

28 February 2005

RESULTS FOR ANNOUNCEMENT TO THE MARKET

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 2004 to 31 December 2004.

The directors of Australian Pipeline Limited as responsible entity for Australian Pipeline Trust (APA) today reported a net profit after tax and minorities of \$25.718 million in respect of the six months ending 31 December 2004, an increase of 16.12% over the previous corresponding period's ("pcp") figure of \$22.148 million. The improved performance was due to APA's acquisition of CMS Energy Corporation's ("CMS") interest in Parmelia and Goldfields Gas Transmission Pipeline assets in Western Australia, increased pipeline transportation revenue in Roma to Brisbane Pipeline ("RBP") and a lower effective tax rate due to the increased tax base of assets following implementation of tax consolidation.

SUMMARY OF RESULTS

Six Months Ended	31 Dec 2004	31 Dec 2003	Changes on pcp	
	\$m	\$m	\$m	%
Pipeline Transportation Revenue	124.483	85.568	38.915	45.48
Share of Net Profits of Associates	2.148	7.831	(5.683)	(72.57)
Other Pipeline Revenue	40.994	38.434	2.560	6.67
Other Revenue	11.525	9.174	2.350	25.62
Total Revenue	179.150	141.007	38.143	27.05
EBITDA	88.555	70.082	18.473	26.36
EBIT	70.664	57.848	12.816	22.16
Pre tax Profit	38.175	35.183	2.992	8.5
Income Tax Expense	(12.300)	(12.814)	0.514	4.00
Profit after income tax and minorities	25.718	22.148	3.570	16.12

Financial Ratios

	31 Dec 2004	31 Dec 2003	Changes on pcp	
			%	
Earnings Per Unit (cents)	9.48	9.04	0.44	4.87
Net Tangible Asset Backing per unit (after capital distributions)	\$2.20	\$1.77	0.43	24.29
Operating Cash Flow per unit – excluding interest and tax (cents)	33.57	27.94	5.63	20.15
Interest Cover Ratio (x)	2.2	2.4	-	-
Gearing Ratio (%)	62.47	63.1	-	-



Distribution to Unitholders

On 28 February 2005, the Directors declared a second interim profit distribution of 5.5 cents per unit (cpu) franked to 40%, to be paid on 30 March 2005. This takes the total profit distributions to date for YEJ 2005 to 11 cents per unit, 40% franked at the corporate income tax rate.

Acquisition of Parmelia and SCP Gas Assets ("SCP Gas Business Acquisition")

As outlined in the Annual Report 2004 and other subsequent announcements, APA acquired the remaining 45% interest in SCP Investments (No.1) Pty Limited ("SCP"), the 88.2% owner of Goldfields Gas Transmission Pipeline, and Parmelia gas business from CMS. The acquisition was completed on 17 August 2004 and APA invested \$209.067 million, including working capital adjustments.

Prior to the acquisition, APA had equity accounted financial results. As SCP and Parmelia businesses are now controlled, their results are consolidated into APA's figures.

HIGHLIGHTS

A summary of the major achievements for the period is set out below:

- Sale agreement entered into in December 2004 to acquire remaining 30% interest in the Carpentaria Gas Pipeline in Queensland for \$98 million. Completion occurred on 25 February 2005. The acquisition will be funded from existing debt facilities and will be cash flow and earnings per unit accretive from year one;
- APA entered into a ten year transportation agreement with Incitec Pivot Limited (IPL) to transport up to 16 PJ of gas through the Roma to Brisbane Pipeline ("RBP") in Queensland to IPL's urea plant at Gibson Island. The agreement will commence in 2007;
- The syndicated borrowing, due to expire in June 2005, has been re-negotiated on a bilateral basis with the lenders for a term extending up to 5 years. Project debt under SCP has also been re-financed under the bilateral facility. The new facility is on more favourable terms than the previous facilities, which will lower borrowing costs in future periods; and
- APA has advanced planning to expand its Mondarra gas storage facilities in Western Australia following the gas storage optimisation agreement signed with Western Power.

In February 2005, APA entered into a variation agreement with CS Energy to increase transportation volumes to greater than 15 PJ pa, to deliver to CS Energy's Swanbank E Power Station on the RBP. The agreement is for a period of 12.5 years and commences immediately.

The following is a commentary on the operating results for the period:

COMMENTARY

Revenue from ordinary activities grew by 32.91% from \$133.176 million to \$177.002 million. The margin-bearing Pipeline transportation revenue increased by 45.48% from \$85.568 million in the pcp to \$124.483 million in the current period. The major components of this increase are:

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|--|-------------------|
| • Revenue from acquired entities | \$40.360 million |
| • RBP revenue increase | \$1.677 million |
| • Gas Transportation Deed-contracted reduction | (\$2.696) million |
| • Additional third party revenue in Moomba to Sydney | \$0.467 million |

The full impact of the reduction in Gas Transportation Deed (GTD) revenue was mitigated by additional revenue from other customers, a sign that deregulation in gas markets is gradually encouraging the emergence of alternate gas aggregators. APA believes that this trend will continue. Nonetheless, APA has actively pursued asset diversification to mitigate the foreshadowed reduction from the GTD.

Other pipeline revenue which is passthrough in nature and bears no margin, increased by \$2.560 million to \$40.994 million.

The share of net profits of associates reduced by 72.57% from \$7.831 million in the pcp to \$2.148 million in the current period, reflecting the consolidation of the results of SCP from 17 August 2004.

Other revenue largely includes interest.

Expenses

The pipeline operating and management expenses increased from \$19.072 million in the pcp to \$35.434 million in the current period, an increase of 85.79%, mainly due to the impact of consolidating the acquired entities. The expenses for the current period include an amount of \$1.163 million incurred in relation to the investigation of stress corrosion cracking on the Moomba to Sydney Pipeline (MSP).

The net borrowing cost increased by \$9.824 million from the pcp figure of \$22.665 million, to \$32.489 million due to additional borrowings to fund the SCP Gas Business Acquisition.

Since the acquisition, APA has renegotiated both its syndicated borrowings and the SCP project finance on more favourable terms. This will result in a lower borrowing cost, the benefit of which will accrue in future financial periods.

Operating Cash Flow and Debt

The net cash from operating activities before interest and tax increased by 33.08% from \$68.427 million in the pcp to \$91.061 million as a consequence of the SCP Gas Business Acquisition.

APA invested \$209.067 million on the SCP Gas Business Acquisition. This was funded via an institutional equity placement of \$61.189 million (net of costs), borrowings, and cash reserves. The acquired cash of \$116.424 million was subsequently utilised to reduce acquisition borrowings.

Distributions, Earnings Per Unit and Distribution Reinvestment Plan ("DRP")

Profits of \$33.107 million (pcp: \$28.146 million) were distributed to unitholders. Distributions paid increased over the pcp due to an increase in the amount distributed by 0.5 cpu and an increased number of units issued following the institutional equity placement and DRP participation

The Earnings Per Unit, calculated on a weighted average basis, for the current period was 9.48 cpu compared to pcp figure of 9.04 cpu, an increase of 4.87%, reflecting higher net profit after tax. The weighted average number of units outstanding was 271.268 million.



The DRP was operational for the final distribution in respect of the financial year ended 30 June 2004 and first interim distribution of the current financial year and raised \$11.524 million, net of costs, issuing 4.059 million units. The DRP has now been suspended and will be reactivated should an additional requirement for capital arise. As at 31 December 2004, 278.895 million units were on issue.

REGULATORY MATTERS

Interaction with governments and regulators on regulation of gas transmission pipelines continued to play a significant role in APA's business. The key regulatory matters addressed during the period included:

- Merits review on ACCC Final Access Arrangement for Moomba to Sydney Pipeline System

East Australian Pipeline Limited (EAPL), a wholly-owned subsidiary of APA, requested the Australian Competition Tribunal review the final access arrangement issued by the ACCC on MSP in December 2003. On 8 July 2004, the Tribunal held the ACCC's decision to write its own Access Arrangement was unreasonable, and that the value of the Initial Capital Base and the rate of return determined by the ACCC were to be corrected.

The Tribunal directed EAPL and the ACCC to agree a value for the Initial Capital Base according to specified methodology. As EAPL and ACCC have been unable to agree on a value, the matter was heard by the Tribunal in February 2005. The ACCC is arguing for a much lower Initial Capital Base than EAPL.

Following the Tribunal's decision on 8 July 2004, the ACCC lodged an appeal with the Federal Court seeking to have the Tribunal's decision overturned. The matter will be heard by the Full Court of the Federal Court in mid to late 2005. APA remains confident that the Tribunal's decision is correct.

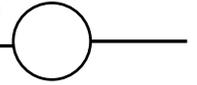
- Review of Goldfields Gas Transmission (GGT) Pipeline Access Arrangement

On 29 July 2004, the Economic Regulation Authority (ERA) of WA issued an amended draft decision concerning the Access Arrangement for the GGT (88.2% owned by APA). Submissions have been lodged demonstrating errors in the amended draft decision and addressing a number of factual inaccuracies. A revised Access Arrangement has been lodged with the ERA for consideration and the ERA is expected to issue a Final Decision shortly.

GGT continues to discuss with the WA Government the establishment of a mechanism to reinstate the intention under the Goldfields Gas Pipeline State Agreement Act that the introduction of the National Access Code would not have a material adverse effect on GGT's legitimate business interests.

- National Competition Council Recommendation on Queensland Pipelines

APA and the Queensland Government continue to oppose the recommendation by the National Competition Council, that the Queensland Gas Access Regime is "not effective". The outcome of this process will not have an impact on APA's position under existing contracts.



- **Productivity Commission**

The Productivity Commission's final report on the National Gas Access Regime was released on 10 August 2004. APA welcomes the direction of the final report and looks forward to participating in the development of a better and more workable gas access regime.

OTHER ISSUES

PNG Gas Pipeline Project

Progress has been made to bring the Papua New Guinea (PNG) Gas Development Project (Project) to fruition. ExxonMobil has appointed a front end engineering design (FEED) contractor to carry out the preparatory work necessary to progress the Project and are targeting December 2005 as the Project approval date. Gas delivery, if the Project proceeds, is being targeted for end of 2008.

The Australian Gas Light Company and Petronas Consortium has announced its intention to call for tenders for the FEED phase of the Australian component of the Project, a pipeline from PNG to Queensland. A final investment decision will be undertaken at the completion of the FEED program with the key issue continuing to be the establishment of a foundation market to support the economics of the pipeline.

APA continues to support the Project, which has the potential to be an important part of the long-term gas supply solution for eastern Australia.

Update on Stress Corrosion Cracking on the MSP

As foreshadowed previously, testing on the MSP for stress corrosion cracking ("SCC") was undertaken in January 2005. The results of this testing are still being analysed and the outcome of that analysis may require further testing before a plan can be formalised to repair or replace damaged pipe.

Repairs have already been effected on the pipeline at five locations.

APA's pressure management plan ensures that MSP will be able to meet its contractual obligations to market, especially during the critical winter peak period.

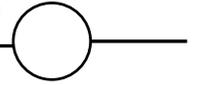
Board and Management Changes

Directors Les Fisk and Tom Ford both retired from the Board during the period and were replaced respectively by Ross Gersbach and Russell Higgins. Biographical details are available on the APA website - www.pipelinetrust.com.au.

Managing Director, Jim McDonald announced his intention to retire at the end of YEJ 2005. Jim has led APA from its public float in 2000 through four and one half successful years. Under his leadership APA is positioned as a strong, profitable business with reliable and stable cash flows.

The Board has appointed APA's Chief Operating Officer, Michael (Mick) McCormack, as his replacement. He will commence duties in July 2005.

Mr McCormack has around 20 years experience in the oil and gas transmission industry, having commenced his pipeline career in Queensland as an engineer on the Moonie to Brisbane crude oil



pipeline. Mr McCormack has been a member of senior management and a significant contributor to the success of APA since its public float in June 2000.

Mr McCormack has qualifications in science, engineering and business administration. He is a member of the board of the Australian Pipeline Industry Association and fellow of the Australian Institute of Company Directors.

OUTLOOK

APA expects that in respect of YEJ 2005, the additional profit contributed as a result of the 45% acquisition of SCP, the purchase of the remaining 30% interest in the Carpentaria Gas Pipeline and the additional volumes contracted with CS Energy will more than offset the contracted reduction in GTD payments. As a result, directors are confident that APA will be able to, at least, maintain its current distribution levels. As previously noted, distributions are expected to be partially franked going forward.

George H. Bennett
Chairman

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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, Xstrata, Newmont, CS Energy, BHP Billiton, Zinifex, Incitec Pivot, Origin, Energex and WMC.