



26 August 2008

RESULTS FOR ANNOUNCEMENT TO THE MARKET

This announcement refers to the results of Australian Pipeline Trust and APT Investment Trust ("APA Group") as detailed in the Full Year Reports provided to the ASX for the period 1 July 2007 to 30 June 2008 ("the Financial Year").

APA GROUP ANNOUNCES RECORD FINANCIAL RESULT WITH STRONG OUTLOOK FOR FY2009.

FINANCIAL HIGHLIGHTS ¹

- **Total revenue up 69%** to \$898 million
- **EBITDA up 45%** to \$431 million
- **Operating profit after income tax and minorities up 27%** to \$82 million
- **Operating cash flow up 28%** to \$192 million
- **Operating cash flow per security up 8%** to 42.7 cents
- **Distribution for the full year up 5%** to 29.5 cps

(1) Financial highlights are based on underlying results which exclude one-off significant items and include two adjustments to revenue and earnings relating to capital distributions and lease principal repayments arising from their treatment under A-IFRS.

The directors of APA Group (APA), Australia's leading gas transportation business, today announced another record result for the 12 months ended 30 June 2008, reporting a 45.0% increase in underlying EBITDA to \$430.5 million and a 27.4% increase in underlying profit to \$82.2 million. The directors also declared a final distribution of 15.0 cents per security (cps).

The strong result was driven by contributions from recent acquisitions, new projects, continued growth of APA's existing gas transportation businesses and the removal of third party costs and fees as a result of internalising all operational activities.

All segments of APA's business contributed positively to a 27.6% increase in operating cash flow to \$192.1 million. Operating cash flow per security grew 7.6% to 42.7 cents per security (cps).

The final distribution of 15.0 cps, which includes a tax deferred capital component of 2.8 cps, brings total distributions for the 2008 financial year to 29.5 cps, an increase of 5.4%, or 1.5 cps on the previous year.

The distribution payout ratio based on operating cash flow for the financial year was 71.2%, further demonstrating APA's ability to consistently pay fully funded distributions out of operating cash flows each year.

APA Managing Director Mick McCormack said "APA's financial performance has improved each year since listing in 2000, and this year's results once again proves we are meeting our objective of growing the business and maximising securityholder returns over the long term and in a sustainable manner.



“APA owns and operates essential energy infrastructure assets which deliver stable and consistent revenue, as well as providing many opportunities for sustained profitable growth”.

Increased demand for capacity across many of APA's gas transmission pipelines will see capacity expansion and new build projects over the next five years. These expansions and projects are underwritten by long-term contracts or are approved under the regulatory regime and as such provide future growth and earnings certainty.

As part of its long-term capital management plan, APA announced in May the establishment of an unlisted investment vehicle, to hold APA's annuity style assets. APA will continue to be involved in those assets by holding a minority interest in the vehicle and providing operations and asset management services. APA expects funds of at least \$500 million to be released from this transaction, which will initially be used to reduce debt. Responses from both debt and equity investors to this transaction are pleasing and as previously announced, APA is targeting to complete the transaction before the end of this calendar year.

APA has continued to integrate its Australia-wide energy businesses, including its workforce of highly skilled and experienced personnel. Cost savings and synergy benefits continue to be progressively realised, and have contributed to APA's strong performance. These include rationalization, efficiency improvements of operations and optimising of the use of interconnected businesses.

“Our internally managed business model was strengthened with the purchase of the operation and maintenance agreement for our pipelines in October 2007, effectively giving APA the resources to operate and maintain all its assets internally. This acquisition removed our reliance on third party providers and the fees paid to them,” Mr McCormack said.

“APA now has over 1,000 employees with considerable industry knowledge and skills managing and operating over \$8 billion of Australian energy infrastructure assets. This internal capability is a valuable resource which is contributing additional value to the business.

“We've aligned operations and commercial thinking across the businesses, improving performance of the assets collectively and developing unique and profitable solutions for APA businesses and customers as a whole.”



OPERATIONAL HIGHLIGHTS

Gas transmission and distribution

APA's gas transmission and distribution businesses achieved record revenue and EBITDA principally due to contributions from newly acquired businesses, increased revenue across the majority of pipelines, and the removal of third party operations of APA's foundation pipelines. Revenue (excluding pass-through revenue) increased 26.5% to \$498.6 million and EBITDA increased by 33.5% to \$368.3 million.

Highlights include:

- New transportation agreements on the Carpentaria Gas Pipeline and Goldfields Gas Pipeline, underpinning the development of new compressor stations that will increase pipeline capacity by 15% and 20% respectively.
- APA Queensland gas distribution network connections increased by 5,750 to 74,000 with plans underway to expand the network into fast-growing adjacent regions.
- Completion of the Culcairn compressor, expanding capacity on the Moomba Sydney Pipeline to provide gas transportation services to Origin Energy's power station at Uranquinty.
- A \$100 million expansion program over 5 years on the Moomba Sydney Pipeline will commence in FY2009, fully underwritten by long-term shipper agreements.
- Record gas volume of 244 PJ was transported on the Victorian Transmission System and construction of the Brooklyn Lara pipeline was completed.
- The revised Victorian Transmission System Access Arrangement was approved in June 2008. The higher tariffs apply from 1 January 2008, and substantially increase revenue for the system over the 5 year regulatory period to 2012.
- Construction began on the Bonaparte Gas Pipeline project in the Northern Territory - a 287 km pipeline that will transport gas from Wadeye to the Amadeus Gas Pipeline - and is on track to be ready for operation from January 2009.
- Acquired 100% of the SESA Pipeline, a one third interest in the SEA Gas Pipeline and a 17.2% stake in Envestra Limited (which has increased to 18.3% through participation in Envestra's Dividend Reinvestment Plan).

Electricity transmission

Earnings for this segment performed to expectations. Revenue from APA's two electricity transmission businesses, Directlink and Murraylink, increased by \$8.0 million to \$25.2 million due to the full year contribution from Directlink (acquired February 2007). These businesses have an annuity-style income stream, receiving fixed annual revenue based on the regulated value of the assets. The assets have similar operating technology creating operational synergies.

Asset management

Asset management segment covers the provision of asset management and operation services provided to third parties. Following the acquisition of the Origin Energy Asset Management group in July 2007, APA now operates and maintains Envestra's gas assets across five states and territories under a long-term operations contract. APA also operates and maintains the Moomba Sydney Ethane Pipeline for the Mariner Income Pipeline Fund under a long-term agreement, transferred to APA as part of the termination



of the Alinta Pipeline Management Agreement in October 2007. Asset management earnings for the year were in line with acquisition expectations.

Complementary assets

Complementary asset earnings are primarily made up of contributions from the Kogan North and Tipton West Gas Processing Plants and the Daandine and X41 Power Stations. The 30 MW X41 Power Station at Mt Isa Queensland was commissioned in November 2007, providing additional power to Xstrata's upgraded and expanded minerals processing facilities. These assets are located on or near APA's gas transmission pipelines in Queensland, and provide energy services to single customers, generating annuity-style incomes under long term arrangements. All complementary assets have performed in line with expectations.

Capital management

Funds from capital raising activities for the year totalled \$124 million through the operation of the Security Purchase Plan and the Distribution Reinvestment Plan from existing securityholders, resulting in the issue of 36.6 million securities.

During the year APA completed the refinancing of a number of its debt facilities, including APA's new syndicated debt facility of \$2.0 billion in early July 2007 and refinancing of the \$150 million Medium Term Notes in July 2008. APA's only refinancing obligation in 2009 is its \$300 million Medium Term Notes due in March 2009.

APA's debt portfolio has a healthy spread of maturities extending out to 2022, with an average maturity of 5.0 years. APA was geared at 72.0% at 30 June 2008, down slightly on 2007. At 30 June 2008, APA had in excess of \$500 million in cash and committed undrawn facilities available to meet the capital growth needs of the business.

At 30 June 2008, 66% of all interest rate exposures were either hedged or at fixed interest rates for varying periods extending out as far as 14 years. In addition, a level of interest rate protection is provided through CPI indexing in revenue contracts and the regulatory revenue setting process operating on many of APA's assets.

Net underlying finance costs increased by \$87.2 million during the year as a result of additional borrowings and recent interest rates rises which affected the unhedged portion of the debt portfolio. The Interest Cover Ratio was 1.86 times for the year.

FUTURE STRATEGY AND OUTLOOK

The directors are pleased with the performance of APA for the financial year. All segments of APA's business have contributed to the strong performance and recently acquired businesses continue to perform in line with acquisition assumptions.

APA's integration program and activities will continue, providing cost savings and synergy benefits in the 2009 financial year.

The capital base of APA will be further strengthened once the unlisted investment vehicle is established. The transaction is on target to be completed before the end of the calendar year. Funds raised will be used initially to reduce debt and to fund the various capital and development projects.

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

Barring unforeseen circumstances, APA's directors reaffirm previous guidance that they intend to increase distributions in the 2009 financial year by at least 5% and that such distributions will be fully covered by operating cash flows.

For further information please contact:

Chris Kotsaris, Investor Relations APA Group
Telephone: (02) 9693 0049 or Mob: 0402 060 508
Email: chris.kotsaris@apa.com.au

Joanne Collins, Gavin Anderson & Company
Telephone: (02) 9552 8939 or Mob: 0423 029 932
Email: jcollins@gavinanderson.com.au

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 km of natural gas pipeline infrastructure, over 2,300 km 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 an 18 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, Newcrest, Nickel West, Synergy and Verve Energy.

FINANCIALS

Key financial data for APA group for the year is tabled below

Underlying results ⁽¹⁾ Year ended 30 June	2008	2007	Changes	
	\$000	\$000	\$000	%
Total revenue	897,792	532,700	365,092	68.5
EBITDA	430,535	296,842	133,693	45.0
Operating profit after tax and minorities	82,219	64,530	17,689	27.4
Operating cash flow	192,117	150,608	41,509	27.6
Financial measures				
Operating cash flow per security (cents)	42.7	39.7	3.0	7.6
Earnings per security (cents)	18.3	17.0	1.3	7.6
Distribution per security (cents)	29.5	28.0	1.5	5.4
Interest cover ratio (x)	1.86	2.03	(0.17)	
Gearing ratio (%) ⁽²⁾	72.0	72.4	(0.4)	
Payout ratio (%)	71.2	72.3	(1.1)	

(1) Underlying results exclude one-off significant items and include two adjustments to revenue and earnings relating to capital distributions and lease principal repayments arising from their treatment under A-IFRS.

(2) 2007 gearing ratio includes the impact of the Origin Energy Network assets acquisition on 1 July 2007

Statutory results Year ended 30 June	2008	2007	Changes	
	\$000	\$000	\$000	%
Operating results before significant items				
Gas transmission and distribution revenue	485,530	394,076	91,454	23.2
Electricity transmission revenue	25,228	17,193	8,035	46.7
Asset management revenue	42,853	6,726	36,127	537.1
Complementary / Other revenue	29,657	4,030	25,627	635.9
Other income – interest	15,587	14,764	823	5.6
Total revenue excluding pass-through	598,855	436,789	162,066	37.1
Pass-through revenue ⁽³⁾	282,874	95,911	186,963	194.9
Total revenue	881,729	532,700	349,029	65.5
EBITDA	414,472	296,842	117,630	39.6
Depreciation and amortisation	(94,459)	(69,783)	(24,676)	35.4
EBIT	320,013	227,059	92,954	40.9
Net interest expense	(223,779)	(136,625)	(87,154)	63.8
Pre-tax profit	96,234	90,434	5,800	6.4
Income tax expense	(24,766)	(25,802)	1,036	(4.0)
Minorities	(56)	(102)	46	(45.1)
Operating profit after tax and minorities, before significant items	71,412	64,530	6,882	10.7
Significant items after income tax	(4,220)	(7,770)	3,550	-
Profit after income tax and minorities	67,192	56,760	10,432	18.4

(3) Pass-through revenue ⁽³⁾ is revenue on which no margin is earned. Pass-through revenue arises in the NT Gas business and the Asset management operations on Envestra assets