

Australian Pipeline Trust

Results For Announcement To The Market For the Half Year Ended 31 December 2013 Appendix 4D

		Percentage Change %	Amount \$'000
Statutory Results			
Revenue including significant items	up	13.9	to 711,405
EBITDA including significant items	down	5.3	to 398,894
EBIT including significant items	down	9.3	to 324,243
Profit after tax and minorities including significant items	down	42.6	to 120,732
Operating cash flow including significant items	up	44.9	to 208,308
Operating cash flow per security including significant items	up	4.7c	to 24.9c
Earnings per security including significant items	down	15.1c	to 14.4c
Normalised Results			
Revenue excluding significant items	up	13.9	to 711,405
EBITDA excluding significant items	up	23.9	to 398,894
EBIT excluding significant items	up	25.6	to 324,243
Profit after tax and minorities excluding significant items	up	25.2	to 120,732
Operating cash flow excluding significant items	up	1.9	to 216,581
Operating cash flow per security excluding significant items	down	3.9c	to 25.9c
Earnings per security excluding significant items	up	0.9c	to 14.4c

EBIT = Earnings before interest and tax

EBITDA = EBIT before depreciation and amortisation

Australian Pipeline Trust

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Dividends (Distributions)

Distributions paid and proposed in relation to the half year ended 31 December 2013 – Australian Pipeline Trust:	Amount per security	Franked Amount per security
Distributions paid in relation to the half year ended 31 December 2013	-	-
Interim distributions proposed ^a		
- profit distribution	14.56¢	-
- capital distribution	0.49¢	-
Total distributions proposed - APT	15.05¢	-
Distributions paid and proposed in relation to the half year ended 31 December 2013 – APT Investment Trust:		
Distributions paid in relation to the half year ended 31 December 2013	-	-
Interim distributions proposed ^a		
- profit distribution	2.30¢	-
- capital distribution	0.15¢	-
Total distributions proposed – APTIT	2.45¢	-
Total APA Group distributions in relation to the half year ended 31 December 2013	17.50¢	-

^a The interim distributions have not been recorded in the financial report as required by AASB 137 "Provisions, Contingent Liabilities and Contingent Assets".

Record date for determining entitlements to the unrecognised interim distribution in respect of the year ended 30 June 2014

- interim distribution

31 December 2013

Distribution information is presented on an accounting classification basis. The APA Group Annual Tax Statement and Annual Tax Return Guide (released in September) provide the classification of distribution components for the purposes of preparation of securityholder income tax returns.

Brief Explanation of Revenue, Net Profit/(Loss) and Dividends (Distributions)

Refer Directors' Report.

The Directors have proposed an interim distribution of 15.05 cents per unit, unfranked, to be paid on 12 March 2014.

Australian Pipeline Trust

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The Directors also note that APT Investment Trust has proposed an interim distribution of 2.45 cents per unit (refer above), also to be paid on 12 March 2014.

Total distribution for the APA Group stapled security for the December 2013 half year is 17.5 cents per stapled security.

Reporting Period

Current Reporting Period: Half year ended 31 December 2013

Previous Corresponding Period: Half year ended 31 December 2012

Distribution Reinvestment Plan

The dividend or distribution plans shown below are in operation.

The Directors have reviewed APA Group's financial position and funding requirements and have decided to suspend the Distribution Reinvestment Plan to take effect on 19 June 2013 until further notice.

The last date(s) for receipt of election notices for the dividend or distribution reinvestment plans

31 December 2013

Details of Businesses Over Which Control Has Been Gained or Lost

Nil

Net Tangible Assets Per Security

	2013	2012
	\$	\$
Net tangible assets per security	1.37	1.41

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Compliance Statement

Information on Audit or Review

(a) The half year report is based on accounts to which one of the following applies.

The accounts have been audited.

The accounts have been subject to review.

The accounts are in the process of being audited or subject to review.

The accounts have not yet been audited or reviewed.

(b) Description of likely dispute or qualification if the accounts have not yet been audited or subject to review or are in the process of being audited or subjected to review.

- N/A -

(c) Description of dispute or qualification if the accounts have been audited or subjected to review.

- N/A -

(d) The entity has a formally constituted audit committee.

Sign here:



Chairman

19 February 2014

Date

Print name: Leonard Bleasel AM

APA Group



Australian Pipeline Trust

ARSN 091 678 778

Interim Financial Report

For the Half Year ended

31 December 2013

Delivering Australia's Energy

Australian Pipeline Trust and its Controlled Entities

Directors' Report for the half year ended 31 December 2013

The directors of Australian Pipeline Limited ("Responsible Entity") submit their interim financial report in respect of Australian Pipeline Trust ("APT") and its controlled entities (together "APA" or "Consolidated Entity") for the half year ended 31 December 2013 ("current period"). This report refers to the consolidated results of APT and APT Investment Trust ("APTIT").

DIRECTORS

The names of the directors of the Responsible Entity during and since the current period are:

Leonard Bleasel AM	Chairman
Michael McCormack	Chief Executive Officer and Managing Director
Steven Crane	
John Fletcher	
Russell Higgins AO	
Patricia McKenzie	
Robert Wright	

The Company Secretary of the Responsible Entity during and since the current period is Mark Knapman.

PRINCIPAL ACTIVITIES

The principal activities of APA during the period were the ownership and operation of energy infrastructure assets and businesses, including:

- energy infrastructure, primarily gas transmission businesses located across Australia and the Emu Downs Wind Farm in Western Australia;
- asset management and operations services for the majority of APA's energy investments and for third parties; and
- energy investments in listed and unlisted entities.

FINANCIAL AND OPERATIONAL REVIEW

Financial review

The following table provides a summary of key financial data for the current period:

Half year ended	31 Dec 2013	31 Dec 2012 ⁽¹⁾	Changes	
	\$000	\$000	\$000	%
Total revenue excluding pass-through ⁽²⁾	509,634	452,079	57,555	12.7
Total revenue	711,405	624,688	86,717	13.9
EBITDA	398,894	421,090	(22,196)	(5.3)
Depreciation and amortisation expense	(74,651)	(63,783)	(10,868)	(17.0)
EBIT	324,243	357,307	(33,064)	(9.3)
Net interest expense	(164,015)	(131,450)	(32,564)	(24.8)
Pre-tax profit	160,228	225,857	(65,629)	(29.1)
Income tax expense	(39,495)	(18,454)	(21,041)	(114.0)
Non-controlling interests - other	(1)	2,764	(2,765)	nm
Profit after income tax and non-controlling interests, including significant items	120,732	210,167	(89,435)	(42.6)
Significant items after income tax ⁽³⁾	-	113,707	(113,707)	nm
Profit after income tax and non-controlling interests, excluding significant items	120,732	96,460	24,272	25.2
Operating cash flow ⁽⁴⁾	208,308	143,712	64,596	44.9
Operating cash flow per security (cents)	24.9	20.2	4.7	23.3
Normalised operating cash flow ⁽⁵⁾	216,581	212,537	4,044	1.9
Normalised operating cash flow per security (cents) ⁽⁴⁾	25.9	29.8	(3.9)	(13.1)
Earnings per security – reported (cents)	14.4	29.5	(15.1)	(51.2)
Earnings per security – normalised (cents) ⁽⁶⁾	14.4	13.5	0.9	6.7
Distribution per security (cents)	17.5	17.0	0.5	2.9
Distribution payout ratio ⁽⁷⁾	67.5%	66.2%		
Net Tangible Asset per security	1.37	1.41	(0.04)	(2.8)
Weighted average number of securities (000)	835,751	713,152		

- (1) APA has adopted revised AASB 119 during the current period. As the revised standard must be applied retrospectively, comparative numbers have been restated.
- (2) Pass-through revenue is revenue on which no margin is earned. Pass-through revenue arises in the asset management operations in respect of costs incurred in, and passed on to Envestra in respect of, the operation of the Envestra assets.
- (3) Significant items for the previous corresponding period relate to the acquisition of Hastings Diversified Utilities Fund and the reversal of some costs booked in relation to the sale of the Allgas business in December 2011.
- (4) Operating cash flow = net cash from operations after interest and tax payments.
- (5) Normalised operating cash flow excludes significant items.
- (6) Normalised earnings per security excludes significant items.
- (7) Distribution payout ratio = total distribution payments as a percentage of normalised operating cash flow.

APA reported an interim profit after tax and non-controlling interests and including significant items of \$120.7 million, a decrease of 42.6% compared with \$210.2 million reported in the previous corresponding period. However, excluding significant items of \$113.7 million in the previous corresponding period, interim profit after tax increased by 25.2% to \$120.7 million (Dec 2012: \$96.5 million).

Australian Pipeline Trust and its Controlled Entities
Directors' Report for the half year ended 31 December 2013

Profit after tax and non-controlling interest, Earnings before interest (EBIT) and EBIT before depreciation and amortisation (EBITDA) excluding significant items are financial measures not prescribed by Australian Accounting Standards ("AAS") and represent the profit under AAS adjusted for specific significant items. The Directors consider these measures to reflect the core earnings of the Consolidated Entity.

The following table summarises key reconciling items between statutory profit after tax attributable to the APA stapled securityholders and the financial measures described above. These financial measures included in the table below have not been subject to any specific audit procedures by the Consolidated Entity's auditor but have been derived from note 5 of the accompanying financial statements for the half year ended 31 December 2013, which have been subject to a review; refer to pages 35 and 36 for the auditor's review report on the half year financial statements.

Half year ended	31 Dec 2013	31 Dec 2012 ^(1,2)	31 Dec 2012 ⁽¹⁾
	\$000	\$000	\$000
	Statutory and Normalised	Normalised	Statutory
Profit after income tax and non-controlling interests as reported	120,732	210,167	210,167
Significant items impacting income tax	-	(5,803)	-
Significant items impacting finance costs	-	(8,713)	-
Significant items impacting EBIT and EBITDA	-	(99,191)	-
Profit after income tax and non-controlling interests	120,732	96,460	210,167
Non-controlling interests	1	(2,764)	(2,764)
Income tax expense	39,495	18,454	18,454
Significant items impacting income tax	-	5,803	-
Profit before income tax and non-controlling interests	160,228	117,953	225,857
Finance costs and interest income	164,015	131,450	131,450
Significant items impacting finance costs	-	8,713	-
EBIT	324,243	258,116	357,307
Depreciation and amortisation expense	74,651	63,783	63,783
EBITDA	398,894	321,899	421,090

(1) APA has adopted revised AASB 119 during the current period. As the revised standard must be applied retrospectively, comparative numbers have been restated.

(2) Significant items for the previous corresponding period relate to the acquisition of Hastings Diversified Utilities Fund and the reversal of some costs booked in relation to the sale of the Allgas business in December 2011.

Revenue (excluding pass-through) increased by \$57.6 million to \$509.6 million, an increase of 12.7% on the previous corresponding period. Earnings before interest, tax, depreciation and amortisation ("EBITDA") before significant items increased by \$77.0 million to \$398.9 million, 23.9% above the previous corresponding period (\$321.9 million).

The main factors driving the increase in EBITDA before significant items include:

- the full six months contribution of the South West Queensland Pipeline and the Pilbara Pipeline System, consolidated since 9 October 2012;
- additional earnings from the expanded Mondarra Gas Storage Facility (commissioned July 2013);
- increased performance of investments; and
- increased customer contributions in asset management.

Australian Pipeline Trust and its Controlled Entities Directors' Report for the half year ended 31 December 2013

These increases were partially offset by reduced Victorian Gas Transmission earnings as a result of the new access arrangement and the removal of contributions from the Moomba Adelaide Pipeline System – consolidated 9 October 2012 and sold 1 May 2013.

Operating cash flow increased by 44.9% to \$208.3 million (previous corresponding period: \$143.7 million), and operating cash flow per security increased by 23.3% or 4.7 cents to 24.9 cents per security (previous corresponding period: 20.2 cents per security).

Operating cash flow was impacted by the one-off payment of \$8.3 million in the current period relating to the NSW Supreme Court's decision in a matter regarding fees paid to Hastings Funds Management Limited, which APA is appealing, and the significant one off payments of \$68.8 million by Hastings Diversified Utilities Fund ("HDF") in the previous corresponding period.

Excluding these significant items, operating cash flow was up by 1.9% to \$216.6 million (Dec 2012: \$212.5 million) and corresponding operating cash flow per security was down 13.1% or 3.9 cents to 25.9 cents per security. This decrease is primarily due to the increase in the average number of securities on issue over the period.

APA's interim distribution of 17.5 cents per security is up 0.5 cents or 2.9% on the previous corresponding period's interim distribution. The distribution payout ratio for the current period is 67.5% based on normalised operating cash flow, compared to 66.2% for the previous corresponding period due to the increased securities on issue. APA continues to fully fund its distributions out of operating cash flows.

Capital management

APA securities on issue were unchanged during the current period, with 835,750,807 securities on issue at 31 December 2013.

During the current period APA completed the following financings:

- In December 2013, four existing \$75 million bilateral bank facilities, due to mature in mid 2014, were extended. The limit of each facility was increased to \$100 million and their terms extended, from 3 years to 5 years from their new effective dates, to December 2018.

Loans already drawn under the four revolving bilateral bank facilities continued and the additional headroom agreed is available to support APA's ongoing investment in the growth of its infrastructure assets, and for general corporate purposes.

At 31 December 2013, APA's debt portfolio had a broad spread of maturities extending out to 2024, with an average maturity of senior facilities of 5.4 years. APA's gearing¹ of 63.8% at 31 December 2013 was up from 62.8% at 30 June 2013, due to drawdowns of new loans utilised primarily to fund growth capital expenditure.

At 31 December 2013, APA had \$808.8 million in cash and committed undrawn facilities available to meet the continued capital growth needs of the business.

APA has a prudent treasury policy which requires conservative levels of hedging of interest rate exposures to minimise the potential impacts from adverse movements in interest rates. All interest rate and foreign currency exposures on debt raised in foreign currencies have been hedged. APA also enters into interest rate hedges for a proportion of the interest rate exposure on its floating rate borrowings. As at 31 December 2013, 78.4% of interest obligations on gross borrowings were either hedged or issued at fixed interest rates for varying periods extending out almost 11 years.

Borrowings and finance costs

As at 31 December 2013, APA had borrowings of \$4,539.7 million (\$4,412.0 million at 30 June 2013), principally from syndicated bank debt facilities, bilateral debt facilities, US Private Placement notes, European Medium Term Notes in several currencies, Australian Medium Term Notes, United States 144A Notes and APA Group Subordinated Notes.

Net finance costs increased by \$32.6 million, or 24.8%, to \$161.0 million (Dec 2012: \$131.5 million) due to the increase in debt taken on as part of the acquisition of HDF which was completed in December 2012. The

¹ Gearing ratio determined in accordance with covenants in certain senior debt facilities as net debt to net debt plus book equity.

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average interest rate (including credit margins) applying to drawn debt was 7.19 % for the current period (Dec 2012: 7.46%).

APA's interest cover ratio for the current period at 2.29 times (Dec 2012: 2.41), remains well in excess of its debt covenant default ratio of 1.1 times, and distribution lock up ratio of 1.3 times. The calculation of interest cover does not include any significant items included in EBITDA.

Credit ratings

APT Pipelines Limited, the borrowing entity of APA, maintained the following two investment grade credit ratings during the current period:

- BBB long-term corporate credit rating (outlook Stable) assigned by Standard & Poor's (S&P) in June 2009; and
- Baa2 long-term corporate credit rating (outlook Stable) assigned by Moody's Investors Service (Moody's) in April 2010.

Income tax

The effective income tax rate for the current period is 24.6%, higher than 8.2% in the previous corresponding period. This was primarily due to a number of significant items in the previous corresponding period being capital in nature and therefore having little or no tax effect applying to them. Excluding significant items, the effective income tax rate was slightly below the 28% of the previous corresponding period.

Capital expenditure

Capital expenditure² (including stay in business capex) for the period totalled \$200.7 million compared with \$187.8 million in the previous corresponding period.

Growth project expenditure of \$163.7 million included pipeline capacity expansion in Victoria and Western Australia, and additional compression facilities at Moomba and Wallumbilla. This expenditure was generally either fully underwritten through long-term gas transportation agreements or had regulatory approval through a relevant access arrangement.

² Capital expenditure represents actual cash payments as disclosed in the cash flow statement; it excludes accruals brought forward from the prior period and carried forward to the next period.

Australian Pipeline Trust and its Controlled Entities
Directors' Report for the half year ended 31 December 2013

Capital and investment expenditure for the current period and previous corresponding period is tabled below.

Capital and investment expenditure ⁽¹⁾	Description of major projects during the current period	31 Dec 2013	31 Dec 2012
		\$ million	\$ million
Growth expenditure Regulated	Victorian Transmission System	14.9	13.4
Major projects			
Queensland	Wallumbilla and Moomba compression	93.6	23.7
New South Wales	Moomba Sydney Pipeline southern expansion	4.8	13.4
Western Australia	Goldfields Gas Pipeline expansions	39.1	112.0
Other	Victoria – LNG and metering; NT pipelines	11.4	14.9
		148.9	164.0
Total growth capex		163.7	177.4
Customer contributions		16.4	0.5
Stay in business capex		20.6	9.9
Total capex		200.7	187.8
Acquisitions			271.7
Total Capital & Investment Expenditure		200.7	459.5

(1) The capital expenditure shown in this table represents actual cash payments as disclosed in the cash flow statement; it excludes accruals brought forward from the prior year and carried forward to next year.

Distributions

On 19 February 2014, the directors declared an interim distribution for APA for the current period of 17.5 cents per security, an increase of 0.5 cents per security (2.9%) over the previous corresponding period. This includes an APT distribution of 15.05 cents per security comprising a 14.56 cents unfranked profit distribution and a 0.49 cent capital contribution, and an APTIT distribution of 2.45 cents per security comprising a 2.30 cents unfranked profit distribution and 0.15 cent capital contribution. The interim distribution is payable on 12 March 2014. The Distribution Reinvestment Plan remains suspended.

Significant changes in state of affairs

In December 2013 APA and Envestra Limited ("Envestra") agreed to progress a scheme of arrangement proposal to combine the two businesses following a revised proposal from APA, which implies a value of \$1.17 per Envestra share. Further information on the merger proposal is found on page 11.

Australian Pipeline Trust and its Controlled Entities
Directors' Report for the half year ended 31 December 2013

Business segment performance

Statutory reported revenue and EBITDA performance of APA's business segments is tabled below.

Half year ended	31 Dec 2013	31 Dec 2012 ⁽¹⁾	Changes	
	\$000	\$000	\$000	%
Revenue				
Energy Infrastructure				
<i>Queensland</i>	132,299	86,718	45,581	52.6
<i>New South Wales</i>	74,139	71,068	3,071	4.3
<i>Victoria</i>	79,869	94,714	(14,845)	(15.7)
<i>South Australia</i>	1,092	1,077	15	1.4
<i>Western Australia</i>	115,211	95,697	19,514	20.4
<i>Northern Territory</i>	11,922	11,277	645	5.7
Energy Infrastructure total	414,532	360,551	53,981	15.0
Asset Management	56,080	37,680	18,400	48.8
Energy Investments	38,369	30,723	7,646	24.9
Total segment revenue	508,981	428,954	80,027	18.7
Divested business ⁽²⁾	-	12,619	(12,619)	
Pass-through revenue	201,771	172,609	29,162	16.9
Unallocated revenue ⁽³⁾	653	10,506	(9,853)	(93.8)
Total revenue	711,405	624,688	86,717	13.9
EBITDA				
Energy Infrastructure				
<i>Queensland</i>	108,787	64,286	44,501	69.2
<i>New South Wales</i>	62,167	58,470	3,697	6.3
<i>Victoria</i>	61,549	74,157	(12,608)	(17.0)
<i>South Australia</i>	939	903	36	4.0
<i>Western Australia</i>	85,802	66,009	19,793	30.0
<i>Northern Territory</i>	6,776	5,265	1,511	28.7
Energy Infrastructure total	326,018	269,090	56,928	21.2
Asset Management	34,507	15,416	19,091	123.8
Energy Investments	38,369	30,721	7,648	24.9
Total segment EBITDA	398,894	315,227	83,667	26.5
Divested business ⁽²⁾	-	6,672	(6,672)	
Significant items ⁽⁴⁾	-	99,191	(99,191)	
Total EBITDA	398,894	421,090	(22,196)	(5.3)

(1) APA has adopted revised AASB 119 during the current period. As the revised standard must be applied retrospectively, comparative numbers have been restated.

(2) Divested business – sale of the Moomba Adelaide Pipeline System 1 May 2013

(3) Interest income.

(4) Significant items for the previous corresponding period relate to the acquisition of Hastings Diversified Utilities Fund and the reversal of some costs booked in relation to the sale of the Allgas business in December 2011.

APA's operations and financial result in the period principally reflects the additional revenue from new assets and asset expansions, partially offset by the reduced Victorian Transmission System revenue.

EBITDA in APA's continuing business, which excludes the divested Moomba Adelaide Pipeline System, increased by 26.5% to \$398.9 million.

Energy Infrastructure

The Energy Infrastructure segment includes gas transmission and storage assets and the Emu Downs Wind Farm. Revenue from these assets is derived from either regulatory arrangements or capacity-based contracts. Regulatory arrangements on major assets are reviewed every five years. Contracts currently have a weighted average length in excess of 10 years.

The Energy Infrastructure segment contributed 81.4% of revenue and 81.7% of EBITDA. Revenue (excluding pass-through revenue) was \$414.5 million, an increase of 15.0% on the previous corresponding period of \$360.6 million. EBITDA increased by 21.2% to \$326.0 million on the previous corresponding period of \$269.1 million.

The following key factors contributed to this result:

- Full six month's contribution from the South West Queensland Pipeline and the Pilbara Pipeline System, compared with three months in the previous corresponding period.
- Full six months contribution from the increased Roma Brisbane Pipeline capacity compared with three months in the previous corresponding period;
- Five months contribution from the expanded Mondarra Gas Storage Facility; and
- Increase in volumes through the Victorian Transmission System to New South Wales offset by the reduced regulatory tariffs of the new access arrangement which commenced in 1 July 2013.

APA continues to focus on the operation, development and enhancement of its gas transmission and distribution assets across mainland Australia.

East coast gas grid

With the addition of the South West Queensland Pipeline as part of the acquisition of HDF, APA now has a 7,000 km integrated pipeline grid on the east coast of Australia, with the ability to transport gas seamlessly from multiple gas production facilities to gas users across four states.

Customers using the grid now have flexibility in relation to receipt and delivery points, with the potential to move between 30 receipt points and about 100 delivery points on the east coast. APA is developing the commercial and operational framework to deliver these and other related services, such as storage, gas-parking facilities and multi-directional flows.

During the current period three gas transportation agreements on the Moomba Sydney Pipeline System were executed to facilitate the increased transportation of gas from Victoria to New South Wales via the Victorian Transmission System:

- On 26 September 2013, APA announced a new gas transportation and storage services agreement with Origin Energy Limited, on the Moomba Sydney Pipeline. The agreement has a term of six years, commencing 1 January 2014 and replacing the previous contract transporting gas from Moomba;
- On 23 October 2013, APA announced a new gas transportation agreement with EnergyAustralia Pty Ltd, for the delivery of gas sourced from Victoria into New South Wales via APA's Moomba Sydney Pipeline and Victorian Transmission System. The agreement has an initial term of 4.5 years, commencing January 2015, and replaces the current contract between APA and EnergyAustralia for the transportation of gas from Moomba;
- On 4 November 2013, APA announced a new gas transportation agreement with Lumo Energy providing a revised suite of services from Victoria through to Sydney using the Victorian Transmission System and Moomba Sydney Pipeline. The agreement has a term of five and a half years, commencing January 2015.

The Victorian Transmission System will be expanded to increase the firm peak winter gas flows from Victoria into New South Wales by 145%, at a total cost of approximately \$160 million. See Victorian Transmission System and Moomba Sydney Pipeline for more detail, on page 9.

APA continues to adapt its gas pipeline infrastructure to serve the changing needs of our customers, particularly during this time when New South Wales requires increased flexibility in its sources of gas supply. APA has a longstanding commitment to work with our customers to identify, and invest in the development of gas infrastructure required to support their business.

Australian Pipeline Trust and its Controlled Entities Directors' Report for the half year ended 31 December 2013

An update on projects and developments is listed below by geographic region

Queensland

- Wallumbilla compression facilities

In December 2012 APA announced it will proceed with the development of expanded compression capacity and associated services at Wallumbilla in Queensland. The expansion is underpinned by a 15-year agreement with GLNG Operations Pty Ltd, with a further 5 to 10 year option. The current committed capital of \$125 million may be increased up to \$200 million subject to the exercise of an option for further compression capacity and associated services.

- Moomba compression facilities

APA has continued the \$125 million compression capacity expansion project on the Moomba end of the South West Queensland Pipeline. The project, which commenced during HDF ownership of the asset, will support the west to east gas transportation agreements on the South West Queensland Pipeline. In addition, APA commenced capital works to enable increased eastern haul transportation services on the pipeline, totalling \$75 million. Both capital projects are underpinned by long term revenue contracts.

Construction is proceeding on site and is expected to be completed in the third quarter of the 2014 calendar year.

New South Wales

- Moomba Sydney Pipeline

Three new gas transportation agreements to provide increased gas flow from Victoria into New South Wales were executed in September, October and November 2013 (see East Coast Grid on page 8). These replace two agreements for gas transportation services from Moomba with Origin Energy and EnergyAustralia, and the third provides firm services for Lumo Energy.

As part of the \$160 million project to increase gas transportation capacity from Victoria into New South Wales, APA is expanding the capacity of the Culcairn compressor in southern New South Wales. Design and procurement was undertaken during the current period, with the expansion scheduled for completion by winter 2015.

APA is actively marketing capacity in the medium term to replace contracts expiring in 2016. Options include delivery of supplies from new fields, storage services and the potential for the delivery of southern sourced gas to northern markets.

Victoria

- Victorian Transmission System

Total gas volume transported through the Victorian Transmission System was 130.1 PJ, up 1.1% on the previous corresponding period (128.7 PJ) due to increased gas exports to New South Wales, partially offset by lower industrial demand and lower residential demand due to warmer weather. Peak day volume of 1,132 TJ was lower than the previous corresponding period (1,151 TJ).

In March 2013, the Australian Energy Regulator ("AER") issued its final decision which did not accept APA's revised access arrangement proposal. The AER subsequently published its own access arrangement for the Victorian Transmission System. APA appealed to the Australian Competition Tribunal, whose decision was issued on 18 September 2013. APA was successful in respect of two aspects of the AER's decision, which together represent approximately \$20 million in additional revenue over the current access arrangement period.

APA commenced construction for the new compression facilities at Winchelsea – part of the South West Pipeline augmentation approved in the current access arrangement. Construction of the first stage of looping of the Northern Interconnect also commenced, part of the \$160 million capital projects to provide additional capacity in the northern zone of the system in accordance with regulatory arrangements (Northern Zone augmentation) and new contractual agreements – see East Coast Grid on page 8.

Western Australia

▪ Goldfields Gas Pipeline

In December 2011 and January 2012, APA announced two new capacity expansions on the pipeline, together providing an additional 44 TJ/day, an increase of 28% of the pipeline's capacity. These expansions totalling \$150 million (APA's share is \$132 million) are underpinned by a new 20-year gas transportation agreement with Rio Tinto and a new 15-year gas transportation agreement with the Mount Newman Joint Venture (85% BHP Billiton).

The expansion for Rio Tinto was completed during the period, with revenues commencing under the agreement in October 2013. APA has been managing the construction project on behalf of the Goldfields Gas Transmission Joint Venture through which APA owns 88.2% of the Goldfields Gas Pipeline.

▪ Mondarra Gas Storage Facility

APA completed the expansion of its Mondarra Gas Storage Facility, with commercial operations commencing 23 July 2013. Work commenced following execution of a long-term foundation contract for storage capacity with Verve Energy in May 2011. The facility's commercial storage capacity has been increased from 3 PJ to 15 PJ and provides APA's customers with supply options and flexibility to better manage their gas supply and demand portfolios.

Forecast contracted revenue for 2014 financial year is approximately \$30 million, increasing as more capacity is sold. Most of the facility's capacity is contracted for at least 20 years, and APA continues to actively market storage services for the remaining capacity to other potential users of the facility.

Northern Territory

▪ Katherine to Gove gas pipeline

In November 2013, Pacific Aluminium (PacAl), owner of the alumina refinery at Gove, announced the future closure of the refinery. This ended discussions between APA, the Northern Territory government and PacAl, in relation to infrastructure required to supply gas to Gove.

▪ Pipeline link between the Northern Territory and south east Australia

APA has continued discussions with the relevant interested parties in respect of linking APA's Northern Territory pipeline infrastructure with its east coast gas grid. This will create the opportunity for Northern Territory gas to supply markets in the east, as well as supplying additional gas security for the Northern Territory. APA will commence a feasibility study within the 2014 financial year.

Asset Management

APA provides asset management and operational services to the majority of its energy investments and to a number of third parties. Its main customers are Envestra, Ethane Pipeline Income Fund, Energy Infrastructure Investments, GDI, and the Diamantina Power Station joint venture. Asset management services are provided to these customers under long term contracts.

Revenue (excluding pass-through revenue) from asset management services increased by \$18.4 million or 48.8% to \$56.1 million (Dec 2012: \$37.7 million) and EBITDA increased by \$19.1 million or 123.8% to \$34.5 million (Dec 2012: \$15.4 million).

The increase in revenue is mainly due to customer contributions for relocating APA infrastructure, totalling \$17.5 million compared with \$0.6 million in the previous corresponding period.

Energy Investments

APA has an interest in a number of energy investments across Australia, including Envestra Limited, SEA Gas Pipeline, Energy Infrastructure Investments, Ethane Pipeline Income Fund, EII2 (investment in the North Brown Hill wind farm) and GDI (EII) which owns the Allgas gas distribution network.

APA holds a number of roles in respect of the majority of these investments, in addition to its ownership interest.

All investments are equity accounted, with the exception of APA's interest in Ethane Pipeline Income Fund.

Australian Pipeline Trust and its Controlled Entities Directors' Report for the half year ended 31 December 2013

EBITDA increased by 24.9% to \$38.4 million, up from \$30.7 million in the previous corresponding period, mainly due to an increase in Envestra's profitability, and partially offset by the end of distributions received previously from HDF (one quarter's distributions in the previous corresponding period).

At 31 December 2013 APA's interest in Envestra was 33.0%. APA remains the largest shareholder of Envestra.

Project under development – Diamantina and Leichhardt power stations

APA and AGL Energy are jointly developing the Diamantina and Leichhardt power stations at Mount Isa, Queensland through a 50:50 owned joint venture. The Diamantina Power Station is a 242 MW combined cycle gas-fired power station; the adjacent Leichhardt Power Station is 60 MW open-cycle gas-fired power station which will provide back-up generation in support of availability commitments to customers. The power stations will be supplied with gas via APA's Carpentaria Gas Pipeline.

The power stations are underpinned by long term energy supply agreements through to 2031 with Mount Isa Mines Limited, a wholly owned subsidiary of Glencore, and Ergon Energy, Queensland's state-owned regional electricity supplier. Under the arrangements, AGL has contracted transportation capacity in the Carpentaria Gas Pipeline for an initial ten-year period.

In early October 2013, the Diamantina Power Station delivered its first power into the Mount Isa electricity grid as part of the commissioning of the first 40MW open cycle gas turbine generator. Small amounts of electricity will continue to be supplied into the local grid until the power station is fully commissioned in mid-2014.

Following the voluntary administration of the Diamantina Power Station's turn-key contractor Forge Group Limited in February 2014, APA and AGL Energy have engaged with stakeholders, including the receiver manager and subcontractors so as to progress the project to completion within the expected timeframe of mid-2014. Construction and commissioning on the site continues.

The Leichhardt power station is being constructed under a turn-key contract by Leighton Contractors Pty Limited. In October 2013 the 60MW gas turbine and generator arrived at site, and the power station is expected to be operational by mid-2014.

The joint venture has procured limited recourse debt financing for the development of the 2 power stations and APA's equity contribution is expected to be around \$100-\$120 million. This will be funded from available cash and committed facilities, after completion of construction and commissioning.

Merger proposal for Envestra

On 17 December 2013 APA and Envestra agreed to progress a scheme of arrangement proposal to combine the two businesses following a revised proposal from APA, which implies a value of \$1.17 per Envestra share (based on an APA share price of \$6.0974, being the APA 30 day VWAP at close of business on 11 December 2013).

Under the proposal, Envestra shareholders will have the option to receive either 0.1919 new APA securities for each Envestra share or a combination of APA securities and cash, whereby the cash component will be offered through a "mix and match facility", subject to an overall cap of \$241 million.

The Independent Board Committee of Envestra agreed by majority to proceed with the steps necessary to put the APA proposal before Envestra shareholders for their approval. Those steps include APA and Envestra undertaking mutual confirmatory due diligence, Envestra seeking certain binding confirmations from its financiers (as agreed with APA) and the appointment of an Independent Expert to opine on whether the proposed scheme is fair and reasonable and in the best interests of Envestra's shareholders (excluding APA).

Following completion of these steps, a recommendation in relation to the proposed scheme of arrangement will be made by the Independent Directors of the Envestra Board to Envestra shareholders.

APA envisages that a scheme of arrangement can be implemented by 30 June 2014.

Regulatory matters

Key regulatory matters addressed during the current period included:

Victorian Transmission System access arrangement

In April 2012, APA submitted a revised access arrangement proposal for the Victorian Gas Transmission System for the period 2013 to 2017. The AER issued its final decision in March 2013 which did not accept APA's proposal. The AER subsequently published its own access arrangement for the Victorian Transmission System.

The AER's final decision includes a reduction in revenue that resulted from, among other matters, a lower capital base reflecting lower actual capital expenditure in the previous access arrangement period and a significantly lower allowed rate of return.

APA appealed to the Australian Competition Tribunal, whose decision was issued on 18 September 2013. APA was successful in respect of two aspects of the AER's decision, which together represent approximately \$20 million in additional revenue over the current access arrangement period.

Rate of return guidelines

In December 2013, each of the AER and the Economic Regulation Authority ("ERA") published their respective initial Rate of Return Guideline, as required by changes to the National Gas Rules implemented in 2012. The Guidelines highlight that the Capital Asset Pricing Model continues to dominate each of the Regulator's respective approaches to determining the cost of equity. These guidelines are not binding and service providers in their access arrangements proposals to the AER and ERA can argue for departure from the relevant guideline.

SCER Review of Limited Merits Review

In June 2013, the Standing Council on Energy and Resources ("SCER") released its policy conclusion following its review of the Limited Merits Review framework. SCER retained the existing grounds for merits review and the Australian Competition Tribunal as the review body, and added a new requirement for the applicant to demonstrate, and the Tribunal to agree, that there is a prima facie case that a materially preferable decision could result from the review. Legislation implementing this policy is now effective.

Environmental reporting

In October 2013, APA complied with Australia's National Greenhouse and Energy Reporting obligations for the 2013 financial year.

APA's summary of Scope 1 emissions and energy consumption for the 2013 financial year are set out in the following table:

Financial year	2013	2012	Change	
Scope 1 CO ₂ emissions (tonnes)	323,871	327,239	(3,368)	(1.0) %
Energy consumption (GJ)	3,944,449	3,675,398	269,051	7.3 %

First year of the newly implemented carbon legislation

A major element of the Clean Energy Act 2011, passed by the Senate on 8 November 2011, is the introduction of legislation to reduce carbon emissions. The legislation put a price on carbon emissions from 1 July 2012. It is intended that this carbon price mechanism will act as an incentive for major emitters to switch to less carbon intensive ways of doing business, such as switching from coal-fired generation to gas-fired and renewable generation.

APA's main sources of emissions are from the combustion of natural gas in compressor stations and from fugitive emissions associated with natural gas pipelines. APA compiles National Greenhouse and Energy Reporting Scheme compliance reporting for assets under its operational control, which include the following assets impacted by the new carbon legislation: Roma Brisbane Pipeline, Moomba Sydney Pipeline, South West Queensland Pipeline, Northern Territory Natural Gas Distribution Network, Goldfields Gas Pipeline (88.2% ownership) and Allgas (20% equity ownership).

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APA recovers all carbon related costs from its regulated assets under the access arrangement review process. For unregulated assets, APA recovers its carbon related costs through contractual carbon pass-through clauses. APA has also implemented changes to systems and processes across the business to meet the requirements of the new legislation.

There is a proposal before Parliament to repeal the existing carbon legislation. A Green Paper was also released in December 2013 for comment on the Federal Government's proposed Emissions Reduction Fund as a replacement for the existing carbon legislation.

Guidance for the 2014 financial year

Based on available information, APA Group expects EBITDA for the full year to 30 June 2014 to be in a range of \$730 million to \$740 million, which represents an increase of approximately 13% to 14% over the 2013 financial year EBITDA adjusted to remove the contribution of MAPS during the 2013 financial year.

Net interest cost is expected to be in a range of \$315 million to \$325 million.

Distribution per security for the 2014 year is expected to total at least 36.0 cents per security.

SUBSEQUENT EVENTS

Except as disclosed elsewhere in this report, the Directors are unaware of any matter or circumstance that has occurred since the end of the year that has significantly affected or may significantly affect the operations of APA, the results of those operations or the state of affairs of APA in future years.

AUDITOR

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on page 34.

ROUNDING OF AMOUNTS

APA is an entity of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded to the nearest thousand dollars, unless otherwise indicated.

Australian Pipeline Trust and its Controlled Entities
Directors' Report for the half year ended 31 December 2013

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to section 306(3) of the Corporations Act 2001.

On behalf of the directors



Leonard Bleasel AM
Chairman



Robert Wright
Director

SYDNEY, 19 February 2014

Australian Pipeline Trust and its Controlled Entities
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2013

	Note	31 Dec 2013 \$000	31 Dec 2012 (Restated) \$000
Continuing operations			
Revenue	3	674,950	598,432
Share of net profits of associates and jointly controlled entities accounted for using the equity method	3	36,455	26,256
		711,405	624,688
Gain on previously held interest in HDF on obtaining control		-	142,333
Asset operation and management expenses		(23,475)	(73,525)
Depreciation and amortisation expense	4	(74,651)	(63,783)
Other operating costs - pass-through	4	(201,771)	(172,609)
Finance costs	4	(164,668)	(141,956)
Employee benefit expense		(84,486)	(85,179)
Other expenses		(2,126)	(4,112)
Profit before tax		160,228	225,857
Income tax expense		(39,495)	(18,454)
Profit for the period		120,733	207,403
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain on defined benefit plan		10,410	5,337
Income tax relating to items that will not be reclassified subsequently		(3,123)	(1,602)
		7,287	3,735
Items that may be reclassified subsequently to profit or loss:			
Gain on available-for-sale investments taken to equity		22	25,667
Gain on available-for-sale investment reclassified to profit or loss		-	(142,333)
Loss on cash flow hedges taken to equity		(35,090)	(50,212)
Gain on associate hedges taken to equity		7,599	2,549
Income tax relating to items that may be reclassified subsequently		8,252	49,019
		(19,217)	(115,310)
Other comprehensive income for the period (net of tax)		(11,930)	(111,575)
Total comprehensive income for the period		108,803	95,828
Profit attributable to:			
Securityholders of the parent		101,492	191,448
Non-controlling interest - APT Investment Trust equityholders		19,240	18,719
APA stapled securityholders		120,732	210,167
Non-controlling interest - other		1	(2,764)
		120,733	207,403
Total comprehensive income attributable to:			
Securityholders of the parent		89,528	80,807
Non-controlling interest - APT Investment Trust equityholders		19,274	17,785
APA stapled securityholders		108,802	98,592
Non-controlling interest - other		1	(2,764)
		108,803	95,828
Earnings per security			
Basic and diluted (cents per security)	10	14.4	29.5

Diluted earnings per security is exactly the same as basic earnings per security.

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Australian Pipeline Trust and its Controlled Entities
Condensed Consolidated Statement of Financial Position
As at 31 December 2013

	Note	31 Dec 2013 \$000	30 Jun 2013 (Restated) \$000
<u>Current assets</u>			
Cash and cash equivalents		60,707	80,955
Trade and other receivables		147,139	164,569
Other financial assets		4,537	16,469
Inventories		18,639	12,726
Other		9,307	5,662
Total current assets		240,329	280,381
<u>Non-current assets</u>			
Receivables		31,992	34,318
Other financial assets		201,402	168,540
Investments accounted for using the equity method		605,102	589,131
Property, plant and equipment		5,397,777	5,280,411
Goodwill		1,150,500	1,150,500
Other intangible assets		174,394	177,015
Other		24,213	18,632
Total non-current assets		7,585,380	7,418,547
Total assets		7,825,709	7,698,928
<u>Current liabilities</u>			
Trade and other payables		151,336	190,062
Borrowings		-	80,910
Other financial liabilities		77,752	126,385
Provisions		68,430	81,943
Other		20,418	12,921
Total current liabilities		317,936	492,221
<u>Non-current liabilities</u>			
Trade and other Payables		3,781	3,749
Borrowings		4,584,504	4,233,242
Other financial liabilities		154,095	177,256
Deferred tax liabilities		248,299	213,932
Provisions		34,308	47,930
Other		14,668	16,669
Total non-current liabilities		5,039,655	4,692,778
Total liabilities		5,357,591	5,184,999
Net assets		2,468,118	2,513,929

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Australian Pipeline Trust and its Controlled Entities
Condensed Consolidated Statement of Financial Position (continued)

As at 31 December 2013

	Note	31 Dec 2013 \$000	30 Jun 2013 (Restated) \$000
Equity			
Australian Pipeline Trust equity:			
Issued capital	8	1,820,516	1,820,516
Reserves		(71,321)	(52,070)
Retained earnings		121,664	146,762
Equity attributable to securityholders of the parent		1,870,859	1,915,208
Non-controlling interests:			
APT Investment Trust:			
Issued capital	8	577,467	578,780
Reserves		501	467
Retained earnings		19,240	19,424
Equity attributable to securityholders of APT Investment Trust		597,208	598,671
Other non-controlling interest		51	50
Total non-controlling interests		597,259	598,721
Total equity		2,468,118	2,513,929

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Australian Pipeline Trust and its Controlled Entities
Condensed Consolidated Statement of Changes in Equity
For the half year ended 31 December 2013

	Consolidated															
	Australian Pipeline Trust						APT Investment Trust						Other non-controlling interest			
	Available- For-Sale		Available- For-Sale		Attributable to owner		Available- For-Sale		APT		Other non-			Total (Restated)		
	Issued Capital \$000	Asset Revaluation Reserve \$000	Investment Revaluation Reserve \$000	Hedging Reserve \$000	Other Reserves \$000	Retained earnings (Restated) \$000	of the parent (Restated) \$000	Issued Capital \$000	Revaluation Reserve \$000	Retained earnings \$000	Investment Trust \$000	Issued Capital \$000	Other \$000		Retained earnings \$000	Interest \$000
Balance at 1 July 2012	1,138,205	8,669	82,696	(35,212)	-	34,710	1,229,068	364,066	1,624	21,160	386,850	4	1	44	49	1,615,967
Profit/(loss) for the period	-	-	-	-	-	191,448	191,448	-	-	18,719	18,719	-	-	(2,764)	(2,764)	207,403
Other comprehensive income (net of tax)	-	-	(81,012)	(33,364)	-	3,735	(110,641)	-	(934)	-	(934)	-	-	-	-	(111,575)
Total comprehensive income for the period	-	-	(81,012)	(33,364)	-	195,183	80,807	-	(934)	18,719	17,785	-	-	(2,764)	(2,764)	95,828
Non-controlling interest on obtaining control of HDF	-	-	-	-	-	-	-	-	-	-	-	713,069	-	-	713,069	713,069
Acquisition of non-controlling interest	-	-	-	-	(2,765)	-	(2,765)	-	-	-	-	(713,069)	-	2,765	(710,304)	(713,069)
Transfer to retained earnings	-	-	-	-	2,765	(2,765)	-	-	-	-	-	-	-	-	-	-
Payment of distributions	-	-	-	-	-	(32,786)	(32,786)	-	-	(21,160)	(21,160)	-	-	-	-	(53,946)
Issued under Distribution Reinvestment Pla	25,486	-	-	-	-	-	25,486	8,034	-	-	8,034	-	-	-	-	33,520
Issue of securities in business combination	672,630	-	-	-	-	-	672,630	212,035	-	-	212,035	-	-	-	-	884,665
Issue cost of securities	(6,066)	-	-	-	-	-	(6,066)	(1,913)	-	-	(1,913)	-	-	-	-	(7,979)
Tax relating to security issue costs	16	-	-	-	-	-	16	-	-	-	-	-	-	-	-	16
Capital return to shareholders	(47,182)	-	-	-	-	-	(47,182)	(14,879)	-	-	(14,879)	-	-	-	-	(62,061)
Balance at 31 December 2012	1,783,089	8,669	1,684	(68,576)	-	194,342	1,919,208	567,343	690	18,719	586,752	4	1	45	50	2,506,010
Balance at 1 July 2013	1,820,516	8,669	1,736	(62,475)	-	146,762	1,915,208	578,780	467	19,424	598,671	4	1	45	50	2,513,929
Profit for the period	-	-	-	-	-	101,492	101,492	-	-	19,240	19,240	-	-	1	1	120,733
Other comprehensive income (net of tax)	-	-	(8)	(19,243)	-	7,287	(11,964)	-	34	-	34	-	-	-	-	(11,930)
Total comprehensive income for the period	-	-	(8)	(19,243)	-	108,779	89,528	-	34	19,240	19,274	-	-	1	1	108,803
Payment of distributions	-	-	-	-	-	(133,877)	(133,877)	-	-	(19,424)	(19,424)	-	-	-	-	(153,301)
Capital return to shareholders	-	-	-	-	-	-	-	(1,313)	-	-	(1,313)	-	-	-	-	(1,313)
Balance at 31 December 2013	1,820,516	8,669	1,728	(81,718)	-	121,664	1,870,859	577,467	501	19,240	597,208	4	1	46	51	2,468,118

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Australian Pipeline Trust and its Controlled Entities
Condensed Consolidated Statement of Cash Flows
For the half year ended 31 December 2013

Note	31 Dec 2013 \$000	31 Dec 2012 \$000
<u>Cash flows from operating activities</u>		
Receipts from customers	757,727	669,823
Payments to suppliers and employees	(414,309)	(372,499)
Payments to Hastings Funds Management for management and performance fees	(8,273)	(40,238)
Payments by HDF for takeover defence costs	-	(28,587)
Dividends received	28,369	29,429
Proceeds from repayment of finance leases	2,411	2,168
Interest received	3,160	14,926
Interest and other costs of finance paid	(160,918)	(131,310)
Income tax	141	-
Net cash provided by operating activities	208,308	143,712
<u>Cash flows from investing activities</u>		
Payments for property, plant and equipment	(200,685)	(187,766)
Proceeds from sale of property, plant and equipment	532	335
Payments for equity accounted investments	-	(15,250)
Payments for controlled entities (net of cash acquired)	(24)	(256,434)
Payments for intangible assets	(897)	(365)
Proceeds from sale of businesses	1,774	19,638
Net cash (used in)/provided by investing activities	(199,300)	(439,842)
<u>Cash flows from financing activities</u>		
Proceeds from borrowings	830,000	2,587,243
Repayments of borrowings	(702,582)	(2,343,667)
Proceeds from issue of securities	-	33,520
Payment of debt issue costs	(2,000)	(24,312)
Payments of security issue costs	(60)	(7,742)
Payments for early settlement of loans and derivatives	-	(34,919)
Distributions paid to:		
Securityholders of APT	(133,877)	(79,968)
Securityholders of non-controlling interests - APTIT	(20,737)	(36,039)
Securityholders of other non-controlling interests	-	(13,249)
Net cash (used in)/provided by financing activities	(29,256)	80,867
Net (decrease)/increase in cash and cash equivalents	(20,248)	(215,263)
Cash and cash equivalents at beginning of financial period	80,955	329,934
Cash and cash equivalents at end of financial period	60,707	114,671

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Australian Pipeline Trust and its Controlled Entities

Notes to the condensed consolidated financial statements

For the half year ended 31 December 2013

1. Significant accounting policies

Basis of preparation

In accordance with Australian Accounting Standards, the entities within the Group must be consolidated. The parent entity and deemed acquirer of APTIT is APT. These Financial Statements represent the consolidated results of APT, which comprises APT and its controlled entities. Equity attributable to other trusts stapled to APT is a form on non-controlling interest and represents the equity of APTIT. Other non-controlling interests represent the equity attributable to parties external to the Group.

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half year financial report does not include notes of the type normally included in an annual financial report. Accordingly this report should be read in conjunction with the most recent annual financial report and any public announcements made by APT and its Controlled Entities during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Consolidated Entity is an entity of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998 and in accordance with that Class Order amounts in the Directors' report and the half year financial report are rounded to the nearest thousand dollars (\$000) unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the entity's 2013 annual financial report for the financial year ended 30 June 2013, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Adoption of new and revised Accounting Standards

(a) Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

In the current period, the Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current reporting periods.

AASB 119 Employee benefits (revised)

APT and its Controlled Entities adopted the revised AASB 119 from 1 July 2013. The revised standard includes changes to the recognition of income and expenses associated with the superannuation defined benefit plans in which APT and its Controlled Entities participate. Under the revised standard, return on plan assets has been calculated based on the rate used to discount the obligations rather than the expected rate of return on these assets. As the revised standard must be applied retrospectively, adjustments to the retirement benefit obligations have been recognised at the beginning of the earliest period presented (1 July 2012) and the income statement, statement of comprehensive income and statement of financial position were restated for the comparative period (31 December 2012) and for the year ended 30 June 2013.

APT and its Controlled Entities has obtained actuarial assessments and applied amendments retrospectively with the cumulative impacts shown in the following table.

	Cumulative Impacts Increase / (Decrease)	
	31 Dec 2012 \$000	30 Jun 2013 \$000
Impact on profit		
Profit before income tax	(2,585)	(5,173)
Income tax	776	1,552
Profit after tax	(1,809)	(3,621)

Australian Pipeline Trust and its Controlled Entities
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2013

1. Significant accounting policies (continued)

(a) Standards and Interpretations affecting amounts reported in the current period (and/or prior periods) (continued)

	Cumulative Impacts Increase / (Decrease)		
	1 Jul 2012 \$000	31 Dec 2012 \$000	30 Jun 2013 \$000
Impact on statement of financial position			
Net defined benefit superannuation liabilities	(2,750)	(1,461)	(2,312)
Deferred tax liabilities	825	438	694
Net liabilities	(1,925)	(1,023)	(1,618)
Retained earnings (opening balance)	1,925	1,925	1,925
Reserves	-	907	3,314
Total equity	1,925	2,832	5,239

AASB 13 Fair value measurement

AASB 13 explains how to measure fair value and aims to enhance fair value disclosures, and is effective for annual reporting periods beginning after 1 January 2013. In accordance with transitional provisions, AASB 13 has been applied prospectively from 1 July 2013.

AASB 13 requires inclusion of a measure for credit risk in the calculations of assets and liabilities recorded at fair value. This change is applied prospectively and has not had a significant impact on the fair value of APT and its Controlled Entities' assets and liabilities for the half year ended 31 December 2013, however has resulted in additional fair value disclosures as provided in note 12.

Control and joint arrangements

AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, AASB 127 Separate Financial Statements (Dec 2012), AASB 128 Investments in Associates and Joint Ventures (Dec 2012) and AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments.

AASB 10 was applied by APT and its Controlled Entities from 1 July 2013. AASB 10 replaces the previous guidance on control and retains the core principle that a Consolidated Entity presents a parent and its subsidiaries as if they are a single economic entity. Whereas the control definition in the previous guidance focussed on 'risks and rewards', AASB 10 focuses on the combination of power, exposure to variable returns and ability to use the power to affect the returns.

The transitional provisions permit prior period comparatives to not be restated where the accounting outcome under the previous guidance is the same as that under AASB 10 as at the date of initial application, 1 July 2013. For all other situations, comparatives are restated retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors as if AASB 10 had always been applied.

AASB 11 Joint Arrangements provides a new definition of joint venture and joint operation and removes optionality around accounting for joint arrangements. Under AASB 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. Joint ventures are defined by a right to net profit and net assets of the joint arrangement and are required to be equity accounted. Joint operations are defined by a right to assets and obligation for liabilities of the joint arrangements.

There has been no change in accounting for existing arrangements for the half year ended 31 December 2013 as a result of applying these standards. However, should any arrangements take place which change existing interests or create new interests in controlled entities, the accounting for such transactions may be different to that applied to transactions in the past.

Australian Pipeline Trust and its Controlled Entities
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2013

1. Significant accounting policies (continued)

(b) Standards and Interpretations issued not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 9 'Financial Instruments', and the relevant amending standards'	1 January 2017	30 June 2018
• AASB 2012-3 'Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015

The potential impact of the initial application of the Standards above are yet to be determined.

Working Capital Position

The working capital position as at 31 December 2013 for APT and its Consolidated Entities is a surplus of current liabilities over current assets of \$77.6 million (\$211.8 million for 30 June 2013) primarily as a result of \$77.8 million of cash flow hedge liabilities. The Directors continually monitor the APT and its Consolidated Entities' working capital position, including forecast working capital requirements and have ensured that there are appropriate refinancing strategies and adequate committed funding facilities in place to accommodate financial obligations as and when they fall due.

Critical accounting judgements and key sources of estimation uncertainty

In the application of APT and its Consolidated Entities' accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment of assets

Determining whether property, plant and equipment, identifiable intangible assets, equity accounted investments and goodwill is impaired requires an estimation of the value-in-use of the cash-generating units. The value-in-use calculation requires APT and its Consolidated Entities to estimate the future cash flows expected to arise from cash-generating units and suitable discount rates in order to calculate the present value of cash-generating units.

Estimates and assumptions used are reviewed on an ongoing basis.

Determining whether available-for-sale investments are impaired requires an assessment as to whether declines in value are significant or prolonged. Management has taken into account a number of qualitative and quantitative factors in making this assessment. An assessment that the decline in value represented an impairment would result in the transfer of the decrement from reserves to profit or loss.

Useful lives of non-current assets

APT and its Consolidated Entities review the estimated useful lives of property, plant and equipment at the end of each annual reporting period. Any reassessment of useful lives in a particular year will affect the depreciation or amortisation expense.

Comparative figures

Where necessary to facilitate comparison, comparative figures have been adjusted to conform with changes in presentation in the current period.

Australian Pipeline Trust and its Controlled Entities
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2013

2. Segment information

The Consolidated Entity operates in one geographical segment, being Australia.

(a) Description of reportable segments

The Consolidated Entity comprises the following reportable segments:

- energy infrastructure;
- asset management; and
- energy investments.

(b) Reportable segments

	Energy Infrastructure	Asset management	Energy investments	Consolidated
Half year ended 31 December 2013	\$000	\$000	\$000	\$000
Segment revenue ^(a)				
External sales revenue	412,658	56,080	-	468,738
Equity accounted net profits	-	-	36,455	36,455
Pass-through revenue	4,361	197,410	-	201,771
Finance lease and investment interest income	1,874	-	1,637	3,511
Distributions - other entities	-	-	277	277
Total segment revenue	418,893	253,490	38,369	710,752
Significant item -				
Other interest income				653
Consolidated revenue				711,405
Segment result				
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	324,144	34,507	277	358,928
Share of net profits of associates and jointly controlled entities accounted for using the equity method	-	-	36,455	36,455
Finance lease and investment interest income	1,874	-	1,637	3,511
Total EBITDA	326,018	34,507	38,369	398,894
Depreciation and amortisation	(72,375)	(2,276)	-	(74,651)
Earnings before interest and tax ("EBIT")	253,643	32,231	38,369	324,243
Net finance costs ^(b)				(164,015)
Profit before tax				160,228
Income tax expense				(39,495)
Profit for the year				120,733
Segment assets as at 31 December 2013				
Segment assets	6,729,265	224,556	28,864	6,982,685
Carrying value of investments accounted for using the equity method	-	-	605,102	605,102
Unallocated assets ^(c)				237,922
Total assets as 31 December 2013				7,825,709

(a) The revenue reported above represents revenue generated from external customers, any intersegment sales were immaterial.

(b) Excluding finance lease income and any gains or losses on revaluation of derivatives which have been included as part of EBIT for segment reporting purposes.

(c) Unallocated assets consist of cash and cash equivalents, current tax assets, and fair value of interest rate swaps, foreign exchange contracts and equity forwards.

Australian Pipeline Trust and its Controlled Entities
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2013

2. Segment information (continued)

	Energy Infrastructure	Asset management	Energy investments	Consolidated
Half year ended 31 December 2012 (Restated)	\$000	\$000	\$000	\$000
Segment revenue ^(a)				
External sales revenue	371,422	37,680	-	409,102
Equity accounted net profits	-	-	26,256	26,256
Pass-through revenue	4,553	168,056	-	172,609
Finance lease and investment interest income	1,748	-	1,519	3,267
Distributions - other entities	-	-	2,948	2,948
Total segment revenue	377,723	205,736	30,723	614,182
Other interest income				10,506
Consolidated revenue				624,688
Segment result				
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	229,898	16,389	145,280	391,567
Share of net profits of associates and jointly controlled entities accounted for using the equity method	-	-	26,256	26,256
Finance lease and investment interest income	1,748	-	1,519	3,267
Total EBITDA	231,646	16,389	173,055	421,090
Depreciation and amortisation	(61,285)	(2,498)	-	(63,783)
Earnings before interest and tax ("EBIT")	170,361	13,891	173,055	357,307
Net finance costs ^(b)				(131,450)
Profit before tax				225,857
Income tax expense				(18,454)
Profit for the period				207,403
Segment assets as at 30 June 2013				
Segment assets	6,608,054	235,631	35,490	6,879,175
Carrying value of investments accounted for using the equity method	-	-	589,131	589,131
Unallocated assets ^(c)				230,622
Total assets as 30 June 2013				7,698,928

(a) The revenue reported above represents revenue generated from external customers, any intersegment sales were immaterial.

(b) Excluding finance lease income and any gains or losses on revaluation of derivatives which have been included as part of EBIT for segment reporting purposes.

(c) Unallocated assets consist of cash and cash equivalents, current tax assets, and fair value of interest rate swaps, foreign exchange contracts and equity forwards.

Australian Pipeline Trust and its Controlled Entities
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2013

3. Revenue

An analysis of the Consolidated Entity's revenue for the period is as follows:

Continuing operations

	31 Dec 2013 \$000	31 Dec 2012 \$000
Operating revenue		
Energy infrastructure revenue:		
• Energy infrastructure revenue	412,371	371,154
• pass-through revenue	4,361	4,553
	416,732	375,707
Asset management revenue:		
• asset management revenue	56,080	37,680
• pass-through revenue	197,410	168,056
	253,490	205,736
	670,222	581,443
Finance income		
Interest	653	10,506
Redeemable ordinary shares (EII) interest income and redeemable preference shares (GDI) interest income	1,637	1,519
Finance lease income	1,874	1,748
	4,164	13,773
Dividends		
External entities	277	2,948
Other income		
Rental income	287	268
Share of net profits of associates and jointly controlled entities accounted for using the equity method	36,455	26,256
	711,405	624,688

Australian Pipeline Trust and its Controlled Entities
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2013

4. Expenses

Profit before tax includes the following expenses:

	31 Dec 2013 \$000	31 Dec 2012 \$000
Depreciation and amortisation expense		
Depreciation of non-current assets	72,038	60,878
Amortisation of non-current assets	2,613	2,905
	74,651	63,783
Other operating costs - pass-through		
Gas pipeline costs	4,361	4,553
Management, operating and maintenance costs	197,410	168,056
	201,771	172,609
Finance costs		
Interest on bank overdrafts and borrowings	162,142	149,814
Amortisation of deferred borrowing costs	4,392	5,254
Other finance costs	4,358	5,332
	170,892	160,400
Less: amounts included in the cost of qualifying assets	(7,020)	(10,398)
	163,872	150,002
(Loss)/gain on derivatives	285	(8,410)
Unwinding of discount on non-current provisions	511	364
	164,668	141,956

5. Significant items

Individually significant items included in profit after income tax expense are as follows:

	31 Dec 2013 \$000	31 Dec 2012 \$000
Significant items		
Significant items impacting EBITDA		
Write back of transaction costs in respect of Allgas sale	-	18,588
Gain on previously held interest in HDF on obtaining control	-	142,333
Transaction costs on acquisition of HDF	-	(14,036)
Integration costs on acquisition of HDF	-	(5,343)
Significant items incurred by APA Group	-	141,542
Management and performance fees charged to HDF by Hastings Funds Management	-	(35,438)
Takeover response costs incurred by HDF	-	(6,913)
Significant items incurred by HDF	-	(42,351)
Total significant items impacting EBITDA	-	99,191
Significant items impacting finance costs	-	
Gain on settlement of HDF interest rate swaps	-	8,713
Profit from significant items before income tax	-	107,904
Income tax related to significant items above	-	(1,011)
Write back of deferred tax on obtaining control of HDF	-	6,814
Profit from significant items after income tax	-	113,707

Australian Pipeline Trust and its Controlled Entities
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2013

6. Distributions

	31 Dec 2013 cents per security	31 Dec 2013 Total \$000	31 Dec 2012 cents per security	31 Dec 2012 Total \$000
Recognised amounts				
Final distribution paid on 11 September 2013				
(2012: 14 September 2012)				
Profit distribution - APT ^(a)	16.02	133,877	5.09	32,786
Profit distribution - APTIT ^(a)	2.32	19,424	3.28	21,160
Capital distribution - APT	-	-	7.32	47,182
Capital distribution - APTIT	0.16	1,313	2.31	14,879
	18.50	154,614	18.00	116,007
Unrecognised amounts				
Interim distribution payable on 12 March 2014				
(2012: 13 March 2013)				
Profit distribution - APT ^(a)	14.56	121,663	14.74	121,930
Profit distribution - APTIT ^(a)	2.30	19,241	2.26	18,719
Capital distribution - APT	0.49	4,057	-	-
Capital distribution - APTIT	0.15	1,295	-	-
	17.50	146,256	17.00	140,649

(a) Profit distributions were unfranked (2012: unfranked).

The interim distribution in respect of the financial year ending 30 June 2014 has not been recognised in the half year as the distribution was not declared, determined or publicly recommended prior to 31 December 2013.

7. Notes to the cash flow statement

Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial period as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	31 Dec 2013 \$000	31 Dec 2012 \$000
Cash at bank and on hand ^(a)	59,668	113,163
Short-term deposits	1,039	1,508
	60,707	114,671

Restricted cash

(a) As at 31 December 2013, Australian Pipeline Limited held \$5.0 million (2012: \$5.0 million) on deposit to meet its financial requirements as the holder of an Australian Financial Services Licence.

Australian Pipeline Trust and its Controlled Entities
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2013

8. Issued capital

	31 Dec 2013 \$000	30 Jun 2013 \$000
APT securities, 835,750,807 fully paid ^(a)	1,820,516	1,820,516

(a) Fully paid securities carry one vote per security and carry the right to distributions.

	31 Dec 2013 \$000	30 Jun 2013 \$000
APT Investment Trust securities, fully paid ^(a)	577,467	578,780

	31 Dec 2013 No. of securities 000	31 Dec 2013 \$000
Movements		
Balance at 1 July 2013	835,751	578,780
Capital return to shareholders	-	(1,313)
Balance at 31 December 2013	835,751	577,467

(a) Fully paid securities carry one vote per security and carry the right to distributions.

	31 Dec 2012 \$000	30 Jun 2012 \$000
APT securities, fully paid ^(a)	1,783,089	1,138,205

	31 Dec 2012 No. of securities 000	31 Dec 2012 \$000
Movements		
Balance at 1 July 2012	644,486	1,138,205
Issue of securities under Distribution Reinvestment Plan	7,147	25,486
Issue of securities in business combination	175,717	672,630
Issue cost of securities	-	(6,066)
Tax relating to security issue costs	-	16
Capital return to shareholders	-	(47,182)
Balance at 31 December 2012	827,350	1,783,089

(a) Fully paid securities carry one vote per security and carry the right to distributions.

	31 Dec 2012 \$000	30 Jun 2012 \$000
APT Investment Trust securities, fully paid ^(a)	567,343	364,066

Australian Pipeline Trust and its Controlled Entities
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2013

8. Issued capital (continued)

	31 Dec 2012	31 Dec 2012
	No. of securities 000	\$000
Movements		
Balance at 1 July 2012	644,486	364,066
Issue of securities under Distribution Reinvestment Plan	7,147	8,034
Issue of securities in business combination	175,717	212,035
Issue cost of securities	-	(1,913)
Capital return to shareholders	-	(14,879)
Balance at 31 December 2012	827,350	567,343

(a) Fully paid securities carry one vote per security and carry the right to distributions.

9. Acquisition of businesses

On 9 October 2012, APA obtained control of the Hastings Diversified Utilities Fund (HDF) when the takeover offer was declared unconditional. APA held a controlling interest of 54.94% on the acquisition date resulting in a non-controlling interest of 45.06%. Compulsory acquisition was completed on 24 December 2012 and accordingly APA acquired the remaining non-controlling interest. Provisional values were assigned to the identifiable assets and liabilities acquired pending finalisation of the purchase price allocation (PPA) exercise. During the period, APA completed the PPA exercise in accordance with the requirements of IFRS 3 'Business Combinations'. The total fair value of other assets and liabilities acquired remain unchanged from their provisionally determined carrying values reported at 30 June 2013.

10. Earnings per security

	31 Dec 2013	31 Dec 2012
Basic and diluted earnings per security (cents)	14.4	29.5

The earnings and weighted average number of ordinary securities used in the calculation of basic and diluted earnings per security are as follows:

Net profit attributable to securityholders for calculating basic and diluted earnings per security (\$000)	120,732	210,167
	No. of securities	
Adjusted weighted average number of ordinary securities used in the calculation of basic and diluted earnings per security (000)	835,751	713,152

11. Contingencies

	31 Dec 2013 \$000	30 Jun 2013 \$000
Contingent liabilities		
Bank guarantees	160,445	157,200

Australian Pipeline Trust and its Controlled Entities
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2013

12. Financial instruments

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current markets;
- the fair values of derivative instruments, included in hedging assets and liabilities, are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments; and
- the fair value of financial guarantee contracts is determined using option pricing models where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	As at 31 December 2013			Total \$000
	Level 1 \$000	Level 2 \$000	Level 3 \$000	
Financial assets measured at fair value				
Available-for-sale listed equity securities				
Ethane Pipeline Income Fund	7,415	-	-	7,415
Equity forwards designated as fair value through profit and loss	-	1,670	-	1,670
Forward foreign exchange contracts used for hedging	-	679	-	679
Total	7,415	2,349	-	9,764
Financial liabilities measured at fair value				
Interest rate swaps used for hedging	-	37,145	-	37,145
Cross Currency Interest Rate Swaps used for hedging	-	10,824	-	10,824
Total	-	47,969	-	47,969

Australian Pipeline Trust and its Controlled Entities
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2013

12. Financial instruments (continued)

Fair value measurements recognised in the statement of financial position

	As at 30 June 2013			Total \$000
	Level 1 \$000	Level 2 \$000	Level 3 \$000	
Financial assets measured at fair value				
Available-for-sale listed equity securities				
Ethane Pipeline Income Fund	7,394	-	-	7,394
Equity forwards designated as fair value through profit and loss	-	3,822	-	3,822
Forward foreign exchange contracts used for hedging	-	1,788	-	1,788
Total	7,394	5,609	-	13,003
Financial liabilities measured at fair value				
Interest rate swaps used for hedging	-	47,088	-	47,088
Cross Currency Interest Rate Swaps used for hedging	-	106,947	-	106,947
Total	-	154,035	-	154,035

Derivatives

Equity forward contracts are measured by reference to quoted equity prices and discounted using yield curves with tenors matching maturities of the contracts.

Foreign currency forward contracts are measured using quoted exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Fair value measurements of financial instruments measured at amortised cost

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

	Carrying amount		Fair value	
	31 Dec 2013 \$000	30 Jun 2013 \$000	31 Dec 2013 \$000	30 Jun 2013 \$000
Financial Liabilities				
Unsecured long term private placement notes	1,127,328	1,188,472	1,347,416	1,434,441
Unsecured Australian Dollar medium term notes	300,000	300,000	363,922	371,212
Unsecured Japanese Yen medium term note	106,428	110,203	110,560	114,146
Unsecured Canadian Dollar medium term notes	316,222	311,947	346,609	344,358
Unsecured US Dollar 144a medium term notes	840,477	820,031	805,566	757,775
Unsecured British Pound medium term note	649,815	581,866	625,036	550,282
Total	3,340,270	3,312,519	3,599,109	3,572,214

The financial liabilities included in the table above are fixed rate borrowings. Other debts held by APT and its Consolidated Entities are floating rate debts and amortised cost approximates its fair value.

Australian Pipeline Trust and its Controlled Entities
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2013

13. Events occurring after reporting date

On 19 February 2014, the Directors declared an interim distribution of 17.5 cents per security (\$146.3 million) for the APA Group (comprising a distribution of 15.05 cents per security from APT and a distribution of 2.45 cents per security from APTIT), made up of 16.86 cents per security profit distribution (unfranked) and 0.64 cents per security capital distribution. The distribution will be paid on 12 March 2014.

On 16 July 2013, APA proposed an all-share merger with Envestra. On 5 August 2013, Envestra announced that its independent board committee had decided to reject APA's proposal. On 17 December 2013 APA put forward a revised proposal which implies a value of \$1.17 per Envestra share following discussions with Envestra and some limited due diligence. Under the revised proposal, Envestra shareholders will have the option to receive either 0.1919 APA securities for each Envestra share or a combination of APA securities and cash, whereby the cash component will be offered through a "mix and match facility", subject to an overall cap of \$241 million.

The Independent Board Committee of Envestra has agreed by majority to proceed with the steps necessary to put the APA Proposal before Envestra shareholders for their approval. Following completion of these steps, a recommendation in relation to the proposed scheme of arrangement will be made by the Independent Directors on the Envestra Board.

APA envisages that a scheme of arrangement would be possible to implement by June 2014.

Australian Pipeline Trust and its Controlled Entities
Declaration by the Directors of Australian Pipeline Limited
For the half year ended 31 December 2013

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that Australian Pipeline Trust will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Accounting Standards and give a true and fair view of the financial position and performance of Australian Pipeline Trust and its controlled entities.

Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors



Leonard Bleasel AM
Chairman



Robert Wright
Director

SYDNEY, 19 February 2014

The Directors
Australian Pipeline Limited as responsible entity for
Australian Pipeline Trust
HSBC Building
Level 19, 580 George Street
Sydney NSW 2000

19 February 2014

Dear Directors

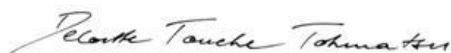
**Auditors Independence Declaration to Australian Pipeline Limited as responsible entity
for Australian Pipeline Trust**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Australian Pipeline Limited as responsible entity for Australian Pipeline Trust.

As lead audit partner for the review of the financial statements of Australian Pipeline Trust for the half year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



G Coultas
Partner
Chartered Accountants

Independent Auditor's Review Report to the Unitholders of Australian Pipeline Trust

We have reviewed the accompanying half-year financial report of Australian Pipeline Trust, which comprises the condensed consolidated statement of financial position as at 31 December 2013, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the Trust and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 15 to 33.

Directors' Responsibility for the Half-Year Financial Report

The directors of Australian Pipeline Limited as responsible entity for Australian Pipeline Trust are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Australian Pipeline Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte.

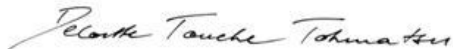
Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Australian Pipeline Limited as responsible entity for Australian Pipeline Trust, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Australian Pipeline Trust is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



G Couttas
Partner
Chartered Accountants
Sydney, 19 February 2014

APA Group



APT Investment Trust
ARSN 115 585 441

Interim Financial Report
For the Half Year ended
31 December 2013

Delivering Australia's Energy

APT Investment Trust and its Controlled Entities Directors' Report for the half year ended 31 December 2013

The directors of Australian Pipeline Limited ("Responsible Entity") submit their interim financial report in respect of APT Investment Trust ("APTIT" or "Trust") and its controlled entities (together "Consolidated Entity") for the half year ended 31 December 2013 ("current period"). This report and the financial statements attached refer to the consolidated results of APTIT, one of the two stapled entities of APA Group, with the other stapled entity being Australian Pipeline Trust (together "APA").

DIRECTORS

The names of the directors of the Responsible Entity during and since the current period are:

Leonard Bleasel AM	Chairman
Michael McCormack	Chief Executive Officer and Managing Director
Steven Crane	
John Fletcher	
Russell Higgins AO	
Patricia McKenzie	
Robert Wright	

The Company Secretary of the Responsible Entity during and since the current period is Mark Knapman.

PRINCIPAL ACTIVITIES

APTIT operates as an investment and financing entity within the Australian Pipeline Trust stapled group.

FINANCIAL AND OPERATIONAL REVIEW

APTIT reported net profit after tax of \$19.2 million (Dec 2012: \$18.7 million) for the half year ended 31 December 2013 on total revenue of \$19.2 million (Dec 2012: \$18.7 million).

Distributions

On 19 February 2014, the directors declared an interim distribution of 2.45 cents per security (\$20.5 million), comprising a 2.30 cents unfranked profit distribution and a 0.15 cent capital distribution. The distribution is payable on 12 March 2014.

Significant changes in state of affairs

In the opinion of the Directors of the Responsible Entity, no significant changes in the state of affairs of APTIT occurred during the year.

SUBSEQUENT EVENTS

Except as disclosed elsewhere in this report, the Directors are unaware of any matter or circumstance that has occurred since the end of the year that has significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in future years.

AUDITOR

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on page 14.

ROUNDING OF AMOUNTS

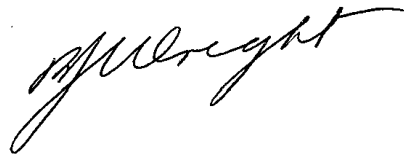
APA is an entity of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to section 306(3) of the Corporations Act 2001.

On behalf of the directors



Leonard Bleasel AM
Chairman



Robert Wright
Director

SYDNEY, 19 February 2014

APT Investment Trust

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For the half year ended 31 December 2013

	Note	31 Dec 2013 \$000	31 Dec 2012 \$000
Continuing operations			
Revenue	2	19,240	18,719
Profit before tax		19,240	18,719
Income tax expense		-	-
Profit for the period		19,240	18,719
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Gain/(loss) on available-for-sale investments taken to equity		34	(934)
Other comprehensive income for the period (net of tax)		34	(934)
Total comprehensive income for the period		19,274	17,785
Profit attributable to:			
Equity holders of the parent		19,240	18,719
		19,240	18,719
Total comprehensive income attributable to:			
Equity holders of the parent		19,274	17,785
		19,274	17,785
Earnings per security			
Basic and diluted earnings per security (cents)	5	2.3	2.6

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

APT Investment Trust
Condensed Consolidated Statement of Financial Position
As at 31 December 2013

	Note	31 Dec 2013 \$000	30 Jun 2013 \$000
<u>Current assets</u>			
Receivables		656	641
<u>Non-current assets</u>			
Receivables		10,945	11,260
Other financial assets		585,618	586,794
Total non-current assets		596,563	598,054
Total assets		597,219	598,695
<u>Current liabilities</u>			
Trade and other payables		11	24
Total liabilities		11	24
Net assets		597,208	598,671
<u>Equity</u>			
Issued capital	4	577,467	578,780
Reserves		501	467
Retained earnings		19,240	19,424
Total equity		597,208	598,671

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

APT Investment Trust
Condensed Consolidated Statement of Changes in Equity
For the half year ended 31 December 2013

	Issued capital \$000	Available for sale reserves \$000	Retained earnings \$000	Total \$000
Balance at 1 July 2012	364,066	1,624	21,160	386,850
Profit for the period	-	-	18,719	18,719
Other comprehensive income for the period (net of tax)	-	(934)	-	(934)
Total comprehensive income for the period	-	(934)	18,719	17,785
Distributions	(14,879)	-	(21,160)	(36,039)
Issue of capital (net of issue costs)	218,156	-	-	218,156
Balance at 31 December 2012	567,343	690	18,719	586,752
Balance at 1 July 2013	578,780	467	19,424	598,671
Profit for the period	-	-	19,240	19,240
Other comprehensive income for the period (net of tax)	-	34	-	34
Total comprehensive income for the period	-	34	19,240	19,274
Distributions	(1,313)	-	(19,424)	(20,737)
Balance at 31 December 2013	577,467	501	19,240	597,208

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

APT Investment Trust
Condensed Consolidated Statement of Cash Flows
For the half year ended 31 December 2013

	31 Dec 2013 \$000	31 Dec 2012 \$000
<u>Cash flows from operating activities</u>		
Trust distribution	11,782	13,320
Capital distribution received - external	-	271
Dividends received	63	87
Interest received - related parties	7,731	5,269
Finance lease receivable repayments	584	584
Receipts from customers	102	83
Net cash provided by operating activities	20,262	19,614
<u>Cash flows from investing activities</u>		
Repayment received from related parties	489	10,246
Net cash provided by investing activities	489	10,246
<u>Cash flows from financing activities</u>		
Proceeds from issue of securities	-	8,034
Payments of security issue costs	(14)	(1,855)
Distribution to security holders	(20,737)	(36,039)
Net cash used in financing activities	(20,751)	(29,860)
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of financial period	-	-
Cash and cash equivalents at end of financial period	-	-

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

APT Investment Trust

Notes to the condensed consolidated financial statements

For the half year ended 31 December 2013

1. Significant accounting policies

Statement of compliance

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

APTIT is an entity of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998 and in accordance with that Class Order amounts in the Directors' report and the half year financial report are rounded to the nearest thousand dollars (\$000) unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the entity's 2013 annual financial report for the financial year ended 30 June 2013.

Adoption of new and revised Accounting Standards

In the current year, the consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current reporting period.

AASB 13 Fair value measurement

AASB 13 explains how to measure fair value and aims to enhance fair value disclosures, and is effective for annual reporting periods beginning after 1 January 2013. In accordance with transitional provisions, AASB 13 has been applied prospectively from 1 July 2013.

AASB 13 requires inclusion of a measure for credit risk in the calculations of assets and liabilities recorded at fair value. This change is applied prospectively and has not had a significant impact on the fair value of the Consolidated Entity's assets and liabilities for the half year ended 31 December 2013, however has resulted in additional fair value disclosures as provided in note 7.

APT Investment Trust
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2013

2. Revenue

Profit before income tax includes the following items of income:

	31 Dec 2013 \$000	31 Dec 2012 \$000
Revenue		
Distributions		
Trust distribution - related party	11,782	13,320
Other entities	63	67
	11,845	13,387
Finance income		
Interest - related parties	7,497	5,705
Loss on financial asset held at fair value through profit and loss	(485)	(753)
Finance lease income - related party	283	297
	7,295	5,249
Other revenue		
Other	100	83
Total revenue	19,240	18,719

3. Distributions

	31 Dec 2013 cents per security	31 Dec 2013 Total \$000	31 Dec 2012 cents per security	31 Dec 2012 Total \$000
Recognised amounts:				
Final distribution paid on 11 September 2013 (2012: 14 September 2012)				
Profit distribution ^(a)	2.32	19,424	3.28	21,160
Capital distribution	0.16	1,313	2.31	14,879
	2.48	20,737	5.59	36,039
Unrecognised amounts:				
Interim distribution payable on 12 March 2014 (2012: 13 March 2013)				
Profit distribution ^(a)	2.30	19,241	2.26	18,719
Capital distribution	0.15	1,295	-	-
	2.45	20,536	2.26	18,719

(a) Profit distributions unfranked (2012: unfranked).

The interim distribution in respect of the financial year ending 30 June 2014 has not been recognised in the half year as the distribution was not declared, determined or publicly confirmed prior to 31 December 2013.

APT Investment Trust
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2013

4. Issued capital

	31 Dec 2013 \$000	30 Jun 2013 \$000
Securities, fully paid ^(a)	577,467	578,780
	31 Dec 2013	31 Dec 2013
	No. of units 000	\$000
Movements		
Balance at beginning of financial period	835,751	578,780
Capital distributions paid	-	(1,313)
Balance at end of financial period	835,751	577,467

(a) Fully paid securities carry one vote per security and carry the right to distributions.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to issued capital from 1 July 1998. Therefore, the Trust does not have a limited amount of authorised capital and issued securities do not have a par value.

	31 Dec 2012 \$000	30 Jun 2012 \$000
Securities, fully paid ^(a)	567,343	364,066
	31 Dec 2012	31 Dec 2012
	No. of units 000	\$000
Movements		
Balance at beginning of financial period	644,486	364,066
Issue of securities under Distribution Reinvestment Plan	7,147	8,034
Issue of securities as consideration for related party acquisition ^(b)	175,717	212,035
Issue cost of securities	-	(1,913)
Capital distributions paid	-	(14,879)
Balance at end of financial period	827,350	567,343

(a) Fully paid securities carry one vote per security and carry the right to distributions.

(b) APTIT issued securities as part consideration for APT Pipelines Ltd's acquisition of the Hastings Diversified Utilities Fund during the period.

APT Investment Trust
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2013

5. Earnings per security

	31 Dec 2013	31 Dec 2012
Basic and diluted earnings per security (cents)	2.3	2.6

The earnings and weighted average number of ordinary securities used in the calculation of basic and diluted earnings per security are as follows:

Net profit attributable to securityholders for calculating basic and diluted earnings per security (\$000)	19,240	18,719
	No. of securities	
Weighted average number of ordinary securities on issue used in the calculation (000)	835,751	713,152

6. Contingent liabilities and contingent assets

At 31 December 2013, there are no material contingent liabilities or contingent assets (2012: \$nil).

7. Fair Value of Financial instruments

Fair value of financial instruments

Fair value of financial instruments carried at amortised cost

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current markets;
- the fair values of derivative instruments, included in hedging assets and liabilities, are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments; and
- the fair value of financial guarantee contracts is determined using option pricing models where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default.

APT Investment Trust
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2013

7. Fair Value of Financial instruments (continued)

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Consolidated	As at 31 December 2013			Total \$000
	Level 1 \$000	Level 2 \$000	Level 3 \$000	
Financial assets measured at fair value				
Available-for-sale listed equity securities				
Ethane Pipeline Income Fund	2,417	-	-	2,417
Unlisted Redeemable Ordinary Shares				
Energy Infrastructure Investments Pty Limited	-	-	34,087	34,087
Total	2,417	-	34,087	36,504

Consolidated	As at 30 June 2013			Total \$000
	Level 1 \$000	Level 2 \$000	Level 3 \$000	
Financial assets measured at fair value				
Available-for-sale listed equity securities				
Ethane Pipeline Income Fund	2,383	-	-	2,383
Unlisted Redeemable Ordinary Shares				
Energy Infrastructure Investments Pty Limited	-	-	34,807	34,807
Total	2,383	-	34,807	37,190

Reconciliation of Level 3 fair value measurements of financial assets

	Fair value through Profit or Loss	
	31 Dec 2013 \$000	31 Dec 2012 \$000
Opening balance	34,807	36,614
Total gains or losses:		
- in profit or loss: Interest - related parties	1,842	3,949
- in profit or loss: (Loss)/gain on financial asset held at fair value through profit and loss	(485)	(1,460)
Distributions	(2,077)	(4,296)
Closing balance	34,087	34,807

APT Investment Trust
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2013

7. Fair Value of Financial instruments (continued)

Significant assumptions used in determining fair value of financial assets and liabilities

Redeemable ordinary shares

The financial statements include redeemable ordinary shares ("ROS") held in an unlisted entity which are measured at fair value. The fair market value of the ROS is derived from a binomial tree model, which includes some assumptions that are not able to be supported by observable market prices or rates. The model maps different possible valuation paths of three distinct components:

- value of the debt component;
- value of the ROS discretionary dividends; and
- value of the option to convert to ordinary shares.

In determining the fair value, the following assumptions were used:

- the risk adjusted rate for the ROS is estimated as the required rate of return based on projected cash flows to equity at issuance assuming the ROS price at issuance (\$0.99) and the ordinary price at issuance (\$0.01) are at their fair value;
- the risk free rate of return is 3.44% per annum and is based upon an interpolation of the five and ten year Government bond rates at the valuation date;
- the ROS discretionary dividends are estimated based on an internal forecasted cash flow model; and
- the value of the option to convert is deemed to be zero. For conversion to occur, a number of conditions must be met. At the reporting date, it was deemed highly unlikely these conditions would occur based on an internal forecasting model.

8. Subsequent events

On 19 February 2014, the Directors declared an interim distribution for the 2014 financial year, of 2.45 cents per security (\$20.5 million). The distribution represents a 2.30 cents per security unfranked profit distribution and 0.15 cents per security capital distribution. The distribution will be paid on 12 March 2014.

On 16 July 2013, APA proposed an all-share merger with Envestra. On 5 August 2013, Envestra announced that its independent board committee had decided to reject APA's proposal. On 17 December 2013 APA put forward a revised proposal which implies a value of \$1.17 per Envestra share following discussions with Envestra and some limited due diligence. Under the revised proposal, Envestra shareholders will have the option to receive either 0.1919 APA securities for each Envestra share or a combination of APA securities and cash, whereby the cash component will be offered through a "mix and match facility", subject to an overall cap of \$241 million.

The Independent Board Committee of Envestra has agreed by majority to proceed with the steps necessary to put the APA Proposal before Envestra shareholders for their approval. Following completion of these steps, a recommendation in relation to the proposed scheme of arrangement will be made by the Independent Directors on the Envestra Board.

APA envisages that a scheme of arrangement would be possible to implement by June 2014.

APT Investment Trust
Declaration by the Directors of Australian Pipeline Limited
For the half year ended 31 December 2013

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that APT Investment Trust will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Accounting Standards and give a true and fair view of the financial position and performance of APT Investment Trust and its controlled entities.

Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors



Leonard Bleasel AM
Chairman



Robert Wright
Director

SYDNEY, 19 February 2014

The Directors
Australian Pipeline Limited as responsible entity
for APT Investment Trust
HSBC Building
Level 19, 580 George Street
Sydney NSW 2000

19 February 2014

Dear Directors

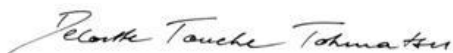
**Auditors Independence Declaration to Australian Pipeline Limited as responsible entity
for APT Investment Trust**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Australian Pipeline Limited as responsible entity for APT Investment Trust.

As lead audit partner for the review of the financial statements of APT Investment Trust for the half year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



G Coultas
Partner
Chartered Accountants

Independent Auditor's Review Report to the Unitholders of APT Investment Trust

We have reviewed the accompanying half-year financial report of APT Investment Trust, which comprises the condensed consolidated statement of financial position as at 31 December 2013, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the Trust and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 3 to 13.

Directors' Responsibility for the Half-Year Financial Report

The directors of Australian Pipeline Limited as responsible entity for APT Investment Trust are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of APT Investment Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte.

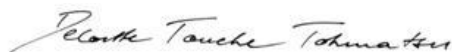
Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Australian Pipeline Limited as responsible entity for APT Investment Trust, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of APT Investment Trust is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



G Couttas
Partner
Chartered Accountants
Sydney, 19 February 2014