

RESULTS FOR ANNOUNCEMENT TO THE MARKET

26th February, 2004

ASX Company Announcement

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

This announcement refers to the results of Australian Pipeline Trust (APA) as detailed in the Half-Yearly Report provided to the ASX for the period 1 July 2003 to 31 December 2003.

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 2003. In compliance with the provisions of the Corporations Act 2001, the directors report as follows:

Profit after tax and minorities for the period to 31 December 2003 was \$22.148 million, an increase of \$0.862 million on the previous corresponding period (pcp), result of \$21.286 million.

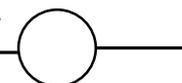
Distribution

The second interim distribution for the financial year ending 30 June 2004 will be 5 cents per unit (cpu), comprised of an unfranked income distribution of 3.6cpu and 1.4cpu of capital distribution. The record date for the distribution is 8 March 2004 and the "ex" date will be 2 March 2004. The date for payment of the distribution is 29 March 2004.

APA is not expected to have significant franking credits available until after the 2004 financial year.

Distribution Reinvestment Plan

The Board has determined to make a further issue of units under the Plan. Units will be issued at a discount to market of 2.5%. The last date for receipt of election notices for the Plan is 5pm on 8 March 2004. Details of the Plan are available from the Registry at ASX Perpetual (ph 02 8280 7132) or on the APA website – www.pipelinetrust.com.au



SUMMARY OF RESULTS

Six Months Ended	31 Dec 2003	31 Dec 2002	Changes on pcp	
	\$m	(pcp) \$m	\$m	%
Pipeline Revenue	93.399	95.866	(2.467)	(2.57)
Other Pipeline Revenue	38.434	35.508	2.926	8.24
Other Revenue	9.174	7.008	2.166	30.91
Total Revenue	141.007	138.382	2.625	1.90
EBITDA	70.082	70.163	(0.081)	(0.12)
EBIT	57.848	57.882	(0.034)	(0.06)
Pre tax Profit	35.183	33.691	1.492	4.43
Income Tax Expense	12.814	12.264	(0.550)	4.48
Operating Profit after Tax and Minorities	22.148	21.286	0.862	4.05
Earnings Per Unit (cents)	9.04	8.72	0.32	3.67
Net Tangible Asset Backing per unit (after capital distributions)	1.77	1.80	(0.03)	(1.67)
Operating Cash Flow per unit (cents)	20.55	19.28	1.27	6.59
Interest Cover Ratio	2.4	2.5	-	-
Gearing Ratio (%)	63.1	62.7	-	-

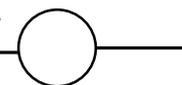
COMMENTARY

In respect of the six months ending 31 December 2003, APA delivered net profit after tax and minorities of \$22.148 million, an increase of 4.05% on the previous corresponding period (pcp) of \$21.286 million. The following is a commentary on the operating results for the period:

Revenue:

Total Revenue grew by 1.90% from \$138.382 million to \$141.007 million. Pipeline Revenue fell by (2.57%) from \$95.866 million in the pcp to \$93.399 million in the current period. Excluding the one-off receipt of \$1.886 million in the pcp in relation to termination of Westline contract, the actual Pipeline Revenue was lower by (0.62%), principally as a result of lower revenue from the major pipeline asset of APA, the Moomba to Sydney Pipeline (MSP).

As outlined in the Annual Report 2003, transportation revenue from the MSP reduces under the Gas Transportation Deed (GTD) over the next few years till 2007. This reflects the view of the negotiators of the GTD, that the impact of competition and retail contestability in the energy market would be firmly established. Despite the delayed



introduction of competition reforms and full retail contestability in the energy market, it is now expected that alternative gas aggregators and major gas users will emerge with requirements for additional MSP capacity. It is anticipated that this will help offset the impact of the reduction in the future contracted capacity position under the GTD. APA is already dealing with enquiries from various interested parties.

Further, APA is an active participant in the rationalisation that is occurring within the gas transmission industry and a successful acquisition will not only increase and diversify APA's asset base but will also reduce its reliance on MSP revenues and increase revenues.

Pipeline revenue from other major pipeline assets of APA, (the Roma to Brisbane pipeline and the Carpentaria pipeline), increased compared to pcp, following capacity expansion programmes undertaken in the previous financial periods.

The share of net profits from associates (which is included in Pipeline Revenue) increased by 30.0% from \$6.024 million in the pcp to \$7.831 million in the current period. This was a result of the acquisition of TransAlta Corporation's interest in the Goldfields Gas Transmission pipeline in April 2003, and lower underlying costs.

Expenses:

The Pipeline operating and management expenses reduced from \$21.166 million to \$19.072 million in the current period, a reduction of 9.89% on pcp, mainly due to a one-off adjustment from Amadeus Gas Trust.

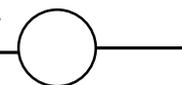
The net borrowing cost reduced from \$24.191 million in the pcp to \$22.665 million, a reduction of 6.31%. This reduction resulted from the re-negotiation of various hedge contracts following the recent issue (in September 2003) of Guaranteed Senior Notes ("Notes") in the United States Private Placement market. The issue, which was in dual currency involving Australian dollar ("A\$") and US dollar ("US\$"), has a tenor which extends up to 15 years. An amount of A\$102 million and US\$259 million was raised from the Note issue. The US\$ exposure has been fully hedged.

The Note issue has increased the over-all term of APA's debt, which is consistent with the business profile of the group ie involvement with long-life infrastructure assets.

Cash Flow and Debt:

The Cash generated from operating activities was \$50.828 million, which was an increase of \$3.777 million over the pcp as discussed.

The cash at the end of the period increased by \$16.316 million to \$31.083 million after net debt repayment of \$12.120 million and distribution to APA Unitholders of \$28.146 million.



The US\$ Private Placement in September 2003 raised \$496.036 million, which was utilised to repay the existing unsecured borrowing.

Distribution Reinvestment Plan and Earnings Per Unit:

The Distribution Reinvestment Plan which was operational for the final distribution of financial year ended 30 June 2003 and first interim distribution of the current financial year raised \$8.488 million, net of costs, from the 3.271 million units that were issued. As at 31 December 2003, 247.271 million units are on issue.

The Earnings Per Unit, calculated on a weighted average basis, for the current period was 9.04 cpu compared to pcp figure of 8.72 cpu, an increase of 3.67% reflecting the higher profit after tax and minorities.

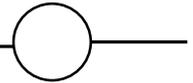
Seasonal Factors:

Gas transmission is a seasonal industry with the transportation in winter months (first half of the financial year) being higher than the summer months. However, the firm long-term contracts that have been entered into by APA limit the level of variability in relation to revenues and operating profits.

SIGNIFICANT EVENTS

A summary of the significant events during the six month period to 31 December 2003 is set out below: -

- Directors Activate Distribution Reinvestment Plan (DRP)– August 2003
Directors introduced the DRP in August 2003 with an initial discount to market of 2.5%. The two issues to date have raised in excess of \$8.488 million net of costs (3,271,329 units)
- US Private Placement – September 2003
APA successfully raised the equivalent of AUD496 million (USD325 million) in the US Private Placement market issuing to both Australian and US investors in AUD and USD. The proceeds have been used to re-finance bank debt and have extended the average tenor of APA's debt. The borrowings are fully hedged to mitigate exchange risk.
- Change to Governance Arrangements Announced – October 2003
APA announced that it was intending to change the voting arrangements in relation to the responsible entity to effectively allow unitholders to elect the directors of Australian Pipeline Limited (other than the two directors nominated by Australian Gas



Light Company and the one director nominated by Petronas). Work is still being undertaken to implement these changes which are intended to be in place by the next general meeting;

- Revocation on Moomba to Sydney Pipeline System (MSP) – November 2003.

The Honourable Ian Macfarlane, Minister for Industry, Tourism and Resources, decided that coverage of the MSP should be partially revoked under the National Third Party Access Code for Natural Gas Pipeline Systems. A detailed review is included under “Regulatory Matters”.

- Final Determination on Access Arrangement on MSP released - December 2003

The ACCC released its final determination of the access arrangement on MSP, notwithstanding the Minister’s decision to partially revoke coverage. A detailed review is included under “Regulatory Matters”

- Maintaining of services on MSP.

On 1 January 2004, a fire at the Santos Production Plant at Moomba resulted in gas deliveries into the MSP being temporarily terminated. Domestic and small users services were maintained throughout the crisis, however supply to industrial users was temporarily interrupted. APA representatives worked with all stakeholders to assist in reducing the impact of interruption of supplies to all users and providing innovative use of the pipeline to increase the availability of natural gas to gas users. The revenue impact of the incident on APA is not material as the revenue and receipts are covered under the GTD.

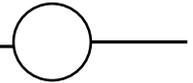
ASSET ACQUISITIONS

As detailed in the Release for the full year results YEJ 2003, APA is currently bidding for a number of pipeline assets across Australia, including acquiring minority interests in partly owned pipelines. These sales processes are subject to confidentiality regimes that preclude any discussion of the sales. Because of delays in the various sales processes, the financial benefits of any acquisition may not be felt this financial year. APA will keep the market informed as information comes to hand.

REGULATORY MATTERS

Discussions with, and submissions to, governments and regulators on regulation of gas transmission pipelines continued to have a significant impact on APA’s resources. A number of very significant regulatory matters addressed during the period included:

- Revocation decision on Moomba to Sydney Pipeline System



The Minister's decision on 19 November 2003 to partially uncover the MSP was consistent with the approach adopted by APA and the gas transmission pipeline industry. The decision revokes regulatory coverage over most of the MSP. In the Minister's view, pipelines which deliver gas to regional areas of New South Wales and the Australian Capital Territory do have some monopoly characteristics, and therefore regulatory coverage of those areas is appropriate for the present.

Following the release of the Minister's decision, several parties have requested that the Australian Competition Tribunal review the Minister's decision. APA has joined these proceedings to protect its interests. Proceedings are unlikely to commence prior to June 2004 and it is expected that resolution of this matter may take several months.

- Merits Review of ACCC Final Access Arrangement on MSP

East Australian Pipeline Limited (EAPL), a wholly-owned subsidiary of APA, has requested the Australian Competition Tribunal to review the final access arrangement issued by the ACCC on MSP in December 2003. There are a number of grounds upon which EAPL is requesting the review. EAPL is encouraged by the recent decisions on access arrangements on the GasNet pipeline system and the Epic Moomba to Adelaide Pipeline.

It is likely that this matter will be resolved prior to the question of revocation being concluded.

- Review of Goldfields Gas Transmission (GGT) Pipeline Access Arrangement

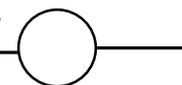
On 2 December 2003, the Full Court of the Supreme Court of Western Australia found that the State Agreement was unenforceable, in so far as the owners of the GGT were attempting to compel the Western Australian Parliament to circumscribe the operation of the Access Law in considering the GGT access arrangement. Since then the owners of the GGT have been in discussion with Government to address the matters raised in the Full Court decision.

- National Competition Council Recommendation on Queensland Pipelines

APA and the Queensland Government continue to oppose the recommendation by the National Competition Council to the Honourable Ian Campbell, Parliamentary Secretary to the Treasurer, that the Queensland Gas Access Regime is "not effective". If the recommendation is upheld, it may destabilise the existing contractual arrangements on the RBP and CGP.

- Productivity Commission

The Productivity Commission released its draft report on the National Gas Access Regime on 15 December 2003. The draft report highlighted the need for light-handed monitoring by regulators as an alternative to the current regime, improved guidance to regulators for approvals of access arrangements and reference tariffs and "greenfields" regulations to apply to prospective new pipelines.



Public submissions have been sought with a closing date of March 2004. Following consultation and input, it is expected that the Commission will finalise its report to the Federal Government by June 2004.

APA welcomes the direction of the draft report and looks forward to participating in the development of a better and more workable gas access regime.

OUTLOOK

As advised at the release of results for YEJ 2003, APA is likely to have a flat full year compared to the previous corresponding period and is pursuing a number of acquisition processes with the objective of securing new sources of revenue growth. To date, APA is on track to be in line with the previous full year profit after tax, however, it should be noted that the external costs of mounting several bids for assets will impact on profit should APA not be successful in these bids.

APA is confident that there is no reason to believe that it will not be able to maintain the current quantum of distribution.

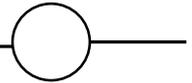
As previously stated, the benefits of any successful acquisition will flow into future earnings.

APA will keep the market informed of developments.

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
Ed Osman Ridzwan (alternate for Muri Muhammad)	25 September 2003
Robert Anthony Casamento (alternate for John Fletcher)	(Appointed from 3 September 2003 to 20 January 2004)



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 the Half-Yearly Report provided to the ASX for the period 1 July 2003 to 31 December 2003 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 26th day of February 2004.

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 7,500km 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, BP, Energex and WMC.

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