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APA Group

Australian Pipeline Ltd
ACN 091 344 704

Australian Pipeline Trust
ARSN 091 678 778

APT Investment Trust
ARSN 115 585 441

25 February 2009

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 Half Year Reports provided to the ASX for the period 1 July 2008 to 31 December 2008 ("the current period").

APA GROUP ANNOUNCES SOLID FIRST HALF RESULT AND IS ON TRACK TO DELIVER FULL YEAR GROWTH

HIGHLIGHTS

Financial [1]

- **Total revenue up 13%** to $501 million
- **EBITDA up 16%** to $249 million
- **Operating profit after income tax and minorities up 27%** to $57 million
- **Operating cash flow up 12%** to $123 million
- **Operating cash flow per security up 3.3%** to 25.8 cents
- **Interim distribution up 3.4%** to 15.0 cps

Operations

- **Establishment of Energy Infrastructure Investments**
- **Completion of the Bonaparte Gas Pipeline**

(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.

APA Group (APA), Australia's leading gas transportation business, today announced a solid result for the six months ended 31 December 2008, reporting a 16% increase in underlying EBITDA to $249 million and a 27% increase in underlying profit to $57 million. The directors also declared an interim distribution of 15.0 cents per security (cps).

The strong underlying result was driven by the continued growth of APA's gas transportation businesses and asset management services, realisation of synergy and scale benefits and the removal of third party costs and fees as a result of internalising all operational activities (full six months).

APA's reported net profit fell 50% to $18 million due to a number of significant items, totaling $32 million. The largest item was $14 million related to transaction and advisory costs associated with the creation of Energy Infrastructure Investments in December 2008. The other items relate to the settlement of acquisition related liabilities of $1.4 million, a revaluation loss on interest rate hedges (acquired as part of the GasNet acquisition) which are deemed ineffective of $8.7 million and income tax expense of $7.0 million in relation to these items.

All segments of APA's business contributed positively to a 12% increase in underlying operating cash flow to $123 million. Operating cash flow per security grew 3.3% to 25.8 cents per security.

The interim distribution of 15.0 cps, which includes a tax-deferred capital component of 3.19 cps, was fully funded out of operating cash flow. The distribution payout ratio for the current period was 60%.

In December APA successfully completed the establishment of its unlisted investment vehicle – Energy Infrastructure Investments Pty Limited (EII) – and reduced its borrowings by $647 million with the funds released from the transaction. The assets sold to EII included APA's electricity transmission interconnectors, gas fired power stations, gas processing plants, the Telfer Gas Pipeline and the Bonaparte Gas Pipeline. APA retains an equity interest of 19.9% in EII and remains the manager and operator of the assets.

APA Managing Director Mick McCormack said "APA has again delivered a strong financial result and met a key strategic objective of establishing Energy Infrastructure Investments. As a result, we now have a stronger balance sheet and are better positioned to weather the uncertain financial environment and pursue growth opportunities on our core gas infrastructure assets."

In December APA completed the new 287 km Bonaparte Gas Pipeline which will deliver gas for the Northern Territory's Power and Water Corporation under a long term contract. Construction time was under nine months and the pipeline was completed ahead of schedule and on budget. Mr McCormack said "One of APA's core skills and strengths is building gas infrastructure, and the successful completion of this major project highlights this".

"The demand for capacity across many of our gas transmission pipelines remains, with a number of pipeline expansion projects in Queensland and Western Australia nearing completion. APA is ready to respond to profitable and sustainable opportunities which will add long-term value to security holders, including new build projects as demonstrated in the Bonaparte Gas Pipeline project".

OPERATIONAL HIGHLIGHTS

Gas transmission and distribution

APA's gas transmission and distribution businesses performed solidly across all states. Revenue (excluding pass-through revenue) rose 15% to $288 million and EBITDA rose 17% to $214 million. Two key contributors to this increase were higher gas volumes and tariffs on the Victorian Transmission System and the upsurge in gas transportation and peaking services, including gas deliveries to Origin Energy's Uranquinty power station, on the Moomba Sydney Pipeline System. APA's Western Australian pipelines also contributed to the rise in performance despite the disruption to gas supplies resulting from the Varanus Island incident.

Additional highlights for the segment include:

- Progress on the construction of three new compressor stations on two pipelines (Goldfields and Carpentaria). All are on schedule for completion in mid 2009.
- Acquisition of the 294 km Central Ranges Pipeline, NSW in August 2008 for $23.5 million. The Pipeline is connected to APA's Central West Pipeline at Dubbo, and is capable of providing additional storage capacity in the Moomba Sydney Pipeline system as well as delivering gas to the Central Ranges region.
- Progress on expansion of the Moomba Sydney Pipeline, timed to coincide with gas peak capacity and storage agreements.
- Full six months benefit of internal operations and management of APA's foundation assets. APA's contract with third party providers was terminated October 2007.

Asset management

APA provides asset management and operation services under long term arrangements to third parties, including Envestra (since July 2007), the Ethane Pipeline Income Fund (since October 2007) and Energy Infrastructure Investments (since December 2008). Short term

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asset management services, which have increased in the period, are also provided to third parties.

Electricity transmission and complementary assets

The majority of the assets in these two business segments were sold to EII on 11 December 2008. These assets have annuity-style incomes and their financial performance was in line with expectations. The increase in revenue and EBITDA of the complementary assets was due to the full six month contribution of the X41 Power Station in Queensland compared with two months' contribution in the previous period.

Capital management

Funds from capital raising activities for the half year totalled $57 million through the operation of the Security Purchase Plan and the Distribution Reinvestment Plan from existing securityholders, resulting in the issue of 21.7 million securities.

APA executed new 3-year debt facility agreements totalling $165 million to refinance the first tranche of Medium Term Notes (MTN) of $150 million that matured in August 2008, and the remainder to supplement APA's existing debt facilities. APA's only debt maturing in 2009 is the second and final tranche of the Medium Term Notes of $300 million due in March which it can comfortably meet with excess cash.

APA was geared at 69.7% at 31 December 2008, and had in excess of $700 million in cash and committed undrawn facilities available at the contracted margins to repay the $300 million MTN and meet the capital growth needs of the business.

At 31 December 2008, 80% of all interest rate exposures were either hedged or fixed for varying periods as far out as 13 years. In addition, a level of interest rate protection is provided through CPI indexing in revenue contracts and the regulatory reviews applicable to many of APA's assets.

Net underlying finance costs increased by $11.4 million during the half year, while the Interest Cover Ratio remained steady at 1.88 times.

The Distribution Reinvestment Plan continues to operate at a 2.5% discount.

FUTURE STRATEGY AND OUTLOOK

The directors are pleased with the strong performance of APA for the half year across all segments of the business, especially in difficult economic times. APA's integrated gas pipeline footprint is continuing to provide growth in operating performance and distributions to securityholders.

Following the sale of assets to Energy Infrastructure Investments, APA expects underlying EBITDA for the full year to be in the range of $420 million to $430 million. While APA will no longer earn EBITDA from these assets other than through its 19.9% equity interest, APA will benefit from asset management fees and lower interest costs.

Barring unforeseen circumstances, APA reaffirms previous guidance that we intend to increase distributions in the 2009 financial year by at least 5%, and that those distributions will be fully covered by operating cash flow.

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FINANCIALS

Key financial data for APA group for the current period is tabled below

Underlying results [1] Half year ended	31 Dec 2008	31 Dec 2007	Changes on pcp	
	$000	$000	$000	%
Total revenue	**500,673**	442,975	57,698	13.0
EBITDA	**248,825**	214,656	34,169	15.9
Operating profit after tax and minorities	**56,653**	44,700	11,953	26.7
Operating cash flow [2]	**122,838**	109,344	13,494	12.3
Financial measures				
Operating cash flow per security (cents)	**25.8**	25.0	0.8	3.3
Earnings per security (cents)	**11.9**	10.2	1.7	16.7
Distribution per security (cents)	**15.0**	14.5	0.5	3.4
Interest cover ratio (x)	**1.88**	1.88	-	
Gearing ratio (%)	**69.7**	71.6	1.9	
Payout ratio (%)	**59.8**	60.8	1.0	

(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) Operating cash flow = net cash from operations after interest and tax payments, adjusted for significant items

Statutory results Half year ended	31 Dec 2008	31 Dec 2007	Changes on pcp	
	$000	$000	$000	%
Operating results before significant items				
Gas transmission and distribution revenue	**280,514**	243,673	36,841	15.1
Asset management revenue	**34,524**	23,536	10,988	46.7
Electricity transmission revenue	**11,383**	12,562	(1,179)	(9.4)
Complementary revenue	**16,171**	14,461	1,710	11.8
Other income – interest	**14,425**	4,320	10,105	233.9
Total revenue excluding pass-through	**357,017**	298,552	58,465	19.6
Pass-through revenue [3]	**133,017**	137,495	(4,478)	(3.3)
Total revenue	**490,034**	**436,047**	**53,987**	**12.4**
EBITDA	**238,186**	207,728	30,458	14.7
Depreciation and amortisation	**(49,068)**	(45,089)	(3,979)	(8.8)
EBIT	**189,118**	162,639	26,479	16.3
Net interest expense	**(121,906)**	(110,423)	(11,483)	(10.4)
Pre-tax profit	**67,212**	52,216	14,996	28.7
Income tax expense	**(17,614)**	(13,170)	(4,444)	(33.7)
Minorities	**(32)**	(23)	(9)	(40.6)
Operating profit after tax and minorities, before significant items	**49,565**	**39,023**	**10,542**	**27.0**
Significant items after income tax	**(31,599)**	(3,083)	(28,515)	-
Profit after income tax and minorities	**17,966**	**35,940**	**(17,974)**	**(50.0)**

(3) Pass-through revenue 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