



ASX ANNOUNCEMENT

25 February 2015

APA Group (ASX: APA)
(also for release to APT Pipelines Limited (ASX: AQH))

INTERIM FINANCIAL REPORTS

The following announcements are attached for release to the market:

- Australian Pipeline Trust Appendix 4D
- Australian Pipeline Trust Interim Financial Report
- APT Investment Trust Interim Financial Report

Mark Knapman
Company Secretary
Australian Pipeline Limited

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About APA Group (APA)

APA is Australia's largest natural gas infrastructure business, owning and/or operating in excess of \$12 billion of energy infrastructure assets. Its gas transmission pipelines span every state and territory on mainland Australia, delivering approximately half of the nation's gas usage. APA has direct management and operational control over its assets and the majority of its investments. APA also holds minority interests in a number of energy infrastructure enterprises including SEA Gas Pipeline, Energy Infrastructure Investments and GDI.

APT Pipelines Limited is a wholly owned subsidiary of Australian Pipeline Trust and is the borrowing entity of APA Group.

For more information visit APA's website, www.apa.com.au

Australian Pipeline Trust

Results For Announcement To The Market For the Half Year Ended 31 December 2014 Appendix 4D

		Percentage Change %	Amount \$'000
Statutory Results			
Revenue including significant items	up	4.0	to 740,101
EBITDA including significant items	up	113.0	to 849,563
EBIT including significant items	up	134.7	to 761,086
Profit after tax and non-controlling interests including significant items	up	287.0	to 467,262
Operating cash flow including significant items	up	34.6	to 280,406
Operating cash flow per security including significant items	up	7.8c	to 31.9c
Earnings per security including significant items	up	39.3c	to 53.2c

Normalised Results

Revenue excluding significant items	up	4.0	to 740,101
EBITDA excluding significant items	up	0.9	to 402,323
EBIT excluding significant items	down	3.2	to 313,846
Profit after tax and non-controlling interests excluding significant items	down	7.9	to 111,244
Operating cash flow excluding significant items	up	21.5	to 263,205
Operating cash flow per security excluding significant items	up	5.0c	to 30.0c
Earnings per security excluding significant items	down	1.2c	to 12.7c

EBIT = Earnings before interest and tax

EBITDA = EBIT before depreciation and amortisation

Australian Pipeline Trust

Results For Announcement To The Market For the Half Year Ended 31 December 2014 Appendix 4D

Dividends (Distributions)

Distributions paid and proposed in relation to the half year ended 31 December 2014 – Australian Pipeline Trust:	Amount per security	Franked Amount per security
Distributions paid in relation to the half year ended 31 December 2014	-	-
Interim distributions proposed ^a		
- profit distribution	15.12¢	-
- capital distribution	-	-
Total distributions proposed - APT	15.12¢	-
Distributions paid and proposed in relation to the half year ended 31 December 2014 – APT Investment Trust:		
Distributions paid in relation to the half year ended 31 December 2014	-	-
Interim distributions proposed ^a		
- profit distribution	2.38¢	-
- capital distribution	-	-
Total distributions proposed – APTIT	2.38¢	-
Total APA Group distributions in relation to the half year ended 31 December 2014	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 2015

- interim distribution

24 December 2014

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 15.12 cents per unit, unfranked, to be paid on 18 March 2015.
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Australian Pipeline Trust

Results For Announcement To The Market For the Half Year Ended 31 December 2014 Appendix 4D

The Directors also note that APT Investment Trust has proposed an interim distribution of 2.38 cents per unit (refer above), also to be paid on 18 March 2015.

Total distribution for the APA Group stapled security for the December 2014 half year is 17.50 cents per stapled security.

Reporting Period

Current Reporting Period: Half year ended 31 December 2014

Previous Corresponding Period: Half year ended 31 December 2013

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 2014

Details of Businesses Over Which Control Has Been Gained or Lost

Nil

Net Tangible Assets Per Security

	2014	2013
	\$	\$
Net tangible assets per security	2.47	1.37

Australian Pipeline Trust

Results For Announcement To The Market For the Half Year Ended 31 December 2014 Appendix 4D

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:



25 February 2015

Chairman

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 2014

Delivering Australia's Energy

Australian Pipeline Trust and its Controlled Entities

Directors' Report for the half year ended 31 December 2014

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 2014 ("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 2014	31 Dec 2013	Changes	
	\$000	\$000	\$000	%
Total revenue excluding pass-through ⁽¹⁾	522,672	509,634	13,038	2.6%
Total revenue	740,101	711,405	28,696	4.0%
EBITDA	849,563	398,894	450,669	113.0%
Depreciation and amortisation expense	(88,477)	(74,651)	(13,826)	(18.5%)
EBIT	761,086	324,243	436,843	134.7%
Net interest expense	(151,294)	(164,015)	12,721	7.8%
Pre-tax profit	609,792	160,228	449,564	280.6%
Income tax expense	(142,529)	(39,495)	(103,034)	(260.9%)
Non-controlling interests - other	(1)	(1)	0	0.0%
Profit after income tax and non-controlling interests, including significant items	467,262	120,732	346,530	287.0%
Significant items after income tax ⁽²⁾	356,018	-	356,018	-
Profit after income tax and non-controlling interests, excluding significant items	111,244	120,732	(9,488)	(7.9%)
Operating cash flow ⁽³⁾	280,406	208,308	72,098	34.6%
Operating cash flow per security (cents) ⁽⁴⁾	31.9	24.1	7.8	32.4%
Normalised operating cash flow ⁽⁵⁾	263,205	216,581	46,624	21.5%
Normalised operating cash flow per security (cents) ^(4,5)	30.0	25.0	5.0	20.0%
Earnings per security – reported (cents) ⁽⁴⁾	53.2	13.9	39.3	282.7%
Earnings per security – normalised (cents) ^(4,6)	12.7	13.9	(1.2)	(8.6%)
Distribution per security (cents)	17.5	17.5	0	-
Distribution payout ratio ⁽⁷⁾	55.6%	67.5%		
Net Tangible Assets per security (\$)	2.47	1.37	1.10	80.3%
Weighted average number of securities (000) ⁽⁴⁾	878,124	865,977	12,147	1.4%

(1) 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 Allgas and Australian Gas Networks (AGN – formerly Envestra) in respect of, the operation of their assets.

(2) Significant items for the current period relate to net proceeds realised from the sale of APA Group's investment in Envestra Limited as well as successful recovery of performance fees paid by Hastings Diversified Utilities Fund to Hastings Funds Management Limited (HFML).

(3) Operating cash flow = net cash from operations after interest and tax payments.

(4) On 23 December 2014, APA Group issued 145,164,302 new ordinary securities on completion of the institutional component and early acceptance period of the retail component of APA's fully underwritten rights issue. The issue was offered at \$6.60 per security, a discount to APA Group's closing market price of \$7.67 per security on 9 December 2014, the last trading day before the record date of the entitlement offer of 15 December 2014. The number of securities for the current and prior period have been adjusted in accordance with the accounting principles of AASB 133: Earnings per Share, for the discounted rights issue.

(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.

Australian Pipeline Trust and its Controlled Entities
Directors' Report for the half year ended 31 December 2014

APA reported an interim profit after tax and non-controlling interests and including significant items of \$467.3 million, an increase of 287.0% compared with \$120.7 million reported in the previous corresponding period. Excluding significant items of \$356.0 million during the current period, interim profit after tax decreased by 7.9% to \$111.2 million (Dec 2013: \$120.7 million).

Profit after tax and non-controlling interest, earnings before interest and tax (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. The 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 4 of the accompanying financial statements for the half year ended 31 December 2014, which have been subject to a review; refer to pages 34 and 35 for the auditor's review report on the half year financial statements.

Half year ended	31 December 2014			31 December 2013		
	Normalised	Significant items	Statutory	Normalised	Significant items	Statutory
Revenue excluding pass-through	522,672	0	522,672	509,634	0	509,634
EBITDA	402,323	447,240	849,563	398,894	0	398,894
Depreciation and amortisation expense	(88,477)	0	(88,477)	(74,651)	0	(74,651)
EBIT	313,846	447,240	761,086	324,243	0	324,243
Finance costs and interest income	(151,294)	0	(151,294)	(164,015)	0	(164,015)
Profit before income tax and non-controlling interests	162,552	447,240	609,792	160,228	0	160,228
Income tax benefit / (expense)	(51,307)	(91,222)	(142,529)	(39,495)	0	(39,495)
Non-controlling interests	(1)	0	(1)	(1)	0	(1)
Profit after income tax and non-controlling interests	111,244	356,018	467,262	120,732	0	120,732
Operating cash flow	263,205	17,201	280,406	216,581	(8,273)	208,308

Revenue (excluding pass-through) increased by \$13.0 million to \$522.7 million, an increase of 2.6% on the previous corresponding period. Excluding significant items, normalised earnings before interest, tax, depreciation and amortisation ("EBITDA") before significant items increased by \$3.4 million to \$402.3 million, 0.9% above the previous corresponding period (\$398.9 million).

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

- additional earnings from the expanded South West Queensland Pipeline; and
- additional earnings from new contracts on the expanded Goldfields Gas Pipeline and the Berwyndale to Wallumbilla Pipeline.

These increases were offset by a reduction in earnings from investment in Envestra Limited (sold in August 2014) as well as a decrease in customer contributions in asset management.

Australian Pipeline Trust and its Controlled Entities Directors' Report for the half year ended 31 December 2014

Operating cash flow increased by 34.6% to \$280.4 million (previous corresponding period: \$208.3 million), and operating cash flow per security increased by 32.4% or 7.8 cents to 31.9 cents per security (previous corresponding period: 24.1 cents per security).

Operating cash flow was impacted by the one-off receipt of \$17.2 million in the current period relating to APA's successful appeal to the NSW Supreme Court in a matter regarding performance fees previously paid by Hastings Diversified Utility Fund to Hastings Funds Management Limited. This partially reverses the payments of \$8.3 million made in FY2014 and \$68.8 million in FY2013.

Excluding this once off significant item, operating cash flow was up by 21.5% to \$263.2 million (Dec 2013: \$216.6 million) and corresponding operating cash flow per security was up 20.0% or 5.0 cents to 30.0 cents per security.

APA's interim distribution of 17.5 cents per security is flat on the previous corresponding period's interim distribution. The distribution payout ratio for the current period is 55.6% based on normalised operating cash flow, compared to 67.5% for the previous corresponding period. APA continues to fully fund its distributions out of operating cash flows.

Capital management

APA issued a total of 278,556,562 new securities between 23 December 2014 and 28 January 2015 (inclusive) to provide funding in support of the acquisition of the QCLNG Pipeline (145,164,302 of the new securities were issued as at 31 December 2014). The new securities were issued at \$6.60 per security as a result of a 1 for 3 accelerated renounceable entitlement offer to existing securityholders.

As at 31 December 2014, 980,915,109 securities were on issue.

In December 2014, APA also established a US\$4.1 billion syndicated bridge facility to provide the balance of the funding for the QCLNG Pipeline acquisition. This facility remains undrawn, pending completion of the acquisition in 2Q calendar year 2015.

At 31 December 2014, APA's debt portfolio had a broad spread of maturities extending out to 2024, with an average remaining maturity of drawn debt of 5.3 years. APA's gearing¹ of 44.5% at 31 December 2014 was down from 63.8% at 31 December 2013, primarily as a result of the issuance of the new APA securities in December 2014 under the entitlement offer and the receipt of cash from that issue pending financial close of the acquisition. Securities issued on final close of the retail offer and debt drawn to complete the funding of the acquisition of the QCLNG Pipeline is expected to return APA's gearing to approximately 65% post financial close of that transaction.

At 31 December 2014, APA had over \$2,400 million² in cash and committed undrawn facilities available to meet the continued capital growth needs of the business. Approximately \$940 million of APA's headroom at 31 December 2014 is attributable to receipts from the institutional entitlement offer and retail applications received by the early retail acceptance date.

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 anticipates that any new US\$ denominated debt raised to partly fund the acquisition of the QCLNG Pipeline will be naturally hedged by the US\$ revenue to be received from the gas transportation contracts of the pipeline. APA also enters into interest rate hedges for a portion of the interest rate exposure on its floating rate borrowings. As at 31 December 2014, 84.6% of interest obligations on gross borrowings were either hedged or issued at fixed interest rates for varying periods extending out to almost 10 years.

Borrowings and finance costs

As at 31 December 2014, APA had borrowings of \$4,064 million (\$4,544 million at 31 December 2013) from a mix of syndicated bank debt facilities, bilateral debt facilities, US Private Placement notes, European Medium

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

² Does not include the US\$4.1 billion syndicated bridge facility.

Australian Pipeline Trust and its Controlled Entities Directors' Report for the half year ended 31 December 2014

Term Notes in several currencies, Australian Medium Term Notes, United States 144A Notes and APA Group Subordinated Notes.

Excluding significant items, net finance costs reduced by \$12.7 million, or 7.8%, to \$151.3 million for HY2015 (HY2014: \$164.0 million). The decrease is primarily due to the repayment of borrowings out of the proceeds of the sale of APA's interest in Envestra in August 2014. The average interest rate (including credit margins) applying to drawn debt was 7.07 % for the half year to 31 December 2014 (December 2013: 7.19%).

APA's interest cover ratio³ for the 12 month period ending 31 December 2014, at 2.48 times (December 2013: 2.29 times), remains well in excess of its debt covenant default ratio of 1.1 times, and distribution lock up ratio of 1.3 times.

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 last confirmed on 10 December 2014; and
- Baa2 long-term corporate credit rating (outlook Stable) assigned by Moody's Investors Service (Moody's) in April 2010, and last confirmed on 10 December 2014.

Income tax

The effective income tax rate for the current period is 23.4%, which is broadly in line with the 24.7% in the previous corresponding period and reflects usage of previously un-booked capital losses to partially offset the capital gain generated on the sale of the investment in Envestra. Excluding significant items, the effective income tax rate is 31.6% which is higher than the 24.7% in the previous corresponding period due to APA ceasing to equity account the Envestra investment during the current period.

Capital expenditure

Capital expenditure⁴ (including stay in business capex) for the period totalled \$191.7 million compared with \$200.7 million in the previous corresponding period.

Growth project expenditure of \$162.0 million included additional compression facilities at Moomba and Wallumbilla and pipeline capacity expansions in Victoria and Western Australia. This expenditure was generally either fully underwritten through long-term gas transportation agreements or had regulatory approval through a relevant access arrangement.

³ For the calculation of interest cover, significant items are excluded from the EBITDA used.

⁴ 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 2014

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 2014	31 Dec 2013
		\$ million	\$ million
Growth expenditure			
Regulated			
Victorian Transmission System	Winchelsea compression and VNIE looping and compression	55.5	14.9
Major projects			
Queensland	SWQP Eastern Haul and Moomba and Wallumbilla compression	78.5	93.6
New South Wales	Moomba Sydney Pipeline southern expansion	0.6	4.8
Western Australia	Goldfields Gas Pipeline expansions	14.1	39.1
Other	Victoria – LNG and metering; NT pipelines and Asset Management Systems	13.3	11.4
Total growth capex		162.0	163.7
Customer contributions		1.6	16.4
Stay in business capex		28.1	20.6
Total capex		191.7	200.7
Investments			
Diamantina Power Station		20.9	-
Total Capital & Investment Expenditure		212.6	200.7

(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 25 February 2015, the Directors declared an interim distribution for APA for the current period of 17.5 cents per security. This includes an APT distribution of 15.12 cents per security comprised of unfranked profit distribution, and an APTIT distribution of 2.38 cents per security comprised of unfranked profit distribution. The interim distribution is payable on 18 March 2015 and is only payable in respect of securities that were on issue on the "ex-date" of 22 December 2014, that is prior to the issue of any new securities under the APA accelerated renounceable entitlement offer. The Distribution Reinvestment Plan remains suspended.

Significant changes in state of affairs

In December 2014, APA entered into a binding sale and purchase agreement with BG Group to acquire the 543 km QCLNG Pipeline for US\$5 billion. To fund this acquisition, during December 2014 and January 2015, APA raised around \$1.8 billion of new equity via a rights issue and entered into a US\$4.1 billion syndicated bridge facility agreement. Further information on the pending acquisition is found on page 8.

Australian Pipeline Trust and its Controlled Entities
Directors' Report for the half year ended 31 December 2014

Business segment performance

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

Half year ended	31 Dec 2014	31 Dec 2013	Changes	
	\$000	\$000	\$000	%
Revenue				
Energy Infrastructure				
<i>Queensland</i>	161,383	132,299	29,084	22.0%
<i>New South Wales</i>	71,953	74,139	(2,186)	(2.9%)
<i>Victoria</i>	93,309	79,869	13,440	16.8%
<i>South Australia</i>	1,351	1,092	259	23.7%
<i>Western Australia</i>	130,025	115,211	14,814	12.9%
<i>Northern Territory</i>	13,825	11,922	1,903	16.0%
Energy Infrastructure total	471,846	414,532	57,314	13.8%
Asset Management	38,420	56,080	(17,660)	(31.5%)
Energy Investments	7,647	8,690	(1,043)	(12.0%)
Total segment revenue	517,913	479,302	38,611	8.1%
Divested business	992	29,679	(28,687)	(96.7%)
Pass-through revenue	217,429	201,771	15,658	7.8%
Unallocated revenue ⁽¹⁾	3,767	653	3,114	476.9%
Total revenue	740,101	711,405	28,695	4.0%
EBITDA				
Energy Infrastructure				
<i>Queensland</i>	136,411	108,786	27,625	25.4%
<i>New South Wales</i>	59,632	62,166	(2,534)	(4.1%)
<i>Victoria</i>	69,231	61,549	7,682	12.5%
<i>South Australia</i>	1,072	939	133	14.2%
<i>Western Australia</i>	98,565	85,802	12,763	14.9%
<i>Northern Territory</i>	8,639	6,776	1,863	27.5%
Energy Infrastructure total	373,550	326,018	47,532	14.6%
Asset Management	20,135	34,507	(14,372)	(41.6%)
Energy Investments	7,646	8,690	(1,044)	(12.0%)
Total segment EBITDA	401,331	369,215	32,116	8.7%
Divested business	992	29,679	(28,687)	(96.7%)
Significant items	447,240	-	447,240	-
Total EBITDA	849,563	398,894	450,669	113.0%

(1) Interest income.

APA's operations and financial result in the period principally reflects the additional revenue from asset expansions, partially offset by the reduced Moomba Sydney Pipeline revenue.

EBITDA in APA's continuing business, which excludes any equity earnings from the previous investment in Envestra Limited, increased by 8.7% to \$401.3 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.

The Energy Infrastructure segment contributed 91.1% of continuing business revenue and 93.1% of continuing business EBITDA. Revenue (excluding pass-through revenue) was \$471.8 million, an increase of 13.8% on the previous corresponding period of \$414.5 million. EBITDA increased by 14.6% to \$373.6 million on the \$326.0 million of the previous corresponding period.

The following key factors contributed to this result:

- A strong contribution from the South West Queensland Pipeline given the enhanced capability and increased volumes on that pipeline and a new contract on the Berwyndale Wallumbilla Pipeline, offset by a small decline from the Moomba Sydney Pipeline;
- Continued contribution from the Pilbara Pipeline System as well as the expanded Goldfields Gas Pipeline ;
- The benefit from a number of new contracts from the expanded Mondarra Gas Storage Facility; and
- Additional revenue from the Amadeus Gas Pipeline.

APA is assisting clients to manage the volatility in the gas market by continuing to focus on the operation, development and enhancement of its assets across mainland Australia.

East coast gas grid

APA currently 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. Once the QCLNG Pipeline acquisition is completed, this will add a further 543 km to our gas transportation footprint on the east coast.

Customers using the grid have flexibility in relation to receipt and delivery points, with the potential to move between about 30 receipt points and about 100 delivery points across Eastern Australia. APA has developed the commercial and operational framework to deliver this flexibility and other related services, such as multi-pipeline services, bi-directional transportation and integrated gas storage and transportation services.

During the current period, work continued with the bi-directional projects on the South West Queensland Pipeline, Moomba Sydney Pipeline and Roma Brisbane Pipeline as well as other enhancements such as installation of additional compression capacity at Wallumbilla, Moomba, Winchelsea and Culcairn. These works were underwritten by new and replacement contracts entered into with customers in the previous financial year.

Against the backdrop of a dynamic gas market in the south east of Australia, APA continues to adapt and progressively develop its gas pipeline infrastructure and services in response to the changing needs of our customers. The addition of the QCLNG Pipeline will potentially allow APA to increase utilisation of our east coast grid and capture additional demand from international gas markets.

An update on projects and developments by geographic region is as follows:

Queensland

- **QCLNG Pipeline**
In December 2014 APA entered into a binding sale and purchase agreement with BG Group to acquire the 543 km QCLNG Pipeline for US\$5 billion. The QCLNG Pipeline is a key component of the QCLNG Project, linking gas fields in the Surat Basin to the QCLNG Project's LNG plant on Curtis Island off Gladstone. The pipeline benefits from 20 year take-or-pay gas transportation agreements with highly credit-worthy counterparties. The QCLNG Pipeline interconnects with APA's 7,000 km east coast grid. Financial close of the acquisition is expected in Q2 calendar year 2015.
- **Wallumbilla compression facilities**
In December 2012 APA announced that it would proceed with the development of expanded compression capacity and associated services at Wallumbilla in Queensland. The expansion was underpinned by a 15-year revenue agreement with GLNG Operations Pty Ltd, with a further 5 to 10 year option. Construction was completed in December 2014 and final commissioning is currently in progress.

Australian Pipeline Trust and its Controlled Entities Directors' Report for the half year ended 31 December 2014

- **Moomba compression facilities**
APA completed the compression capacity expansion project on the Moomba end of the South West Queensland Pipeline in August 2014 and the expanded site is now fully operational following commissioning in September 2014. The project supports a number of west to east gas transportation agreements on the South West Queensland Pipeline.
- **South West Queensland Pipeline Eastern Haul capital works**
APA also completed the Eastern Haul project on the South West Queensland Pipeline, which facilitates increased eastern haul transportation services and pipeline bi-directional capability. Construction was completed in December 2014 with final commissioning currently in progress.
- **Roma Brisbane Pipeline bi-directional services**
APA commenced works to provide bi-directional services on the Roma Brisbane Pipeline. The work is due for completion during Q2 calendar year 2015.

New South Wales

- **Moomba Sydney Pipeline**
New gas transportation agreements to provide increased gas flow from Victoria into New South Wales were executed during FY2014, in part offsetting reductions in transportation of gas from Moomba. These agreements underpin the project to increase gas transportation capacity from Victoria into New South Wales, which includes expanding capacity of the Culcairn compressor in southern New South Wales as well as various works in Victoria as detailed below. Capital works commenced during the period, with the expansion scheduled for completion by winter 2015.

In June 2014, APA announced it had entered into a new agreement for an initial seven year term that commences in September 2015. The agreement provides for flexible gas transportation services from multiple receipt and delivery points on the grid – in particular utilising the Moomba Sydney Pipeline – as well as gas storage services. The total minimum revenue for the initial term exceeds \$80 million.

New service offerings available on the Moomba Sydney Pipeline as part of our east coast grid such as storage and bi-directional services are providing the flexibility that customers require in the current dynamic east coast gas market.

Victoria

- **Victorian Transmission System**
Total gas volume transported through the Victorian Transmission System was 118.4 PJ, down 8.9% on the previous corresponding period (130.0 PJ) mainly due to less gas being transported into New South Wales (1.9 PJ vs 10.0 PJ). This reduction was largely offset by increased quantities of gas being transported from Queensland to New South Wales markets. Industrial demand and gas consumption in the residential sector remains similar to the previous corresponding period. Peak day volume of 1,217 TJ was higher than that of previous corresponding period (1,132 TJ).
- **South West Pipeline Expansion**
In December 2014, APA completed construction of new compression facilities at Winchelsea – part of the South West Pipeline augmentation approved in the current access arrangement. The new compression facilities commenced operation in January 2015.

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- **Victoria Northern Interconnect Expansion**
The combined \$160 million expansion projects in New South Wales and Victoria will provide additional capacity in accordance with regulatory arrangements (Northern Zone augmentation) and new contractual agreements.
Construction of the 28 km first stage of looping of the Northern Interconnect was completed in July 2014. The second 135 km stage of looping is underway and is scheduled for completion by winter 2015. An additional compression facility at Culcairn in southern NSW is also being constructed as part of the Victorian Northern Interconnect Expansion project.

Western Australia

- **Goldfields Gas Pipeline**
The Goldfields Gas Pipeline expansion project was completed during the first half of FY2015, with commencement of operations at the new dual unit Turee Creek compressor station upstream of the Newman Lateral. APA managed the expansion project on behalf of the Goldfields Gas Transmission Joint Venture (GGTJV) through which APA owns 88.2% of the Goldfields Gas Pipeline. The project to increase the pipeline's capacity by 28% was underpinned by two new long term transportation agreements with Rio Tinto and the Mount Newman Joint Venture (85% BHP Billiton).
- **Eastern Goldfields Pipeline**
Two gas transportation agreements were executed between AngloGold Ashanti (AngloGold) and APA in July 2014 for the transportation of natural gas to AngloGold's Sunrise Dam Operations and the Tropicana Operations jointly owned by AngloGold and The Independence Group, located in the eastern goldfields region of Western Australia. The agreements underpin the development of a new gas pipeline, the Eastern Goldfields Pipeline which APA will build, own and operate. Construction of the new pipeline will commence in the second half of FY2015 and connect APA's existing infrastructure, the Goldfields Gas Pipeline and Murrin Murrin Lateral to the respective mine site locations. Commencement date for services is 1 January 2016.
- **Pilbara Energy Pipeline**
APA completed construction of a short gas lateral to connect the Pilbara Energy Pipeline to a new compressed natural gas facility constructed and owned by Sub161 Pty Ltd. Compressed natural gas will be transported by Sub161 to Fortescue Metals Group's Solomon Mine as a substitute for diesel fuel for the Solomon power station, prior to the completion of the Fortescue River Pipeline. Under the terms of the agreement with Sub161, APA provides gas transportation services on the Pilbara Energy Pipeline.

Northern Territory

- **Pipeline link between the Northern Territory and south east Australia**
APA commenced a feasibility study in the first half of calendar year 2014 for a proposed link between APA's Northern Territory pipeline assets and APA's east coast gas grid. In late calendar year 2014, APA was shortlisted in the Northern Territory Government's formal selection process for the construction, operation and ownership of the proposed North East Gas Interconnector. If constructed, this will create the opportunity for Northern Territory gas to supply markets in the east, as well as providing additional gas security for the Northern Territory. The outcome of the Northern Territory Government's process is not expected to be known until late calendar year 2015, but in any event, APA will continue to progress its own feasibility study for the building of a commercially feasible Northern Territory link.

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 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.

APA also has a long term agreement to operate Australian Gas Networks (AGN, previously known as Envestra Limited) gas distribution assets. APA sold its 33.0% interest in Envestra Limited to a Cheung Kong Group consortium in August 2014, but continues to operate AGN's assets under the Operating and Management Agreement that is currently in place until 30 June 2027.

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Revenue (excluding pass-through revenue) from asset management services decreased by \$17.7 million or 31.5% to \$38.4 million (Dec 2013: \$56.1 million) and EBITDA decreased by \$14.4 million or 41.7% to \$20.1 million (Dec 2013: \$34.5 million).

The decrease in revenue is mainly due to customer contributions in relation to relocating APA infrastructure, totalling \$2.2 million received in the first half of FY2015 compared with \$18.6 million received in the previous corresponding period.

Each of APA's asset management contracts continue to deliver long term stable revenues to the business and are expected to do so for the foreseeable future given the length of the respective contracts. APA continues to see a level of annual volatility in respect of customer contributions; however, we retain the view that a long term annual average of around \$10 million per annum is a reasonable expectation within this business sector.

Energy Investments

APA has an interest in a number of energy investments across Australia, including SEA Gas Pipeline, Energy Infrastructure Investments, Ethane Pipeline Income Fund, EI12 (investment in the North Brown Hill wind farm), GDI (EII) which owns the Allgas gas distribution network and Diamantina Power Station – a joint venture gas fired electricity generator with AGL Energy that provides electricity to Glencore Xstrata and Ergon Energy.

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

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

EBITDA decreased by 12.0% to \$7.6 million compared to \$8.7 million in the previous corresponding period, mainly due to costs incurred in the completion and commissioning of the Diamantina Power Station.

- **APA exits its investment in Envestra**
On 7 August 2014, APA accepted the Cheung Kong Group consortium's offer for all of the shares in Envestra, exiting our investment in Envestra. This sale generated gross proceeds of \$784 million and as a result, APA has booked a net pre-tax profit of \$430 million. APA continues to operate Envestra's (now known as Australian Gas Networks, AGN) assets under an Operating and Management agreement that expires in 2027.
- **Diamantina Power Station and Leichhardt Power Station**
The Diamantina Power Station and the Leichhardt Power Station both became fully operational during the current period. Located at Mount Isa, Queensland, the power stations are jointly owned and were jointly developed by APA and AGL Energy. 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 Xstrata, and Ergon Energy, Queensland's state-owned regional electricity supplier. Under the arrangements, AGL has contracted transportation capacity on APA's Carpentaria Gas Pipeline for an initial 10.5 year period and will be delivering 13.5 PJ of gas per annum to the power stations at Mount Isa.

The Diamantina Power Station is a 242 MW combined cycle gas-fired power station and became fully operational from October 2014. The 60 MW open cycle gas-fired Leichhardt Power Station was commissioned and became fully operational in July 2014. Both are now delivering energy under foundation customer agreements.

Regulatory matters

Key regulatory matters addressed during the current period included:

Goldfields Gas Pipeline Access Arrangement

Proposed revisions to the Access Arrangement for the Goldfields Gas Pipeline, to apply during the period 2015-2019, were submitted to the Western Australian Economic Regulation Authority on 15 August 2014.

The revisions were the first for the pipeline to be submitted under the access regime of the National Gas Law and the National Gas Rules. They also took into account the Rate of Return Guidelines determined and published by the Economic Regulation Authority following the Australian Energy Market Commission's changes to the rate of return provisions of the National Gas Rules in November 2012. The November 2012 rule changes

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Directors' Report for the half year ended 31 December 2014

allow a rate of return which reflects the specific risks of the Goldfields Gas Pipeline, which provides service principally to mining and minerals processing operations in remote areas of Western Australia.

The revisions to the Access Arrangement included a proposed reference tariff similar to the reference tariff which has applied during the period 2010-2014.

The Economic Regulation Authority has commenced its review of the Access Arrangement revisions proposal. A process of public consultation on the revisions proposal concluded on 17 November 2014. The regulator's draft decision is expected towards the end of the first quarter of 2015, and a final decision should be available to APA by the end of June 2015.

Energy Green Paper

The Federal Government released its Energy Green Paper in September 2014. The Energy Green Paper is a stage in the development of an Energy White Paper, which sets out the Federal Government's energy policy.

The Energy Green Paper focuses on energy sector investment and the removal of regulatory barriers to competition and growth. As part of this aim, the Green Paper discusses options for increased transparency in gas markets, in particular in the gas supply market.

APA lodged a submission in response to the Energy Green Paper in November 2014. The final Energy White Paper is expected to be released in the first half of 2015.

COAG Energy Council Australian Gas Market Vision

The COAG Energy Council released its Australian Energy Gas Market Vision in December 2014. The Vision targets 12 specific outcomes related to gas supply and resource development, facilitation of major gas supply and infrastructure projects, access to market information, and improved competition and market function.

A number of processes, in which APA Group is a key participant, are currently underway in these areas.

Environmental reporting

In October 2014, APA complied with Australia's National Greenhouse and Energy Reporting obligations for the 2014 financial year.

APA's summary of Scope 1 emissions and energy consumption for the 2014 financial year are set out in the following table:

Financial year	2014	2013	Change	
Scope 1 CO ₂ emissions (tonnes)	311,425	323,871	(12,446)	(3.8%)
Energy consumption (GJ)	3,937,718	3,944,449	(6,731)	(0.2%)

Clean Energy Policy

In 2014 APA continued to manage its carbon liability by passing-through carbon permit costs for its liable facilities through contractual terms and conditions or through regulated access arrangements.

This carbon tax legislation was repealed effective from 1 July 2014 at which time APA ceased having a liability.

Guidance for the 2015 financial year

Based on available information, APA Group expects normalised EBITDA inclusive of an estimated contribution from the QCLNG Pipeline for the full year to 30 June 2015 to be in a range of \$816 million to \$873 million.

Excluding the estimated contribution from the QCLNG Pipeline of \$41 million to \$83 million (based on AUD/USD exchange rate of 0.7804 as at 12.00pm 24 February 2015), we are upgrading our guidance for normalised continuing business EBITDA to \$775 million to \$790 million, from our previous guidance of \$740 million to \$760 million.

Statutory EBITDA, inclusive of some \$447 million of significant, once off items and the estimated QCLNG Pipeline contribution, is expected to fall within a range of \$1,263 million to \$1,320 million.

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Net interest cost is expected to be in a range of \$320 million to \$355 million.

Distribution per security for the 2015 year is expected to total at least 36.25 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 33.

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, 25 February 2015

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 2014

	Note	31 Dec 2014 \$000	31 Dec 2013 \$000
Continuing operations			
Revenue	3	733,818	674,950
Share of net profits of associates and jointly controlled entities accounted for using the equity method	3	6,283	36,455
		740,101	711,405
Net profit on sale of equity accounted investment	4	430,039	-
Asset operation and management expenses		(11,192)	(23,475)
Depreciation and amortisation expense	5	(88,477)	(74,651)
Other operating costs - pass-through	5	(217,429)	(201,771)
Finance costs	5	(155,061)	(164,668)
Employee benefit expense		(85,488)	(84,486)
Other expenses		(2,701)	(2,126)
Profit before tax		609,792	160,228
Income tax expense		(142,530)	(39,495)
Profit for the period		467,262	120,733
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial (loss)/gain on defined benefit plan		(11,834)	10,410
Income tax relating to items that will not be reclassified subsequently		3,550	(3,123)
		(8,284)	7,287
Items that may be reclassified subsequently to profit or loss:			
Gain on available-for-sale investments taken to equity		2,802	22
Gain/(loss) on cash flow hedges taken to equity		4,841	(35,090)
(Loss)/gain on associate hedges taken to equity		(34,030)	7,599
Income tax relating to items that may be reclassified subsequently		8,117	8,252
		(18,270)	(19,217)
Other comprehensive income for the period (net of tax)		(26,554)	(11,930)
Total comprehensive income for the period		440,708	108,803
Profit attributable to:			
Securityholders of the parent		447,402	101,492
Non-controlling interest - APT Investment Trust equityholders		19,859	19,240
APA stapled securityholders		467,261	120,732
Non-controlling interest - other		1	1
		467,262	120,733
Total comprehensive income attributable to:			
Securityholders of the parent		419,849	89,528
Non-controlling interest - APT Investment Trust equityholders		20,858	19,274
APA stapled securityholders		440,707	108,802
Non-controlling interest - other		1	1
		440,708	108,803
		31 Dec 2014	31 Dec 2013 (Restated)
Earnings per security			
Basic and diluted (cents per security)	9	53.2	13.9

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 2014

	Note	31 Dec 2014 \$000	30 Jun 2014 \$000
<u>Current assets</u>			
Cash and cash equivalents	7	913,752	7,009
Trade and other receivables		156,086	156,439
Other financial assets		18,982	16,575
Inventories		18,838	17,349
Other		5,931	5,996
Total current assets		1,113,589	203,368
<u>Non-current assets</u>			
Receivables		101,103	147,835
Other financial assets		277,572	110,768
Investments accounted for using the equity method		255,783	593,325
Property, plant and equipment		5,676,938	5,574,481
Goodwill		1,140,500	1,150,500
Other intangible assets		163,758	170,804
Other		21,444	21,429
Total non-current assets		7,637,098	7,769,142
Total assets		8,750,687	7,972,510
<u>Current liabilities</u>			
Trade and other payables		164,184	185,988
Borrowings		149,491	-
Other financial liabilities		120,980	90,574
Provisions		67,583	81,003
Other		10,331	15,975
Total current liabilities		512,569	373,540
<u>Non-current liabilities</u>			
Trade and other Payables		3,463	3,599
Borrowings		4,125,059	4,708,283
Other financial liabilities		74,170	216,936
Deferred tax liabilities		237,432	110,783
Provisions		58,408	47,442
Other		15,235	15,438
Total non-current liabilities		4,513,767	5,102,481
Total liabilities		5,026,336	5,476,021
Net assets		3,724,351	2,496,489

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 2014

	Note	31 Dec 2014 \$000	30 Jun 2014 \$000
Equity			
Australian Pipeline Trust equity:			
Issued capital	8	2,536,275	1,816,460
Reserves		(135,512)	(116,243)
Retained earnings		502,857	200,978
Equity attributable to securityholders of the parent		2,903,620	1,901,195
Non-controlling interests:			
APT Investment Trust:			
Issued capital	8	800,215	576,172
Reserves		605	(394)
Retained earnings		19,859	19,465
Equity attributable to securityholders of APT Investment Trust		820,679	595,243
Other non-controlling interest		52	51
Total non-controlling interests		820,731	595,294
Total equity		3,724,351	2,496,489

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 2014

	Consolidated																
	Australian Pipeline Trust						APT Investment Trust				Other non-controlling interest						
	Issued	Asset Revaluation	Available-For-Sale Investment		Hedging Reserve	Retained earnings	Attributable to owners of the parent	Issued	Revaluation	Retained earnings	Investment	APT Trust	Issued	Other	Retained earnings	Other non-controlling Interest	Total
			Reserve	Reserve													
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
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		
Balance at 1 July 2014	1,816,460	8,669	363	(125,275)	200,978	1,901,195	576,172	(394)	19,465	595,243	4	1	46	51	2,496,489		
Profit for the period	-	-	-	-	447,402	447,402	-	-	19,859	19,859	-	-	1	1	467,262		
Other comprehensive income (net of tax)	-	-	1,262	(20,531)	(8,284)	(27,553)	-	999	-	999	-	-	-	-	(26,554)		
Total comprehensive income for the period	-	-	1,262	(20,531)	439,118	419,849	-	999	19,859	20,858	-	-	1	1	440,708		
Payment of distributions	-	-	-	-	(137,239)	(137,239)	-	-	(19,465)	(19,465)	-	-	-	-	(156,704)		
Issued under entitlement offer	729,646	-	-	-	-	729,646	228,438	-	-	228,438	-	-	-	-	958,084		
Issue costs of securities	(14,044)	-	-	-	-	(14,044)	(4,395)	-	-	(4,395)	-	-	-	-	(18,439)		
Tax relating to security issue costs	4,213	-	-	-	-	4,213	-	-	-	-	-	-	-	-	4,213		
Balance at 31 December 2014	2,536,275	8,669	1,625	(145,806)	502,857	2,903,620	800,215	605	19,859	820,679	4	1	47	52	3,724,351		

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 2014

Note	31 Dec 2014 \$000	31 Dec 2013 \$000
<u>Cash flows from operating activities</u>		
Receipts from customers	796,084	757,727
Payments to suppliers and employees	(434,506)	(414,309)
Proceeds/(payments) from/to Hastings Funds Management for management and performance fees	17,201	(8,273)
Dividends received	34,989	28,369
Proceeds from repayment of finance leases	2,325	2,411
Interest received	5,150	3,160
Interest and other costs of finance paid	(140,837)	(160,918)
Income tax	-	141
Net cash provided by operating activities	280,406	208,308
<u>Cash flows from investing activities</u>		
Payments for property, plant and equipment	(191,673)	(200,685)
Proceeds from sale of property, plant and equipment	657	532
Payments for equity accounted investments	(17,383)	-
Payments for controlled entities (net of cash acquired)	-	(24)
Payments for intangible assets	(226)	(897)
Loans to related parties	(3,490)	-
Proceeds from sale of businesses	-	1,774
Proceeds from sale of equity accounted investment	783,758	-
Net cash provided by/(used in) investing activities	571,643	(199,300)
<u>Cash flows from financing activities</u>		
Proceeds from borrowings	540,000	830,000
Repayments of borrowings	(1,269,500)	(702,582)
Payment of debt issue costs	(942)	(2,000)
Proceeds from issue of securities	958,084	-
Payments of security issue costs	(16,244)	(60)
Distributions paid to:		
Securityholders of APT	(137,239)	(133,877)
Securityholders of non-controlling interests - APTIT	(19,465)	(20,737)
Net cash provided by/(used in) financing activities	54,694	(29,256)
Net increase/(decrease) in cash and cash equivalents	906,743	(20,248)
Cash and cash equivalents at beginning of financial period	7,009	80,955
Cash and cash equivalents at end of financial period	7	60,707

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 2014

1. Significant accounting policies

Basis of preparation

The condensed consolidated interim general purpose financial statements for the half year ended 31 December 2014 have been prepared in accordance with AASB 134 'Interim Financial Reporting' and the Corporations Act 2001. The half year financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$000) in accordance with ASIC Class Order 98/0100 unless otherwise stated.

The half year financial report does not include all the 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 APA Group during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies are consistent with those adopted and disclosed in the annual report for the financial year ended 30 June 2014.

Adoption of new and revised Accounting Standards

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

There has not been any new or revised Standards and Interpretations issued by the AASB that are relevant to APA Group's operations that would be effective for the current reporting period.

(b) Standards and Interpretations issued not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were on 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 2018	30 June 2019
• AASB 15 'Revenue from Contracts with Customers'	1 January 2017	30 June 2018

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

Critical accounting judgements and key sources of estimation uncertainty

In the application of APA Group's 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 are impaired requires an estimation of the value-in-use of the cash-generating units. The value-in-use calculation requires APA Group 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.

Australian Pipeline Trust and its Controlled Entities

Notes to the condensed consolidated financial statements

For the half year ended 31 December 2014

1. Significant accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

Useful lives and amortisation period of non-current assets

APA Group reviews the estimated useful lives of property, plant and equipment and the amortisation period of intangible assets at the end of each annual reporting period. Any reassessment of useful lives or amortisation periods in a particular year will affect the depreciation or amortisation expense.

During the period, APA Group reassessed the amortisation period for intangible contracts. This resulted in a change in estimate for the amortisation period, with additional amortisation of approximately \$7.8 million per annum effective from 1 July 2014.

Fair value of financial instruments

APA Group has financial instruments that are carried at fair value in the statement of financial position. The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, APA Group determines fair value using various valuation models. The objective of using a valuation technique is to establish the price that would be received to sell an asset or paid to transfer a liability between market participants. The chosen valuation models make maximum use of market inputs and rely as little as possible on entity specific inputs. The fair value of all positions include assumptions made on the recoverability based on the counterparty's and APA Group's credit risk.

2. Segment information

APA Group operates in one geographical segment, being Australia.

(a) Description of reportable segments

APA Group comprises the following reportable segments:

- **Energy Infrastructure**, which includes all wholly owned or majority owned pipelines, gas storage assets and the Emu Downs Wind Farm;
- **Asset Management**, which provides commercial, operating services and/or asset maintenance services to APA Group's energy investments and Australian Gas Networks Limited (formerly Envestra Limited) for appropriate fees; and
- **Energy Investments**, which includes APA Group's strategic stakes in a number of investment vehicles that house energy infrastructure assets, generally characterised by long term secure cash flows, with low capital expenditure requirements.

Australian Pipeline Trust and its Controlled Entities

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2014

2. Segment information (continued)

(b) Reportable segments

	Energy Infrastructure	Asset management ^(a)	Energy investments ^(a)	Consolidated
Half year ended 31 December 2014	\$000	\$000	\$000	\$000
Segment revenue ^(b)				
External sales revenue	470,242	38,420	-	508,662
Equity accounted net profits	-	-	6,283	6,283
Pass-through revenue	4,686	212,743	-	217,429
Finance lease and investment interest income	1,604	-	2,084	3,688
Distributions - other entities	-	-	272	272
Total segment revenue	476,532	251,163	8,639	736,334
Other interest income				3,767
Consolidated revenue				740,101
Segment result				
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	389,147	10,135	440,310	839,592
Share of net profits of associates and jointly controlled entities accounted for using the equity method	-	-	6,283	6,283
Finance lease and investment interest income	1,604	-	2,084	3,688
Total EBITDA	390,751	10,135	448,677	849,563
Depreciation and amortisation	(82,060)	(6,417)	-	(88,477)
Earnings before interest and tax ("EBIT")	308,691	3,718	448,677	761,086
Net finance costs ^(c)				(151,294)
Profit before tax				609,792
Income tax expense				(142,530)
Profit for the period				467,262
Segment assets and liabilities				
Segment assets	6,982,917	227,729	108,235	7,318,881
Carrying value of investments accounted for using the equity method	-	-	255,783	255,783
Unallocated assets ^(d)				1,176,023
Total assets				8,750,687
Segment liabilities	253,868	65,335	-	319,203
Unallocated liabilities ^(e)				4,707,133
Total liabilities				5,026,336

(a) During August 2014, APA Group sold its investment in Envestra Limited to Cheung Kong Group consortium for \$1.32 per share. This has resulted in a \$440.0 million gain in Energy Investments being the gross proceeds less the carrying value of the equity accounted investment affected by a reassessment of the carrying value of the asset management business to reflect future growth opportunities, resulting in a reduction of goodwill (\$10.0 million).

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

(c) Excluding finance lease and investment interest income, and any gains or losses on revaluation of derivatives included as part of EBIT for segment reporting purposes, but including other interest income.

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

(e) Unallocated liabilities consist of current and non-current borrowings, deferred tax liabilities, fair value of interest rate swaps, foreign exchange contracts.

Australian Pipeline Trust and its Controlled Entities
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2014

2. Segment information (continued)

(b) Reportable segments (continued)

	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
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 period				120,733
Segment assets and liabilities as at 30 June 2014				
Segment assets	6,877,648	248,972	151,690	7,278,310
Carrying value of investments accounted for using the equity method	-	-	593,325	593,325
Unallocated assets ^(c)				100,875
Total assets as 30 June 2014				7,972,510
Segment liabilities	273,654	75,792	-	349,446
Unallocated liabilities ^(d)				5,126,575
Total liabilities as at 30 June 2014				5,476,021

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

(b) Excluding finance lease and investment interest income, and any gains or losses on revaluation of derivatives included as part of EBIT for segment reporting purposes, but including other interest income.

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

(d) Unallocated liabilities consist of current and non-current borrowings, deferred tax liabilities, fair value of interest rate swaps, foreign exchange contracts.

Australian Pipeline Trust and its Controlled Entities
Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2014

3. Revenue

An analysis of APA Group's revenue for the period is as follows:

Continuing operations

	31 Dec 2014 \$000	31 Dec 2013 \$000
Operating revenue		
Energy infrastructure revenue:		
• energy infrastructure revenue	469,970	412,371
• pass-through revenue	4,686	4,361
	474,656	416,732
Asset management revenue:		
• asset management revenue	38,420	56,080
• pass-through revenue	212,743	197,410
	251,163	253,490
	725,819	670,222
Finance income		
Interest	3,767	653
Interest income on redeemable ordinary shares (EII), redeemable preference shares (GDI) and loans to related parties (DPS)	2,084	1,637
Finance lease income	1,604	1,874
	7,455	4,164
Other income		
Dividends	272	277
Rental income	272	287
	733,818	674,950
Share of net profits of associates and jointly controlled entities accounted for using the equity method	6,283	36,455
	740,101	711,405

Australian Pipeline Trust and its Controlled Entities
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2014

4. Significant items

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

	31 Dec 2014 \$000	31 Dec 2013 \$000
Significant items impacting EBITDA		
Net profit on sale of equity accounted investment ^(a)	430,039	
Performance fees refunded to HDF by Hastings Funds Management Limited ^(b)	17,201	-
Total significant items impacting EBITDA	447,240	-
Income tax related to significant items above	(91,222)	-
Profit from significant items after income tax	356,018	-

(a) During August 2014, APA Group sold its investment in Envestra Limited to Cheung Kong Group consortium for \$1.32 per share amounting to \$783.8 million in gross proceeds which realised a net pre-tax profit of \$430.0 million.

(b) In November 2014, APA Group successfully appealed the NSW Supreme Court decision in a matter regarding performance fees previously paid by Hastings Diversified Utility Fund (HDF) to Hastings Funds Management Limited (HFML).

5. Expenses

Profit before tax includes the following expenses:

Depreciation and amortisation expense

Depreciation of non-current assets	82,060	72,038
Amortisation of non-current assets	6,417	2,613
	88,477	74,651

Other operating costs - pass-through

Gas pipeline costs	4,686	4,361
Management, operating and maintenance costs	212,743	197,410
	217,429	201,771

Finance costs

Interest on bank overdrafts and borrowings	155,660	162,142
Amortisation of deferred borrowing costs	4,489	4,392
Other finance costs	4,729	4,358
	164,878	170,892
Less: amounts included in the cost of qualifying assets	(10,953)	(7,020)
	153,925	163,872
Gain on derivatives	577	285
Unwinding of discount on non-current provisions	559	511
	155,061	164,668

Australian Pipeline Trust and its Controlled Entities
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2014

6. Distributions

	31 Dec 2014 cents per security	31 Dec 2014 Total \$000	31 Dec 2013 cents per security	31 Dec 2013 Total \$000
Recognised amounts				
Final distribution paid on 10 September 2014				
(2013: 11 September 2013)				
Profit distribution - APT ^(a)	16.42	137,239	16.02	133,877
Profit distribution - APTIT ^(a)	2.33	19,465	2.32	19,424
Capital distribution - APT	-	-	-	-
Capital distribution - APTIT	-	-	0.16	1,313
	18.75	156,704	18.50	154,614
Unrecognised amounts				
Interim distribution payable on 18 March 2015 ^(b)				
(2014: 12 March 2014)				
Profit distribution - APT ^(a)	15.12	126,397	14.56	121,663
Profit distribution - APTIT ^(a)	2.38	19,859	2.30	19,241
Capital distribution - APT	-	-	0.49	4,057
Capital distribution - APTIT	-	-	0.15	1,295
	17.50	146,256	17.50	146,256

(a) Profit distributions were unfranked (2013: unfranked).

(b) Securities trade "ex distribution" 22 December 2014 with record date 24 December 2014.

The interim distribution in respect of the financial year has not been recognised in this half year financial report because the distribution was not declared, determined or publicly confirmed prior to 31 December 2014.

7. Notes to the cash flow statement

Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, 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 year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	31 Dec 2014 \$000	31 Dec 2013 \$000
Cash at bank and on hand ^(a)	222,680	59,668
Short-term deposits	691,072	1,039
	913,752	60,707

APA Group had no restricted cash as at 31 December 2014.

(a) Australian Pipeline Limited held nil cash on deposit (\$5.0 million at 31 December 2013). To meet its financial requirements as the holder of an Australian Financial Services Licence, cash on deposit was replaced with a bank guarantee prior to the end of the last financial year.

Australian Pipeline Trust and its Controlled Entities
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2014

8. Issued capital

	Note	31 Dec 2014 \$000	30 Jun 2014 \$000
APT securities			
980,915,109 securities, fully paid (2013: 835,750,807 securities, fully paid) ^(a)		2,536,275	1,816,460

		No. of securities 000	\$000
Movements			
Balance at beginning of financial year		835,751	1,816,460
Issue of securities under entitlement offer	12	145,164	729,646
Less transaction costs relating to the issue of securities			(14,044)
Deferred tax on the transaction costs relating to the issue of securities			4,213
Balance at end of financial period		980,915	2,536,275

(a) Fully paid securities carry one vote per security and carry the right to distributions. New securities issued under the entitlement offer are not eligible for the FY2015 interim distribution, but otherwise rank equally with existing securities from allotment.

		31 Dec 2014 \$000	30 Jun 2014 \$000
APTIT securities			
980,915,109 securities, fully paid (2013: 835,750,807 securities, fully paid) ^(a)		800,215	576,172

		No. of securities 000	\$000
Movements			
Balance at beginning of financial year		835,751	576,172
Issue of securities under entitlement offer	12	145,164	228,438
Less transaction costs relating to the issue of securities			(4,395)
Balance at end of financial period		980,915	800,215

(a) Fully paid securities carry one vote per security and carry the right to distributions. New securities issued under the entitlement offer are not eligible for the FY2015 interim distribution, but otherwise rank equally with existing securities from allotment.

		31 Dec 2013 \$000	30 Jun 2013 \$000
APT securities			
835,750,807 securities, fully paid (2012: 835,750,807 securities, fully paid) ^(a)		1,820,516	1,820,516

APTIT Securities			
835,750,807 securities, fully paid (2012: 835,750,807 securities, fully paid) ^(a)		577,467	578,780

		No. of securities 000	\$000
Movements			
Balance at beginning of financial year		835,751	578,780
Capital return to shareholders			(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.

Australian Pipeline Trust and its Controlled Entities
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2014

8. Issued capital (continued)

Post balance date movement in number of fully paid securities on issue	Note	No. of securities
APT and APTIT securities		
Closing balance as at 31 December 2014		980,915,109
Issue of securities under entitlement offer	12	133,392,260
Closing balance as at date of this report		1,114,307,369

9. Earnings per security

	31 Dec 2014	31 Dec 2013 (Restated)
Basic and diluted earnings per security (cents)	53.2	13.9

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

	31 Dec 2014	31 Dec 2013
Net profit attributable to securityholders for calculating basic and diluted earnings per security (\$000)	467,262	120,733

	31 Dec 2014 No. of securities 000	31 Dec 2013 (Restated) No. of securities 000
Weighted average number of ordinary securities used in calculating basic and diluted earnings per security	878,124	865,977

On 23 December 2014, APA Group issued 145,164,302 new ordinary securities on completion of the institutional component and early acceptance period of the retail component for the fully underwritten rights issue. The issue was offered at \$6.60 per security, a discount to APA Group's closing market price of \$7.67 per security on 9 December 2014, the last trading day before the record date of the entitlement offer of 15 December 2014. The number of securities used for the current and prior period calculation of earnings per security have been adjusted for the discounted rights issue. An adjustment factor of 1.036 has been calculated, being the closing market price per security on 9 December 2014, divided by the theoretical ex-rights value (TERV) of \$7.40 per security.

The remaining allocation of the retail component for the rights issue was completed in late January 2015 and is detailed in Note 8.

10. Contingencies

	31 Dec 2014 \$000	30 Jun 2014 \$000
Contingent liabilities		
Bank guarantees	22,611	28,553

Australian Pipeline Trust and its Controlled Entities

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2014

11. Financial instruments

Fair value of financial instruments

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).

There have been no transfers between the levels during the 6 months to 31 December 2014 (year ended 30 June 2014: none). Transfers between levels of the fair value hierarchy occur at the end of the reporting period. Transfers between level 1 and level 2 are triggered when there are quoted prices available in active markets. Transfers into level 3 are triggered when the observable inputs become no longer observable, or vice versa for transfer out of level 3.

Fair value of APA Group's financial assets and liabilities that are measured at fair value on a recurring basis

The fair values of financial assets and financial liabilities are measured at the end of each reporting period and determined as follows:

- the fair values of available-for-sale financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices, these instruments are classified in the fair value hierarchy at level 1;
- the fair values of forward foreign exchange contracts included in hedging assets and liabilities are calculated using discounted cash flow analysis based on observable forward exchange rates at the end of the reporting period and contract forward rates discounted at a rate that reflects the credit risk of the various counterparties. The instruments are classified in the fair value hierarchy at level 2;
- the fair values of interest rates swaps, cross currency swaps, equity forwards and other 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 observable yield curves at the end of the reporting period and contract rates discounted at a rate that reflects the credit risk of the various counterparties. Where the valuation is based on quoted prices the instruments are classified in the fair value hierarchy at level 1, where a discounted cash flow valuation is used the instruments are classified as level 2;
- 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 discounted at a rate that reflects the credit risk of the various counterparties. The instruments are classified in the fair value hierarchy at level 2;
- the fair value of financial guarantee contracts are determined based upon the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default. The instruments are classified in the fair value hierarchy at level 2; and
- the carrying value of financial assets and liabilities recorded at amortised cost in the financial statements approximate their fair value having regard to the specific terms of the agreements underlying those assets and liabilities.

Australian Pipeline Trust and its Controlled Entities
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2014

11. Financial instruments (continued)

Fair value of financial instruments (continued)

Fair value hierarchy

	As at 31 December 2014			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	7,373	-	-	7,373
Equity forwards designated as fair value through profit and loss	-	2,771	-	2,771
Interest rate swaps used for hedging	-	5,892	-	5,892
Cross currency interest rate swaps used for hedging	-	238,009	-	238,009
Forward foreign exchange contracts used for hedging	-	14,580	-	14,580
	7,373	261,252	-	268,625
Financial liabilities measured at fair value				
Interest rate swaps used for hedging	-	51,313	-	51,313
Cross currency interest rate swaps used for hedging	-	128,738	-	128,738
	-	180,051	-	180,051
	As at 30 June 2014			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	4,571	-	-	4,571
Equity forwards designated as fair value through profit and loss	-	4,004	-	4,004
Cross currency interest rate swaps used for hedging	-	77,115	-	77,115
	4,571	81,119	-	85,690
Financial liabilities measured at fair value				
Interest rate swaps used for hedging	-	31,041	-	31,041
Cross currency interest rate swaps used for hedging	-	261,739	-	261,739
Forward foreign exchange contracts used for hedging	-	1,246	-	1,246
	-	294,026	-	294,026

Australian Pipeline Trust and its Controlled Entities
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2014

11. Financial instruments (continued)

Fair value of financial instruments (continued)

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 (level 2) ^(a)	
	31 Dec 2014 \$000	30 Jun 2014 \$000	31 Dec 2014 \$000	30 Jun 2014 \$000
Financial Liabilities				
Unsecured long term private placement notes	1,203,238	1,083,934	1,360,733	1,227,760
Unsecured Australian Dollar medium term notes	300,000	300,000	351,665	343,276
Unsecured Japanese Yen medium term note	102,210	104,681	105,128	107,717
Unsecured Canadian Dollar medium term notes	316,230	298,378	324,923	322,535
Unsecured Australian Dollar subordinated notes	515,000	515,000	555,288	570,923
Unsecured US Dollar 144a medium term notes	919,005	795,587	896,561	792,363
Unsecured British Pound medium term note	668,242	635,268	712,611	643,420
	4,023,925	3,732,848	4,306,909	4,007,994

(a) the fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current markets, discounted at a rate that reflects the credit risk of the various counterparties. The instruments would be classified in the fair value hierarchy at level 2.

The financial liabilities included in the table above are fixed rate borrowings. Other debts held by APA Group 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 2014

12. Events occurring after reporting date

On 10 December 2014, APA Group announced it had entered into an agreement with a member of the BG Group to acquire the QCLNG pipeline for US\$5,000 million (AU\$6,049 million) through the acquisition of the shares in QCLNG Pipeline Pty Limited. The acquisition will be funded through a combination of an equity raising of AU\$1,838.5 million by way of a fully underwritten accelerated renounceable entitlement offer and a US\$4,100 million fully committed 2 year bridge facility (which is intended to be refinanced progressively in US\$ in a number of bank or bond markets). Completion is subject to a number of conditions with financial close expected to occur early in the second quarter of 2015.

On 23 December 2014, APA Group had issued 145,164,302 new APA stapled securities under the Institutional and Early Retail Entitlement component of the accelerated renounceable entitlement offer at a total value of \$958.1 million.

On 20 January 2015, APA Group successfully completed the retail component (Retail Entitlement Offer) of its fully underwritten 1 for 3 accelerated renounceable entitlement offer of new APA stapled securities, issuing 76,130,744 securities and taking gross proceeds raised under the retail component to \$592.8 million. On 21 January 2015, APA Group successfully completed the Retail Shortfall Bookbuild under the Retail Entitlement Offer, the final stage of APA Group's equity raising, issuing 57,261,516 of new APA stapled securities, receiving net proceeds \$377.9 million once Retail Premiums (\$1.00 for each New Security not taken up under the Retail Entitlement Offer) were paid to retail securityholders who did not take up their entitlements and ineligible retail securityholders. This completes APA Group's equity raising of \$1,838.5 million, resulting in the number of securities on issue increasing by 278,556,562, from 835,750,807 to 1,114,307,369.

On 25 February 2015, the Directors declared an interim distribution of 17.50 cents per security (\$146.3 million) for the APA Group (comprising a distribution of 15.12 cents per security from APT and a distribution of 2.38 cents per security from APTIT), consisting of 17.50 cents per security unfranked profit distribution. The distribution will be paid on 18 March 2015.

Australian Pipeline Trust and its Controlled Entities
Declaration by the Directors of Australian Pipeline Limited
For the half year ended 31 December 2014

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, 25 February 2015

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

25 February 2015

Dear Directors

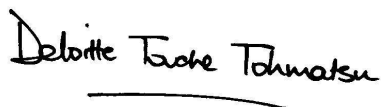
**Auditors Independence Declaration to Australian Pipeline Limited as responsible entity
for Australian Pipeline Trust**

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.

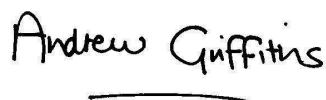
As lead audit partner for the review of the financial statements of Australian Pipeline Trust for the half year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (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



A V Griffiths
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 2014, 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 14 to 32.

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 2014 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.

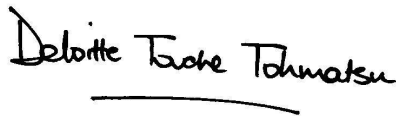
Auditor's Independence Declaration

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 2014 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

DELOITTE TOUCHE TOHMATSU



Andrew Griffiths

A V Griffiths
Partner
Chartered Accountants
Sydney, 25 February 2015

APA Group



APT Investment Trust
ARSN 115 585 441

Interim Financial Report
For the Half Year ended
31 December 2014

Delivering Australia's Energy

APT Investment Trust and its Controlled Entities
Directors' Report for the half year ended 31 December 2014

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 2014 ("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 \$19.9 million (Dec 2013: \$19.2 million) for the half year ended 31 December 2014 on total revenue of \$19.9 million (Dec 2013: \$19.2 million).

Distributions

On 25 February 2015, the directors declared an interim distribution of 2.38 cents per security (\$19.9 million), comprising a 2.38 cents unfranked profit distribution. The distribution is payable on 18 March 2015.

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 16.

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, 25 February 2015

APT Investment Trust

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For the half year ended 31 December 2014

	Note	31 Dec 2014 \$000	31 Dec 2013 \$000
Continuing operations			
Revenue	2	19,859	19,240
Profit before tax		19,859	19,240
Income tax expense		-	-
Profit for the period		19,859	19,240
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Gain on available-for-sale investments taken to equity		999	34
Other comprehensive income for the period (net of tax)		999	34
Total comprehensive income for the period		20,858	19,274
Profit attributable to:			
Equityholders of the parent		19,859	19,240
		19,859	19,240
Total comprehensive income attributable to:			
Equityholders of the parent		20,858	19,274
		20,858	19,274
Earnings per security			
Basic and diluted earnings per security (cents)	5	2.3	2.2

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 2014

	Note	31 Dec 2014 \$000	30 Jun 2014 \$000
<u>Current assets</u>			
Receivables		731	670
<u>Non-current assets</u>			
Receivables		10,291	10,623
Other financial assets		810,039	583,961
Total non-current assets		820,330	594,584
Total assets		821,061	595,254
<u>Current liabilities</u>			
Trade and other payables		382	11
Total liabilities		382	11
Net assets		820,679	595,243
<u>Equity</u>			
Issued capital	4	800,215	576,172
Reserves		605	(394)
Retained earnings		19,859	19,465
Total equity		820,679	595,243

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 2014

	Issued capital \$000	Available for sale reserves \$000	Retained earnings \$000	Total \$000
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
Balance at 1 July 2014	576,172	(394)	19,465	595,243
Profit for the period	-	-	19,859	19,859
Other comprehensive income for the period (net of tax)	-	999	-	999
Total comprehensive income for the period	-	999	19,859	20,858
Distributions	-	-	(19,465)	(19,465)
Issued under entitlement offer	228,438	-	-	228,438
Issue costs of securities	(4,395)	-	-	(4,395)
Balance at 31 December 2014	800,215	605	19,859	820,679

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 2014

	31 Dec 2014 \$000	31 Dec 2013 \$000
<u>Cash flows from operating activities</u>		
Trust distribution	11,584	11,782
Dividends received	63	63
Interest received - related parties	7,242	7,731
Proceeds from repayment of finance leases	584	584
Receipts from customers	66	102
Net cash provided by operating activities	19,539	20,262
<u>Cash flows from investing activities</u>		
(Advances to)/repayments from related parties	(224,497)	489
Net cash (used in) / provided by investing activities	(224,497)	489
<u>Cash flows from financing activities</u>		
Proceeds from issue of securities	228,438	-
Payment of security issue costs	(4,015)	(14)
Distribution paid to securityholders	(19,465)	(20,737)
Net cash provided by / (used in) financing activities	204,958	(20,751)
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 2014

1. Significant accounting policies

Basis of preparation

The condensed consolidated interim general purpose financial statements for the half year ended 31 December 2014 have been prepared in accordance with AASB 134 'Interim Financial Reporting' and the Corporations Act 2001. The half year financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$000) in accordance with ASIC Class Order 98/0100 unless otherwise stated.

The half year financial report does not include all the 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 APA Group during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies are consistent with those adopted and disclosed in the annual report for the financial year ended 30 June 2014.

Adoption of new and revised Accounting Standards

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

There has not been any new or revised Standards and Interpretations issued by the AASB that are relevant to the Consolidated Entity's operations that would be effective for the current reporting period.

(b) Standards and Interpretations issued not yet adopted

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

<u>Standard/Interpretation</u>	<u>Effective for annual reporting periods beginning on or after</u>	<u>Expected to be initially applied in the financial year ending</u>
• AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
• AASB 15 'Revenue from Contracts with Customers'	1 January 2017	30 June 2018

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

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Consolidated Entity's 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.

Fair value of financial instruments

The Consolidated Entity has financial instruments that are carried at fair value in the statement of financial position. The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the Consolidated Entity determines fair value by using various valuation models. The objective of using a valuation technique is to establish the price that would be received to sell an asset or paid to transfer a liability between market participants. The chosen valuation models make maximum use of market inputs and rely as little as possible on entity specific inputs. The fair values of all positions include assumptions made on the recoverability based on the counterparty's and the Consolidated Entity's credit risk.

APT Investment Trust
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2014

1. Significant accounting policies (continued)

Segment information

The Consolidated Entity has one reportable segment being energy infrastructure investment and operation.

The Consolidated Entity is an investing entity within the Australian Pipeline Trust stapled group. As the Consolidated Entity only operates in one segment, it has not disclosed segment information separately.

2. Revenue

Profit before income tax includes the following items of income:

	31 Dec 2014 \$000	31 Dec 2013 \$000
Revenue		
Distributions		
Trust distribution - related party	11,584	11,782
Other entities	63	63
	11,647	11,845
Finance income		
Interest - related parties	7,282	7,497
Gain/(loss) on financial asset held at fair value through profit and loss	542	(485)
Finance lease income - related party	268	283
	8,092	7,295
Other revenue		
Other	120	100
Total revenue	19,859	19,240

APT Investment Trust
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2014

3. Distributions

	31 Dec 2014 cents per security	31 Dec 2014 Total \$000	31 Dec 2013 cents per security	31 Dec 2013 Total \$000
Recognised amounts:				
Final distribution paid on 10 September 2014 (2013: 11 September 2013)				
Profit distribution ^(a)	2.33	19,465	2.32	19,424
Capital distribution	-	-	0.16	1,313
	2.33	19,465	2.48	20,737
Unrecognised amounts:				
Interim distribution payable on 18 March 2015 ^(b) (2014: 12 March 2014)				
Profit distribution ^(a)	2.38	19,859	2.30	19,241
Capital distribution	-	-	0.15	1,295
	2.38	19,859	2.45	20,536

(a) Profit distributions unfranked (2013: unfranked).

(b) Securities trade "ex distribution" 22 December 2014 with record date 24 December 2014.

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

APT Investment Trust
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2014

4. Issued capital

	31 Dec 2014 \$000	30 Jun 2014 \$000
980,915,109 securities, fully paid (2013: 835,750,807 securities, fully paid) ^(a)	800,215	576,172

	No. of units 000	\$000
Movements		
Balance at beginning of financial year	835,751	576,172
Issue of securities under entitlement offer	8	228,438
Less transaction costs relating to the issue of securities		(4,395)
Balance at end of financial period	980,915	800,215

(a) Fully paid securities carry one vote per security and carry the right to distributions. New securities issued under the entitlement offer are not eligible for the FY2015 interim distribution, but otherwise rank equally with existing securities from allotment.

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 2013 \$000	30 Jun 2013 \$000
Securities, fully paid ^(a)	577,467	578,780

	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.

Post balance date movement in number of fully paid securities on issue	No. of securities
Closing balance as at 31 December 2014	980,915,109
Issue of securities under entitlement offer	8
Closing balance as at date of this report	1,114,307,369

APT Investment Trust
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2014

5. Earnings per security

	31 Dec 2014	31 Dec 2013 (Restated)
Basic and diluted earnings per security (cents)	2.3	2.2

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

	31 Dec 2014	31 Dec 2013
Net profit attributable to securityholders for calculating basic and diluted earnings per security (\$000)	19,859	19,240

	31 Dec 2014 No. of securities 000	31 Dec 2013 (Restated) No. of securities 000
Weighted average number of ordinary securities used in calculating basic and diluted earnings per security	878,124	865,977

On 23 December 2014, APA Group issued 145,164,302 new ordinary securities on completion of the institutional component and early acceptance period of the retail component of the fully underwritten rights issue. The issue was offered at \$6.60 per security, a discount to APA Group's closing market price of \$7.67 per security on 9 December 2014, the last trading day before the record date of the entitlement offer of 15 December 2014. The number of securities used for the current and prior period calculation of earnings per security have been adjusted for the discounted rights issue. An adjustment factor of 1.036 has been calculated, being the closing market price per security on 9 December 2014, divided by the theoretical ex-rights value (TERV) of \$7.40 per security.

The remaining allocation of the retail component for the rights issue was completed in late January 2015 and is detailed in Note 4.

6. Contingent liabilities and contingent assets

At 31 December 2014, there are no material contingent liabilities or contingent assets (2013: \$nil).

APT Investment Trust
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2014

7. Financial instruments

Fair value of financial instruments

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).

There have been no transfers between the levels during the 6 months to 31 December 2014 (year ended 30 June 2014: none). Transfers between levels of the fair value hierarchy occur at the end of the reporting period. Transfers between level 1 and level 2 are triggered when there are quoted prices available in active markets. Transfers into level 3 are triggered when the observable inputs become no longer observable, or vice versa for transfer out of level 3.

Fair value of the Consolidated Entity's financial assets and liabilities that are measured at fair value on a recurring basis

The fair values of financial assets and financial liabilities are measured at the end of each reporting period and determined as follows:

Available-for-sale listed equity securities

The fair values of available-for-sale financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices. These instruments are classified in the fair value hierarchy at level 1.

Unlisted 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 2.21% (30 June 2014: 2.93%) per annum and is based upon an interpolation of the three and five year Government bond rates at the valuation date;
- a credit margin of 7% is added to the risk free rate. The credit margin is reviewed and adjusted (where required) annually;
- 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 (30 June 2014: 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.

These instruments are classified in the fair value hierarchy at level 3.

APT Investment Trust
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2014

7. Financial instruments (continued)

Fair value of financial instruments (continued)

Unlisted Redeemable ordinary shares (continued)

The fair value is impacted by the following unobservable inputs:

- an increase in the discount rate will result in a decrease in the fair value;
- an increase in discretionary dividends will result in a increase in the fair value; and
- meeting conditions to trigger the conversion of the option would result in an increase in the fair value.

Fair value hierarchy

	As at 31 December 2014			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	2,521	-	-	2,521
Unlisted Redeemable Ordinary Shares				
Energy Infrastructure Investments	-	-	35,008	35,008
	2,521	-	35,008	37,529

	As at 30 June 2014			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	1,523	-	-	1,523
Unlisted Redeemable Ordinary Shares				
Energy Infrastructure Investments	-	-	34,427	34,427
	1,523	-	34,427	35,950

Reconciliation of Level 3 fair value measurements of financial assets

	Fair value through Profit or Loss	
	31 Dec 2014 \$000	30 Jun 2014 \$000
Opening balance	34,427	34,807
Total gains or losses:		
- in profit or loss: Interest - related parties	1,674	4,245
- in profit or loss: Gain/(loss) on financial asset held at fair value through profit and loss	542	(342)
Distributions	(1,635)	(4,283)
Closing balance	35,008	34,427

APT Investment Trust

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2014

8. Events occurring after reporting date

On 10 December 2014, APA Group announced it had entered into an agreement with a member of the BG Group to acquire the QCLNG pipeline for US\$5,000 million (AU\$6,049 million) through the acquisition of the shares in QCLNG Pipeline Pty Limited. The acquisition will be funded through a combination of an equity raising of AU\$1,838.5 million by way of a fully underwritten accelerated renounceable entitlement offer and a US\$4,100 million fully committed 2 year bridge facility (which is intended to be refinanced progressively in US\$ in a number of bank or bond markets). Completion is subject to a number of conditions with financial close expected to occur early in the second quarter of 2015.

On 23 December 2014, APA Group had issued 145,164,302 new APA stapled securities under the Institutional and Early Retail Entitlement component of the accelerated renounceable entitlement offer at a total value of \$958.1 million.

On 20 January 2015, APA Group successfully completed the retail component (Retail Entitlement Offer) of its fully underwritten 1 for 3 accelerated renounceable entitlement offer of new APA stapled securities, issuing 76,130,744 securities and taking gross proceeds raised under the retail component to \$592.8 million. On 21 January 2015, APA Group successfully completed the Retail Shortfall Bookbuild under the Retail Entitlement Offer, the final stage of APA Group's equity raising, issuing 57,261,516 of new APA stapled securities, receiving net proceeds \$377.9 million once Retail Premiums (\$1.00 for each New Security not taken up under the Retail Entitlement Offer) were paid to retail securityholders who did not take up their entitlements and ineligible retail securityholders. This completes APA Group's equity raising of \$1,838.5 million, resulting in the number of securities on issue increasing by 278,556,562, from 835,750,807 to 1,114,307,369.

On 25 February 2015, the Directors declared an interim distribution of 2.38 cents per security (\$19.9 million). The distribution represents a 2.38 cents per security unfranked profit distribution. The distribution will be paid on 18 March 2015.

APT Investment Trust
Declaration by the Directors of Australian Pipeline Limited
For the half year ended 31 December 2014

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, 25 February 2015

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

25 February 2015

Dear Directors

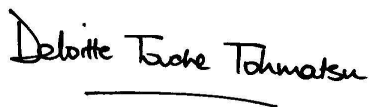
**Auditors Independence Declaration to Australian Pipeline Limited as responsible entity
for APT Investment Trust**

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.

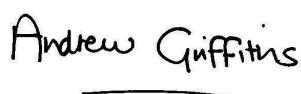
As lead audit partner for the review of the financial statements of APT Investment Trust for the half year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (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



A V Griffiths
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 2014, 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 15.

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 2014 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.

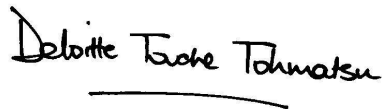
Auditor's Independence Declaration

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.

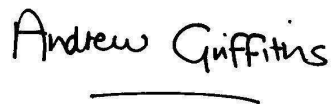
Conclusion

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 2014 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

DELOITTE TOUCHE TOHMATSU


Andrew Griffiths

A V Griffiths
Partner
Chartered Accountants
Sydney, 25 February 2015