

Company Announcement

5th March, 2003

RESULTS FOR ANNOUNCEMENT TO THE MARKET

DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2002
INCORPORATING THE COMMENTARY BY DIRECTORS AND DISTRIBUTION
ANNOUNCEMENT MADE TO THE AUSTRALIAN STOCK EXCHANGE LIMITED
5 MARCH 2003

APA MAINTAINS PERFORMANCE

The Directors of Australian Pipeline Limited, as responsible entity for the Australian Pipeline Trust ("APA"), submit herewith the financial report for the half-year ended 31 December 2002. In compliance with the provisions of the Corporations Act 2001, the directors report as follows:

CHAIRMAN'S REPORT

APA is pleased to report an interim profit after tax & minorities for the half-year period ended 31 December 2002 of \$21.3 million, representing a \$2.3 million (12%) increase on the profit of the previous corresponding period (pcp).

The improved performance was the result of an increase in pipeline revenue and effective cost control.

The Distribution in respect of the quarter ended 31 December, 2002 will be 5.0 cents per unit, comprising an income component of 3.0 cents per unit (unfranked) and a capital component of 2.0 cents per unit. As previously stated, it is not expected that APA will generate significant franking credits until the next financial year.

HIGHLIGHTS TO DATE

- Further capital expansion was undertaken on the Roma – Brisbane Pipeline with completion and commissioning of looping stage six occurring in September 2002;
- First compressor on Carpentaria Gas Pipeline was installed and commissioned in December 2002 to meet customer demand.
- Yesterday, APA announced the acquisition of TransAlta Energy Corporation's interest in the Goldfields Gas Transmission (GGT) pipeline. This takes APA's effective interest in the pipeline up to 48.5%.

The acquisition reflects our intention of pursuing minority interests in our pipelines at prices consistent with our investment criteria. The acquisition will be funded from APA's existing line

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of credit and is earnings accretive from the date of acquisition. The GGT provides an essential energy supply to the minerals province of Western Australia and is an important element in the delivery of competitively priced natural gas to Western Australian mines.

RESULTS IN SUMMARY FOR THE SIX MONTHS ENDED 31 DECEMBER 2002

Six months ended	31 Dec 2002	31 Dec 2001	Changes on pcp	
	\$m	\$m	\$m	%
Pipeline Revenue –Transportation	89.9	84.1	5.8	6.9
Other Pipeline Revenue	35.5	32.9	2.6	7.9
Interest – other Revenue	7.0	6.6	0.4	6.3
Revenue from Ordinary Activities	132.4	123.6	8.8	7.1
Pipeline Revenue – SCP Equity Profits	6.0	5.5	0.5	9.1
Total Revenue	138.4	129.1	9.3	7.2
Earnings Before Interest, Tax, Depreciation and Amortisation	70.2	66.1	4.1	6.2
Earnings Before Interest and Tax	57.9	53.2	4.7	8.8
Pre tax profit	33.7	30.4	3.3	10.9
Less: Tax	12.3	11.3	1.0	8.8
Profit after tax	21.4	19.1	2.3	12.0
Less: Minority Interests	0.1	0.1	0.0	0.0
Profit after Tax & Minorities	21.3	19.0	2.3	12.1

Earnings per unit	8.7 cents	7.8 cents	0.9cents	11.5
Net Tangible Asset Backing per unit (after capital distributions)	\$1.80	\$1.80	0.0	0.0
Operating Cash Flow per unit-excluding interest	30.3 cents	27.3 cents	3.0 cents	11.0
Interest Cover Ratio (times)	2.5	2.4		
Gearing ratio (%)	62.7	63.2		

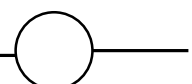
Total Distribution paid/payable in respect of the 6 month period to 31 December 2002 per unit	Income Distribution	6.0 cents- unfranked
	Capital Distribution	4.0 cents
		10.0 cents

COMMENTARY

Revenue

Pipeline revenue (including SCP Equity Profits) increased by \$6.3 million or 7.0% from \$89.6 million in the previous corresponding period (pcp) to \$95.9 million in the current period. The higher revenue resulted from increased revenues in the Roma-Brisbane pipeline (following capacity expansion programmes undertaken during earlier financial periods) and additional throughput on the Carpentaria Gas pipeline.

During the period, APA also received an amount of \$1.7 million as settlement for the termination of the contract on the Westlime lateral. The settlement was reached so as to take account of all costs



associated with its closure, including write-off. The transaction had no impact on the Group's reported profit. Excluding the settlement, Pipeline Revenue increased by \$4.6 million or 5.1%.

The SCP Equity Profits increased by \$0.5 million or 9.1% due to higher underlying revenue.

Other Pipeline Revenue is passthrough in nature, and does not impact on the financial performance of APA.

Operating Costs and Borrowing Costs

Expenses from ordinary activities excluding Other Pipeline Costs (which are passthrough in nature) increased by 4.7% from \$36.4 million in the pcp to \$38.1 million during the current period. The cost increase was partly attributable to the \$1.7 million write down in the recoverable value of the Westline lateral. Excluding the write-off, expenses from ordinary activities remained static.

Net borrowing costs for the period were \$31.1 million compared to \$29.3 million in the pcp, an increase of 6.1% due to the general increase in interest rates, higher borrowing to fund capital expansion and the expiry of certain interest rate hedges which were at low rates.

Depreciation & Amortisation

Depreciation and amortisation was lower than the pcp due to marginally lower throughput on the Moomba – Sydney Pipeline as a result of a mild winter and a revision of lifetime throughput on the Roma – Brisbane Pipeline following completion of capital expansion projects.

Operating Cash Flow – Excluding Interest

The operating cash flow generated by APA up to 31 December 2002 totalled \$74.1 million compared to \$66.5 million for the pcp. The increase in cash flow was due to improved operating performance and timing in relation to working capital cash flows.

Earnings Per Unit

The earnings per unit increased from 7.8 cents to 8.7 cents per unit, an increase of 0.9 cents or 11.5% over the pcp.

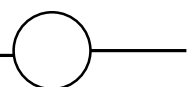
REGULATORY DECISIONS

Moomba – Sydney Pipeline

The application by East Australian Pipeline Limited (EAPL), a wholly owned controlled entity of APA, to the National Competition Council (the NCC) to have the Moomba to Sydney pipeline removed from coverage under the National Gas Access Code is now before the Federal Minister for Industry Resources and Tourism for his decision. The decision by the Council to recommend continued regulation of the Moomba to Sydney pipeline system is considered unjust and appears arbitrary. In determining that EAPL should still be regulated whilst the competing Eastern Gas Pipeline is unregulated, the NCC would create an unfair playing field, effectively choosing to give the Eastern Gas Pipeline a significant competitive advantage over EAPL.

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The matter has been referred to the Minister for Industry, Tourism and Resources, Senator Ian Macfarlane, who will make a determination. EAPL is presenting further argument in favour of revocation including the impact of recent announcements by AGL that it had secured a portfolio of long term gas supplies from competing gas basins and which will utilise a range of pipeline infrastructure for its delivery. AGL's actions confirm that continued regulatory coverage will distort the working of a competitive gas market in South East Australia and is therefore unjustified. EAPL also takes issue with a number of inaccurate statements that have been made in the NCC's final recommendation.

APA is hopeful that Minister Macfarlane, will recognise the NCC's recommendation as flawed and damaging to the natural gas industry, and reject it. If the Minister confirms the NCC recommendation, EAPL will give serious consideration to appealing the decision before the Australian Competition Tribunal.

As a separate process, the Australian Competition and Consumer Commission is intending to finalise the Moomba to Sydney Pipeline access arrangement. Should coverage be revoked, the ACCC process will cease.

Goldfield Gas Pipeline (Western Australia)

Goldfield Gas Transmission Pty Limited has terminated the legal proceedings to have the State Agreement recognised by the regulator following the Epic Supreme Court decision. The Court found that the regulator had erred at law in considering an access arrangement for an Epic Energy pipeline. As a result, the regulator is revising the process for approving the access arrangement on the Goldfields Gas Pipeline.

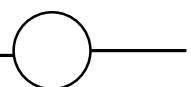
While the regulator's revised position is uncertain, the litigation is on hold. The Western Australian Government has cautioned the regulator that consideration of the Goldfields Gas Pipeline access arrangement should be confined to matters under the National Access Code, and not the State Agreement. Goldfield Gas Transmission Pty Limited, is now awaiting the next round of deliberations of the regulator.

Queensland Derogations

The NCC, in a further recommendation to the Federal Minister, has declared the access arrangements on both the Roma to Brisbane Pipeline (100% owned by APA) and Carpentaria Gas Pipeline (70% owned by APA) to be "ineffective." Both these pipelines are presently subject to derogations, which effectively means that the tariff regimes over those pipelines are not subject to the National Access Code. APA, together with the Queensland Government and the Australian Pipeline Industry Association will be seeking to reverse these decisions.

The Regulatory Environment

The need for a clear and fair national gas transportation access regime has never been greater. The continuing uncertainty has led to foreign owners of energy infrastructure deciding to exit Australia.



While this may lead to acquisition opportunities, the continuing problems of our regulatory system consumes time and resources that could be better utilised.

Two significant reports to the Federal Government have highlighted the need for significant review of the Nation's Energy direction. Comprehensive proposals for change accompanied both reports. APA looks forward to the opportunities presented to participate in the review of the regulatory regime and is hopeful that initiatives announced by the Minister will result in the establishment of a National Energy Policy which supports growth of the natural gas industry.

DISTRIBUTION

Second Quarter Distribution Details

The distribution of 5 cents per unit for the quarter ended 31 December 2002 will be made up as follows:

Income distribution per unit	3.0 cents
Capital distribution per unit	<u>2.0 cents</u>
Total distribution per unit	5.0 cents

The income distribution will be unfranked.

For unitholders who hold their investments on capital account, the capital distribution component will be treated as a return of capital. The repayment of capital will reduce the unitholders' cost base (or indexed base) for capital gains tax purposes.

The record date for determining unitholders' entitlement to the distribution will be the close of business on 14 March 2003 and the ex-distribution date will be 11 March 2003.

The date for payment of the distribution is 31 March 2003.

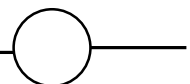
OUTLOOK

Overall, the Directors are positive about APA's outlook and its ability to generate continued growth for unitholders in the longer term. Gas transmission is a seasonal industry with the transportation in winter months (first half of the financial year) being higher than the summer months. The Directors remain confident and look forward to APA participating in the emerging opportunities presented by the energy sector.

As advised to the market on 12 February 2003, the suspension of operations at the vanadium mine at Windimurra, Western Australia, is unlikely to have any material effect on either the carrying value of our 50% interest in the Mid West Pipeline or future profitability.

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The gas pipeline industry is expected to undergo a period of rationalisation as a number of overseas players review their investment strategy and the Federal Government formulates a national energy policy. APA is well positioned to participate in any rationalisation opportunities.

Gas supply to south-east Australia continues to be a major issue. However, the period in which new sources of supply is required has been re-assessed from being critical from 2006- 2007 until 2010. Consequently, the urgency of developing additional gas supplies from northern Australia has reduced. Queensland coal bed methane has been contracted in increasing quantities and is providing supply options.

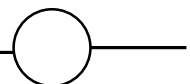
DIRECTORS IN OFFICE

The names of Directors of the Responsible Entity who held office during or since the end of the half-year are:-

	First Appointed
George Henry Bennett	11 February 2000
Thomas Cummings Ford	11 February 2000
Leslie James Fisk	11 February 2000
John Allister Fletcher	11 February 2000
Muri Muhammad	8 March 2000
Robert Joseph Wright	11 February 2000
James Kenneth McDonald	3 June 2002
Ng Chong Wah (alternate for Muri Muhammad)	8 August 2000

ROUNDING OF AMOUNTS TO NEAREST THOUSANDS

Australian Pipeline Trust is a body of the kind referred to in Australian Securities & Investments Commission Class Order 98/0100 issued 10 July 1998. In accordance with that Class Order, amounts in this report have been rounded to the nearest thousands of dollars.



This report is made in accordance with a resolution of the directors of the Responsible Entity pursuant to s306 of the Corporations Act 2001, and is signed for and on behalf of the Directors this 5th day of March 2003.



George H Bennett
Chairman

About Australian Pipeline Trust

The Australian Pipeline Trust is the major ASX listed natural gas pipeline company in Australia with interests in over 7,000km of pipeline infrastructure.

For more information please contact the Managing Director, Jim McDonald
Phone (02) 9693 0011.

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