

5<sup>th</sup> September, 2002

## ASX Company Announcement

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### AUSTRALIAN PIPELINE TRUST - PROFIT UP 21%:

*This announcement refers to the results of Australian Pipeline Trust (APA) as detailed in the Appendix 4B – Preliminary Final Report for the period 1 July 2001 to 30 June 2002.*

APA has announced its full year profit after tax and minorities for the year ending 30 June 2002 of \$37.1 million, up 21% on the previous corresponding period, (“pcp”) of \$30.7 million.

The Directors are pleased with this result, which has again exceeded forecasts.

Actual pipeline revenue, after excluding passthrough revenue, was \$180.4 million (pcp: \$173.8 million), an increase of \$6.6 million (3.8%). The main factors contributing to the improvement were pipeline asset expansion leading to higher revenues, primarily in Queensland, and the equity accounted profit contribution from Goldfields Gas Transmission.

Since its listing, APA has consistently performed above its forecasts. Our strong pipeline revenue growth has been further boosted by lower interest and borrowing costs and our core business continues to perform well.

The distribution in respect of the quarter ended 30 June 2002 will be 6.5 cents per unit, comprised entirely of an unfranked income distribution of 6.5 cents per unit. As previously indicated it is not expected that APA will generate significant franking credits until at least 2004.

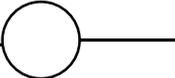
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Australian Pipeline Ltd  
ACN 091 344 704

Australian  
Pipeline Trust

ARSN 091 678 778



Full year results are summarised below:-

	YEJ 2002	YEJ 2001	% change
	\$m	\$m	
Pipeline Revenue including SCP distribution	180.4	173.8	3.8
Other Pipeline Revenue	61.1	61.5	<0.7>
Other Revenue	13.9	14.0	<0.7>
Total Revenue	255.4	249.3	2.4
Earnings before Interest, Tax, Depreciation and Amortisation	132.2	127.5	3.7
Earnings Before Interest and Tax	105.9	103.6	2.2
Pre Tax Profit	59.1	53.3	10.9
Less: Tax	21.7	22.3	<2.7>
Profit after Tax	37.4	31.0	20.6
Less: Minority Interests	0.3	0.3	-
Operating Profit after Tax and Minorities	37.1	30.7	20.8
Earnings per Unit	15.2 cents	12.6 cents	20.6
Net Tangible Asset Backing per unit (after capital distributions)	\$1.76	\$1.82	<2.7>
Operating Cash Flow per unit – excluding interest	53.2 cents	59.1 cents	
Interest Cover Ratio	2.4	2.0	
Gearing Ratio	63.4%	61.9%	

## COMMENTARY

### Revenue

The total revenue for the period was \$255.4 million,(pcp: \$249.3 million ) an increase of \$6.1 million (2.4%). When total pipeline revenues are adjusted to exclude Other Pipeline Revenue of \$61.1 million, (pcp: \$61.5 million) which is passthrough revenue and delivers no margin to APA, actual pipeline revenue was \$180.4 million, (pcp: \$173.8 million), an increase of \$6.6 million, (3.8%).

The major contributions to higher pipeline revenue were:-

- higher revenues in respect of the Roma to Brisbane pipeline (RBP) from the commissioning of looping stage five and the full year impact of the acquisition of the outstanding 15% minority interest,
- increased equity contribution from the Goldfields Gas Transmission,

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- growth in revenue from commissioning of Hill 60 lateral on the Mid West pipeline connecting to Mt. Magnet power station,
- APA's involvement in supplying gas to both the Tennant Creek and Katherine factories for production of sleepers to the Darwin to Alice Spring railway line.

These increases were in part offset by the predicted load reduction on the Moomba to Sydney pipeline due to the competing Eastern Gas Pipeline.

### **Expenses (excluding depreciation & amortisation).**

Pipeline operating and management expenses were relatively static at \$40.5 million, (pcp: \$40.0 million). These costs are CPI adjusted annually and this year that increase was in part reduced by the application of a GST offset reduction following a review of the impact of the introduction of GST to the underlying costs.

Other expenses totalled \$8.7 million, (pcp: \$7.5 million) an increase of \$1.2 million, (16%), which was the result of further costs incurred in the strengthening of the senior management team, doubtful debt provisions made and the increased costs incurred in ongoing regulatory matters.

### **Depreciation and amortisation-excluding intangibles.**

Depreciation and amortisation for the year was \$25.2 million, (pcp: \$22.7 million), an increase of \$2.5 million (11%). This increase was a result of the impact of the commissioning of additional pipeline assets and the effect of the full year 100% ownership of the Roma to Brisbane Pipeline system.

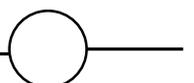
### **Borrowing Costs**

Borrowing costs were \$59.7 million, (pcp: \$63.1 million) a reduction of \$3.4 million, (5.4%) reflecting the general reduction in interest rates and the implementation of an effective interest rate hedging strategy.

### **Operating Cash Flow**

Net operating cash flow of \$85.1 million, (pcp: \$101.6 million) was a reduction of \$16.5 million, due to a number of cross period non-recurring items and some minor increases in working capital. These include commencement issues with the Gas Transmission Deed (Moomba – Sydney Pipeline), pipeline tariff margin payments for the Amadeus Gas Trust, and a post-acquisition AGL loan settlement.

The underlying cash generated from operating activities as adjusted for non-cash items such as income tax expense, depreciation and amortisation was \$86.4 million, (pcp: \$78.7 million) an increase of \$7.7 million (9.8%).



During the year \$48.8 million, (pcp: \$53.1 million), was invested in pipeline assets and \$51.6 million (pcp: \$39.4 million), was paid in distributions to unitholders.

## HIGHLIGHTS OF THE PERIOD

The main highlights of the period were:-

- Roma to Brisbane Pipeline (Qld) – Looping Stage Five from Wallumbilla to Ipswich is now complete and CS Energy has commissioned their 385 Mw combined cycle gas turbine power station at Swanbank. APA signed its first coal seam methane haulage contracts for power generation in Queensland;
- Roma to Brisbane Pipeline – Construction of Looping Stage Six has commenced, underpinned by a new haulage contract;
- Carpentaria Gas Pipeline (Qld) - A compressor station is being constructed at Morney Tank, 250 kilometres north of Ballera and is due for completion in October this year;
- Mid West Pipeline (WA) - A second customer (Hill 60 gold mine) has commenced taking gas for its generator;
- NT Gas Distribution has constructed two spur lines and is supplying gas to new factories which manufacture concrete sleepers for the Adelaide to Darwin rail link.

## REGULATORY MATTERS

Discussion and submissions to governments and regulators on matters relating to the regulation of gas transmission pipelines continued to have a significant impact on APA's resources. Over the last year APA contributed to industry submissions and discussion in forums including the:

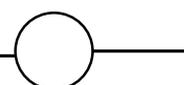
- Review of Part III A of the Trade Practices Act;
- Council of Australian Governments energy markets review; and
- The Prime Minister's Task Force on gas market issues.

A Federal Government initiated review of the impact of regulation on the Pipeline Industry should commence once the review of the Trade Practices Act is completed. APA welcomes this review and believes it is critical to ensuring that the future regulatory environment is conducive to investment in pipelines for the benefit of the Australian community.

East Australian Pipeline Limited (a wholly owned subsidiary of APA) continues to pursue revocation of regulatory coverage over the Moomba to Sydney pipeline system following the Australian Competition Tribunal decision to revoke regulatory coverage over the competing Eastern Gas Pipeline, owned by Duke Energy. It is disappointing that the National Competition Council has seen fit to, once again, defer its decision on coverage of the Moomba – Sydney pipeline system until late October.

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In Western Australia, the operators of the Goldfields Gas Transmission (GGT) pipeline (APA owns an effective 39.7% interest) have asked the Supreme Court of Western Australia to consider the interaction between the National Access Code and existing contractual arrangements between the pipeline owners and the Western Australian government. We continue to believe that a regulated tariff is not applicable to the GGT.

## **OTHER ISSUES**

There continues to be debate on whether the known natural gas reserves will be sufficient to meet the south east Australian market requirements beyond this first decade of the 21<sup>st</sup> century. We are encouraged by Australian advances in technology for the production of coal seam methane to augment natural gas supply, and by renewed exploration in existing gas producing basins. We continue to believe that a major new supply of natural gas is critical to meet forecast growth and competition reform objectives, and remain confident that such a supply will be available at Moomba in due course.

## **DISTRIBUTION**

### **Quarter ended 30 June 2002**

Distribution in respect of the quarter ended 30 June 2002	6.5 cents per unit
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APA has declared a final distribution for fiscal 2002 of 6.5 cents. The 6.5 cents per unit distribution will be entirely comprised of an unfranked income distribution of 6.5 cents per unit. As foreshadowed, it is not expected that there will be significant franking credits available for distribution until the fiscal 2004.

During the year, APA has made a total cash distribution of 21.5 cents per unit comprised of Income 15.5 cents (unfranked) and Capital 6.0 cents. The income components of the distributions were unfranked. The total distribution is 0.5 cents per unit higher than pcp and the forecast distribution in the Offer Document.

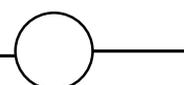
The record date for determining unitholder's entitlement to the distribution will be the close of business on 16 September 2002.

The date for payment of the distributions is 30 September 2002.

## **OUTLOOK**

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The APA Board remains confident that APA is well placed to maintain its position as a leading transporter of natural gas, and we will continue to seek opportunities to invest in natural gas transmission assets.

The Board is considering other related investment opportunities which maintain and enhance unitholders' returns and diversify business risks associated with a regulated business.

## **UNITHOLDER INFORMATION MEETING**

APA will be holding a unitholder information meeting at the Hotel Inter-Continental Sydney on Thursday 24 October 2002 at 10.30am to offer the opportunity for unitholders to meet and discuss our performance in this full year.



**George H. Bennett**  
**Chairman**

### **About Australian Pipeline Trust (APA)**

The Australian Pipeline Trust is the major ASX listed natural gas Pipeline Company in Australia with interests in over 7,000km of pipeline infrastructure. The Trust has a varied and quality customer base including AGL, Cooper Eromanga Basin Producers, MIM, Normandy, Origin Energy, BHP Minerals, Pasminco, Incitec and WMC.

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