

Dear Unitholder,

Welcome to the first edition of our newsletter – "In the Pipeline." Through this newsletter we will keep you informed on the latest developments at the Trust. In this edition we are proud to announce the profit result for our first six months as a listed Unit Trust, and include your distribution payment advice.

On 2 March we announced our results for the first six months to 31 December 2000. Details are set out below. Prior to listing, the Trust forecast a profit of \$24.4m for the year to 30 June 2001. As you will see, we are well on the way to meeting, if not exceeding, the forecast. More importantly, we have announced a second quarterly distribution of 5 cents per unit. This brings the distribution for the half year to 11 cents per unit (including the one per cent unit distribution for the 18 days to 30 June 2000).

This is an interesting time for the Trust with opportunities for expansion being actively explored. There are a number of ways the Trust can grow. The first is organic growth through increased use of our existing pipelines. We recently completed a major expansion of the Roma to Brisbane pipeline and signed agreements to supply gas to the planned Swanbank power station near Brisbane, via further expansion of the Roma to Brisbane pipeline. We have also signed an agreement to construct a lateral on the Midwest pipeline in WA.

Second, we can grow by acquiring the minority interests in our own pipelines or look at buying interests in other pipelines. The Trust has now signed agreements to acquire the remaining 15% interest held by its joint venture partner in the Roma to Brisbane pipeline.

Finally, we can actively participate in the development of major projects such as the proposed PNG and Timor Sea gas pipeline developments.

In my new role as Vice President of the Australian Pipeline Industry Association (APIA), I am advocating greater competition reform for the Pipeline Transmission Industry. While I am encouraged by some of the statements made by regulators lately, the Industry will continue to stress the need for greater recognition of the differing risk/return profiles between mature pipelines delivering gas to metropolitan markets and Greenfields projects.

We trust you enjoy this first edition of "In the Pipeline".

J K McDonald
Chief Executive Officer



Pipeline Trust delivers
Australian Pipeline Trust posted a December half net profit of \$16.5m on revenue of \$124.7m. An inaugural interim dividend of 5c a unit has been declared. Earnings in the half benefited from higher throughput along with operational savings.

The Sydney Morning Herald 3/3/2001

Profit forecast in the pipeline

report **Leon Lester**

Australia's largest gas pipeline owner, the Australian Pipeline Trust, is set to exceed its first-year prospectus forecasts, after announcing a strong interim profit on Friday.

APT achieved a net profit of \$16.5 million for its first full six months of operation since its June listing, and is on track to beat its forecast net profit of \$24.6 million for the 2001 financial year.

The managing director of APT, Mr Jim McDonald, attributed the solid performance to higher transport revenue from all of its pipelines as well as savings in operating expenses.

Pipeline revenue for the six month period was \$118.1 million, while APT has forecast it will generate \$234.4 million in revenue for the 2001 financial year.

The first-half result was also boosted by non-recurring revenue of \$1.3 million, due to the timing of the start of the Gas Transportation Deed relative to the float date.

Mr McDonald, while confident of a

higher than expected full-year result, warned that the second half would be adversely affected by seasonality and would fail to match the first-half result.

APT, which was spun out of Australian Gas Light in June, is developing its pipeline system with a major expansion to its now wholly owned Roma-to-Brisbane pipeline, a 440 km pipeline, which will deliver gas to south-east Queensland.

The company also plans to extend its West Lateral pipeline, commissioned in January, which will transport coal seam methane into the Brisbane market.

Mr McDonald said APT would also be interested in the investment of pipelines carrying gas from the Timor Sea, which he said was potentially achievable after the middle of the decade.

Shares in APT, which closed 2c stronger on Friday at \$2.42, took a battering in December after the Australian Competition and Consumer Commission issued a draft ruling that would sharply reduce revenue projections from APT's Moomba to Sydney pipeline.

The Australian Financial Review 3-4/3/2001

HALF-YEARLY RESULTS REPORT FROM THE CHAIRMAN, GEORGE BENNETT

"APA is pleased to report its interim profit after tax for the period ended 31 December 2000 of \$16.4 million, representing the first full six months of operation since listing in June last year. APA has achieved a good first half result.

Directors noted that in addition to the impact of seasonality, the reporting period was favourably impacted by a non-recurring revenue of \$1.3 million, being the result of the timing of the commencement of the Gas Transportation Deed (GTD) relative to the float date.

The Distribution in respect of the quarter ended 31 December, 2000 will be 5 cents per unit. The income component, (2.5 cents) will be franked to the extent of 0.95 cents (38%) per unit. A summary of the half-year results is set out to the right."

RESULTS IN SUMMARY

	\$000
Sales Revenue including SCP distribution	118,100
Total Revenue	124,724
Earnings Before Interest, Tax, Depreciation and Amortisation	65,100
Earnings Before Interest and Tax	52,100
Pre tax profit	28,750
Less: Tax	(12,242)
Profit after tax	16,508
Less: Minority Interests	(123)
Operating Profit after Tax	16,385
Earnings per unit	6.7 cents
Net Asset Backing per unit (after capital distributions)	\$1.87
Operating Cash Flow	44,044
Interest Cover Ratio	2.16
Gearing ratio	60.3%

AUSTRALIAN PIPELINE TRUST'S ACHIEVEMENTS TO DATE

All major pipelines are performing at or in excess of budget.

Commissioning of Peat Lateral in Queensland

Construction and commissioning of the 110km Peat Lateral was completed in late January 2001. The pipeline has a capacity of 19 terajoules per day and will bring significant quantities of coal seam methane into the Brisbane market. This source of CSM is the largest delivered into the Roma Brisbane Pipeline (RBP) and is destined to be used as fuel for power generation at BP's Bulwer Island Clean Fuels Project. The capacity of the pipeline was increased from the original plan to assist in transporting the increased volumes required for the CS Energy contract.

Long term contract with CS Energy in Queensland

In late June 2000, a 15 year gas transportation agreement was entered into with CS Energy Limited to transport gas to a planned 385MW gas-fired, combined cycle electricity generation plant at Swanbank, near Brisbane.

The transmission pipeline work will cost in excess of \$48 million and includes:

- completion of the looping of the Roma Brisbane Pipeline (RBP) between Wallumbilla and Swanbank;
- construction of approximately 15 kilometres of new lateral pipeline; and
- upgrading of compressor facilities.

Agreement to construct lateral to the Midwest Pipeline in Western Australia

A gas transportation agreement was signed in August 2000, which will result in the construction of a 15km lateral off the Midwest pipeline in Western Australia at a cost of approximately \$2.8 million. Construction is scheduled to be completed prior to the end of the financial year and will directly connect to a gas-fired power station supplying electricity near Mt Magnet.

Offtake on Moomba to Sydney Pipeline in New South Wales

In January a connection was made from the Young to Wagga section of the Pipeline system to enable natural gas to be delivered to Tumut via a recently constructed pipeline.

Purchase of Minority Interest in the Roma to Brisbane Pipeline in Queensland

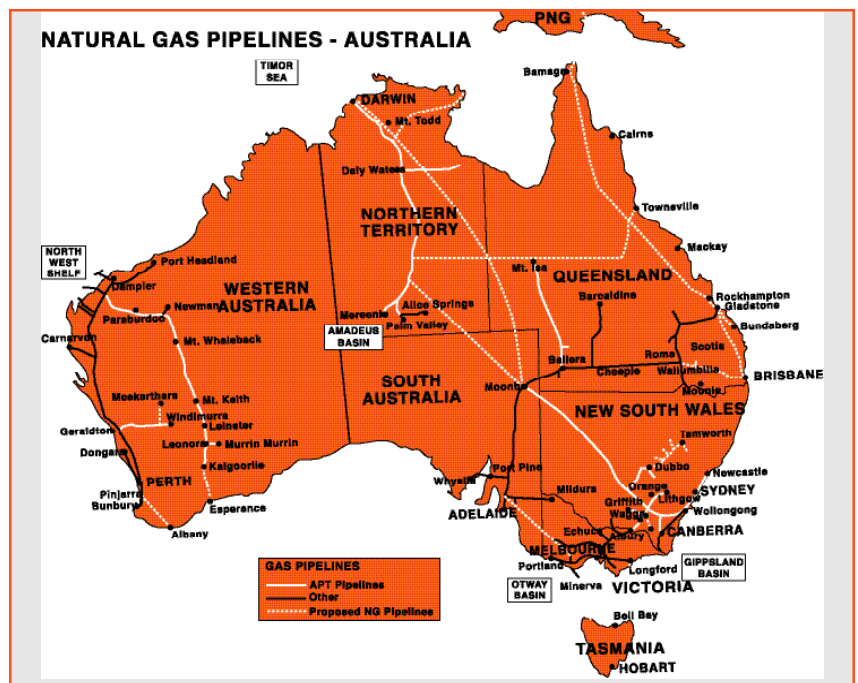
The remaining 15% interest in the Roma to Brisbane pipeline was purchased from our joint venture partner, Interstate RBP Pipelines Pty Limited, in February 2001.



The Adelaide Advertiser 3/3/2001

PROPOSED AND EXISTING PIPELINES

- Short and long term projects



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