ securities	Total number	Number quoted	Issue price per security (see note 14) (cents)	Amount paid up per security (see note 14) (cents)
18.11 Debentures (<i>description</i>)				
18.12 Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted	N/A	N/A		
18.13 Unsecured notes (<i>description</i>)				
18.14 Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted	N/A	N/A		

Segment reporting

(Information on the business and geographical segments of the entity must be reported for the current period in accordance with AASB 1005: *Segment Reporting* and for half year reports, AASB 1029: *Interim Financial Reporting*. Because entities employ different structures a pro forma cannot be provided. Segment information in the layout employed in the entity's ⁺accounts should be reported separately and attached to this report.)

The Trust operates predominantly in one business segment, being gas transmission infrastructure, and one geographical segment, being Australia. The Trust earns revenue by selling transportation and related services to the producers, consumers and aggregators of gas.

Comments by directors

(Comments on the following matters are required by ASX or, in relation to the half yearly report, by AASB 1029: *Interim Financial Reporting*. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) and may be incorporated into the directors' report and statement. For both half yearly and preliminary final reports, if there are no comments in a section, state NIL. If there is insufficient space to comment, attach notes to this report.)

Basis of financial report preparation

19.1 *If this report is a half yearly report, it is a general purpose financial report prepared in accordance with the listing rules and AASB 1029: Interim Financial Reporting. It should be read in conjunction with the last ⁺annual report and any announcements to the market made by the entity during the period. The financial statements in this report are "condensed financial statements" as defined in AASB 1029: Interim Financial Reporting. This report does not include all the notes of the type normally included in an annual financial report.*

⁺ See chapter 19 for defined terms.

- 19.2 Material factors affecting the revenues and expenses of the economic entity for the current period. In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations.

During the period under review, APA continued to make progress on the results and achievements of the previous periods in spite of the difficult external trading environment. The net profit after tax and minorities increased by 12.2% from \$18.977 million in the previous corresponding period (“pcp”) to \$21.286 million in the current period. The improved result was an outcome of both increases in revenue and effective control over costs.

The revenue from ordinary activities increased by 7.1% from \$123.609 million in the pcp to \$132.358 million. The Pipeline transportation revenue (which excludes passthrough, interest and other revenues) increased by 6.9%. The factors contributing to the enhanced revenue are as follows:

- Returns generated from capital expansion programmes undertaken in the earlier financial periods on the Roma to Brisbane pipeline (“RBP”), particularly in the form of looping stage V, which supplies gas to C S Energy’s combined cycle gas turbine power station at Swanbank.
- Increased throughput in the Carpenteria pipeline across a range of customers.
- Compensation received from AGL Gas Trading Pty Ltd for termination of the contract on the Westlime lateral of \$1.730 million. This settlement covered all of the costs associated with the closure of this lateral including its write off. No net profit/loss was realised on this transaction.

The share of net profit from associates increased by 9.5% from \$5.503 million in the pcp to \$6.024 million as a result of higher underlying revenues.

The expenses from ordinary activities increased by 6.1% from \$69.382 million in the pcp to \$73.620 million in the current period. Upon excluding Other pipeline costs (which are passthrough in nature) the increase in expenses were in the order of 4.6% from \$36.438 million in pcp to \$38.112 million in the current period. Part of this increase is attributable to the write down in recoverable value of the Westlime lateral and other costs in relation to capacity enhancements.

The borrowing costs increased by 5.9% from \$29.344 million in the pcp to \$31.071 million due to a general increase in external interest rates and additional borrowings to support capacity expansion.

APA invested \$10.970 million on additional capital expenditure during the period on looping stage VI of the RBP and compressor installation on the Carpenteria pipeline.

+ See chapter 19 for defined terms.

19.2 continued

SEASONAL FACTORS

Gas transmission is a seasonal industry with the transportation in winter months (first half of the financial year) being higher than the summer months.

However, the firm long term contracts which have been entered into by APA (such as the Gas Transmission Deed), limit the level of variability in relation to revenues and operating profits.

INCOME TAX EXPENSE:

The Income Tax Expense shown at item 1.6 varies by more than 15% from the prima facie tax payable on Profit from ordinary activities before tax for the period, primarily due to non-deductibility of infrastructure bond interest expense of \$3.306 million and the non-deductibility of certain depreciation and amortisation charges arising mainly from the fair valuing of assets on acquisitions of \$4.225 million.

- 19.3 A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

A second interim distribution relating to the six month period ending on 31 December 2002 of 5 cents per unit comprising of 3 cents unfranked income distribution and 2 cents per unit capital distribution was declared by the Directors on 5 March 2003. This distribution has not been reflected as a provision in the condensed consolidated statement of financial position in accordance with AASB 1044 "Provisions, Contingent Liabilities & Contingent Assets" which became effective on 1 July 2002.

On 4 March 2003, APA announced the acquisition, of TransAlta Energy Corporation's effective interest in Goldfields Gas Transmission Pipeline ('GGT'). This takes APA's effective interest in GGT to 48.5%. The acquisition comes into operation from 1 January 2003. The total transaction costs are expected to be \$25 million.

- 19.4 Franking credits available and prospects for paying fully or partly franked dividends for at least the next year.

As at 31 December 2002 \$1,119,209 of franking credits calculated on tax paid basis in accordance with the New Business Tax System (Imputation) Act 2002 are available.

As indicated earlier, APA is not expected to pay significant franked distributions during the current financial year.

As per current forecasts, it is anticipated that APA will pay partly franked distributions during the next financial year, principally out of franking credits arising in that period.

+ See chapter 19 for defined terms.

- 19.5 Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows. (Disclose changes and differences in the half yearly report in accordance with *AASB 1029: Interim Financial Reporting*. Disclose changes in accounting policies in the preliminary final report in accordance with *AASB 1001: Accounting Policies-Disclosure*).

The second interim distribution of \$12.200 million relating to the six month period ending on 31 December 2002 has not been included as a provision in the condensed consolidated statement of financial position because the distribution was declared after balance date. This is in accordance with AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" which became effective on 1 July 2002.

Opening retained profits at the beginning of the financial period has been increased by \$15.860 million in accordance with the above change in accounting policy. This amount represents the final distribution for the year ended 30 June 2002 that was declared by the directors after balance date. Accordingly, this final distribution is included in line 1.34 as a current period appropriation of retained profits.

- 19.6 Revisions in estimates of amounts reported in previous interim periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous +annual reports if those revisions have a material effect in this half year.

N/A

- 19.7 Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last + annual report.

No material changes in contingent liabilities have occurred since the last annual report.

+ See chapter 19 for defined terms.

Additional disclosure for trusts

20.1 Number of units held by the management company or responsible entity or their related parties.

73,200,000 units

20.2 A statement of the fees and commissions payable to the management company or responsible entity.

Identify:

- initial service charges
- management fees
- other fees

A management fee of \$0.06 million has been paid to the Responsible Entity of APA.

Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place

N/A

Date

N/A

Time

N/A

Approximate date the ⁺annual report will be available

N/A

Compliance statement

1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX (see note 12).

Identify other standards used

2 This report, and the ⁺accounts upon which the report is based (if separate), use the same accounting policies.

3 This report does/does not* (*delete one*) give a true and fair view of the matters disclosed (see note 2).

⁺ See chapter 19 for defined terms.

- 4 This report is based on ⁺accounts to which one of the following applies.
(Tick one)
- | | | | |
|--------------------------|---|-------------------------------------|---|
| <input type="checkbox"/> | The ⁺ accounts have been audited. | <input checked="" type="checkbox"/> | The ⁺ accounts have been subject to review. |
| <input type="checkbox"/> | The ⁺ accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The ⁺ accounts have <i>not</i> yet been audited or reviewed. |
- 5 If the audit report or review by the auditor is not attached, details of any qualifications are attached/will follow immediately they are available* (*delete one*). (*Half yearly report only - the audit report or review by the auditor must be attached to this report if this report is to satisfy the requirements of the Corporations Act.*)
- 6 The entity has a formally constituted audit committee.

Sign here: Date:5 March 2003.....
(Director/Company Secretary)



Print name:George Bennett.....

Notes

- For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show whether the change was up or down. If changes in accounting policies or procedures have had a material effect on reported figures, do not show either directional or percentage changes in profits. Explain the reason for the omissions in the note at the end of the announcement section. Entities are encouraged to attach notes or fuller explanations of any significant changes to any of the items in page 1. The area at the end of the announcement section can be used to provide a cross reference to any such attachment.
- True and fair view** If this report does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the entity must attach a note providing additional information and explanations to give a true and fair view.

⁺ See chapter 19 for defined terms.

3. **Condensed consolidated statement of financial performance**

Item 1.1 The definition of “revenue” and an explanation of “ordinary activities” are set out in *AASB 1004: Revenue*, and *AASB 1018: Statement of Financial Performance*.

Item 1.6 This item refers to the total tax attributable to the amount shown in item 1.5. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as expenses from ordinary activities (eg, fringe benefits tax).

4. **Income tax** If the amount provided for income tax in this report differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts. The rate of tax applicable to the franking amount per dividend should be inserted in the heading for the column “Franked amount per security at % tax” for items 15.4 to 15.7.

5. **Condensed consolidated statement of financial position**

Format The format of the consolidated statement of financial position should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 1029: Interim Financial Reporting*, and *AASB 1040: Statement of Financial Position*. Also, banking institutions, trusts and financial institutions may substitute a clear liquidity ranking for the Current/Non-Current classification.

Basis of revaluation If there has been a material revaluation of non-current assets (including investments) since the last ⁺annual report, the entity must describe the basis of revaluation adopted. The description must meet the requirements of *AASB 1010: Accounting for the Revaluation of Non-Current Assets*. If the entity has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required.

6. **Condensed consolidated statement of cash flows** For definitions of “cash” and other terms used in this report see *AASB 1026: Statement of Cash Flows*. Entities should follow the form as closely as possible, but variations are permitted if the directors (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 1026*. ⁺Mining exploration entities may use the form of cash flow statement in Appendix 5B.
7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the ⁺ordinary securities (ie, all liabilities, preference shares, outside ⁺equity interests etc). ⁺Mining entities are *not* required to state a net tangible asset backing per ⁺ordinary security.
8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the ⁺accounts. Details must include the contribution for each gain or loss that increased or decreased the entity’s consolidated profit (loss) from ordinary activities and extraordinary items after tax by more than 5% compared to the previous corresponding period.
9. **Rounding of figures** This report anticipates that the information required is given to the nearest \$1,000. If an entity reports exact figures, the \$A’000 headings must be amended. If

⁺ See chapter 19 for defined terms.

an entity qualifies under ASIC Class Order 98/0100 dated 10 July 1998, it may report to the nearest million dollars, or to the nearest \$100,000, and the \$A'000 headings must be amended.

10. **Comparative figures** Comparative figures are to be presented in accordance with *AASB 1018* or *AASB 1029 Interim Financial Reporting* as appropriate and are the unadjusted figures from the latest annual or half year report as appropriate. However, if an adjustment has been made in accordance with an accounting standard or other reason or if there is a lack of comparability, a note explaining the position should be attached. For the statement of financial performance, *AASB 1029 Interim Financial Reporting* requires information on a year to date basis in addition to the current interim period. Normally an Appendix 4B to which *AASB 1029 Interim Financial Reporting* applies would be for the half year and consequently the information in the current period is also the year to date. If an Appendix 4B Half yearly version is produced for an additional interim period (eg because of a change of reporting period), the entity must provide the year to date information and comparatives required by *AASB 1029 Interim Financial Reporting*. This should be in the form of a multi-column version of the consolidated statement of financial performance as an attachment to the additional Appendix 4B.
11. **Additional information** An entity may disclose additional information about any matter, and must do so if the information is material to an understanding of the reports. The information may be an expansion of the material contained in this report, or contained in a note attached to the report. The requirement under the listing rules for an entity to complete this report does not prevent the entity issuing reports more frequently. Additional material lodged with the +ASIC under the Corporations Act must also be given to ASX. For example, a director's report and declaration, if lodged with the +ASIC, must be given to ASX.
12. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if one exists) must be complied with.
13. **Corporations Act financial statements** This report may be able to be used by an entity required to comply with the Corporations Act as part of its half-year financial statements if prepared in accordance with Australian Accounting Standards.
14. **Issued and quoted securities** The issue price and amount paid up is not required in items 18.1 and 18.3 for fully paid securities.
15. **Details of expenses** *AASB 1018* requires disclosure of expenses from ordinary activities according to either their nature or function. For foreign entities, there are similar requirements in other accounting standards accepted by ASX. *AASB ED 105* clarifies that the disclosures required by *AASB 1018* must be either *all* according to nature or *all* according to function. Entities must disclose details of expenses using the layout (by nature or function) employed in their +accounts.

The information in lines 1.23 to 1.27 may be provided in an attachment to Appendix 4B.

Relevant Items *AASB 1018* requires the separate disclosure of specific revenues and expenses which are not extraordinary but which are of a size, nature or incidence that disclosure is *relevant* in explaining the financial performance of the reporting entity. The term "relevance" is defined in *AASB 1018*. There is an equivalent requirement in *AASB 1029: Interim Financial Reporting*. For foreign entities, there are similar requirements in other accounting standards accepted by ASX.

+ See chapter 19 for defined terms.

16 Dollars If reporting is not in A\$, all references to \$A must be changed to the reporting currency. If reporting is not in thousands of dollars, all references to “000” must be changed to the reporting value.

17. Discontinuing operations

Half yearly report

All entities must provide the information required in paragraph 12 for half years beginning on or after 1 July 2001.

Preliminary final report

Entities must either provide a description of any significant activities or events relating to discontinuing operations equivalent to that required by paragraph 7.5 (g) of *AASB 1029: Interim Financial Reporting*, or, the details of discontinuing operations they are required to disclose in their ⁺accounts in accordance with *AASB 1042 Discontinuing Operations*.

In any case the information may be provided as an attachment to this Appendix 4B.

18. Format

This form is a Word document but an entity can re-format the document into Excel or similar applications for submission to the Companies Announcements Office in ASX.

⁺ See chapter 19 for defined terms.