HSBC Building
Level 19
580 George Street
Sydney NSW 2000
PO Box R41
Royal Exchange NSW 1225

Phone 61 2 9693 0000
Fax 61 2 9693 0093
www.pipelinetrust.com.au

APA Group

Australian Pipeline Ltd
ACN 091 344 704

Australian Pipeline Trust
ARSN 091 678 778

APT Investment Trust
ARSN 115 585 441

26 February 2008

APA GROUP ACQUISITIONS DELIVER STRONG FIRST-HALF RESULT, DISTRIBUTIONS INCREASE AND BUSINESS PERFORMING WELL

FINANCIAL HIGHLIGHTS*

- **Total Revenue: up 82.1%** to $443.0 million
- **EBITDA: up 59.1%** to $214.7 million
- **Operating Profit after income tax and minorities: up 37.0%** to $44.7 million
- **Operating Cash Flow: up 48.2%** to $109.3 million
- **Operating Cash Flow per security: up 11.3%** to 25.0 cents per security (cps)
- **APA Distribution for the current period: up 3.6%** to 14.5 cps

APA Group (APA), Australia's leading energy transmission company, today announced a solid financial result for the six months ended 31 December 2007, reporting a 48.2% rise in underlying operating cash flow to $109.3 million driven by contributions from recent acquisitions.

Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) rose 59.1% to $214.7 million and underlying operating profit rose 37% to $44.7 million.

APA Directors declared an interim distribution of 14.5 cents per stapled security (cps), up 3.6% on the previous period. The distribution includes a tax deferred capital component of 2.7cps. The Board has also determined that a further issue of securities under the Distribution Reinvestment Plan will be made at a discount to the market of 2.5%.

Contributions from the GasNet business and the APT Allgas gas distribution business in Queensland were primary drivers of an 82.1% rise in total revenue to $443 million.

APA, which transports over 50% of the country's natural gas through its 12,000 kilometres-long network of pipeline infrastructure, reported increased revenue across the majority of its pipelines with activity in the mining sector increasing gas throughput in its Western Australian pipelines.

The result reflects a six-month contribution from assets purchased by APA during the 2007 financial year: Allgas, GasNet, Origin Energy Networks and electricity transmission cable Directlink. All acquisitions are performing in line with expectations.

Each of these assets were carefully targeted for their growth potential and because they complemented APA's existing business.

Reported profit for the period including significant items came in at $35.9 million, up from $32.3 million for the previous corresponding period.

As well as focusing on integrating recently acquired assets, APA strengthened its balance sheet through two successful equity raisings during the six months.
APA Managing Director Mick McCormack said the interim result was an excellent outcome, reflecting strong contributions from recently acquired assets realising the cost benefits of operating our own assets, as well as organic growth from existing assets.

"Thanks to very strong cash flows – a key metric of our business -- we also delivered an increase in distributions for securityholders.

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"APA is continuing the good work on integration and is realising benefits from the assets and businesses acquired over the past year. We are achieving our integration targets and our securityholders are reaping the benefits of that. We have a solid platform on which to build further benefits for the Group.

"Organic growth remains a key part of our growth strategy and that can be seen with revenue increasing across the majority of our pipelines during the six-month period, particularly from the continuing mining expansion in Western Australia.

"As we move forward, meeting the growth in demand for natural gas across Australia continues to present major opportunities for APA."

Mr McCormack reaffirmed APA's strong financial position resulting from prudent refinancing activities in 2007, ahead of the credit market squeeze, noting APA has no significant refinancing requirements until the 2009 financial year.

"APA expects underlying EBITDA, including the Envestra distributions, for financial year 2008 to be in the range of $400 million to $410 million, barring unforseen circumstances. Consequently, APA is targeting to increase its full year distribution for FY08 by at least 5%."

** All figures in the Financial Highlights are referred to as "underlying results" and exclude one-off significant items ($4.4 million or $3.1 million after tax) and reflect two accounting adjustments to revenue and earnings caused by the introduction of the new international accounting standards (AIFRS), as follows:*

i. The entire distribution received from Envestra has been included in the underlying results. Accordingly, the interest ($1.3 million) and capital ($5.7 million) components of the distribution received from Envestra have been reclassified to revenue and earnings; and

ii. A number of complementary assets are treated as finance leases under AIFRS. Accordingly, the results from these assets are recorded in finance lease (interest) income ($3.5 million) and principal reduction ($1.3 million). These amounts have been reclassified to revenue and earnings in the underlying results.

About APA Group (APA)

APA Group, comprised of Australian Pipeline Trust and APT Investment Trust, is the major ASX-listed energy transmission company in Australia with interests in almost 12,000 kms of natural gas pipeline infrastructure, over 2,300 kms of gas distribution networks in south east Queensland, Coal Seam Gas processing plants, gas fired power stations, gas storage facilities and two high voltage direct current interconnector systems.

APA manages and operates all its assets and also provides management and operation services to gas distribution and transmission company Envestra (which owns 19,100 km of natural gas distribution networks and 1,029 km of natural gas transmission pipelines). It also holds a 17.2 percent stake in Envestra and a one-third interest in the SEAGas pipeline. APA Group has a varied and quality customer base including AGL Energy, Cooper Eromanga Basin Producers, Xstrata, Newmont, CS Energy, BHP Billiton, Zinifex, Incitec Pivot, Origin, RioTinto, Nickel West, Synergy and Verve Energy.

For further information please contact:

Chris Kotsaris, Investor Relations APA Group	Joanne Collins, Gavin Anderson & Company
Telephone: (02) 9693 0049 or Mob: 0402 060 508	Telephone: (02) 9552 4499 or Mob: 0423 029 932
Email: ckotsaris@pipelinetrust.com.au	Email: jcollins@gavinanderson.com.au