



Statutory and Normalised Results		Change		Amount \$'000
Revenue	up	12.4%	to	1,179,085
EBITDA	up	13.8%	to	759,682
EBIT	up	14.5%	to	477,699
Profit after tax	up	40.5%	to	139,830
Operating cash flow	up	12.1%	to	518,247
Operating cash flow per security	up	5.0¢	to	46.5¢
Earnings per security	up	3.6¢	to	12.5¢

EBIT = Earnings before interest and tax

EBITDA = EBIT before depreciation and amortisation

Reporting Period

The above results are for the half year ended 31 December 2016. Reference is made to movements from the previous corresponding period being the half year ended 31 December 2015.

Distributions proposed	APA Group	
	Amount per security	Franked amount per security
Interim distribution proposed		
profit distribution	13.07¢	4.67¢
capital distribution	7.43¢	-
	20.50¢	4.67¢

The record date for determining entitlements to the unrecognised interim distribution in respect of the current financial year is 31 December 2016.

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.

The Directors have reviewed APA Group's financial position and funding requirements and have decided to retain the suspension of the Distribution Reinvestment Plan until further notice.

Australian Pipeline Trust

Results for announcement to the market For the half year ended 31 December 2016 Appendix 4D



Net asset backing per security	2017	2016
	\$	\$
Net tangible asset backing per security	-0.46	-0.52
Net asset backing per security	3.53	3.61

Additional information and commentary on results for the year

For additional disclosures refer to the APA Group interim report for the half year ended 31 December 2016 accompanying this 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:

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Chairman

22 February 2017

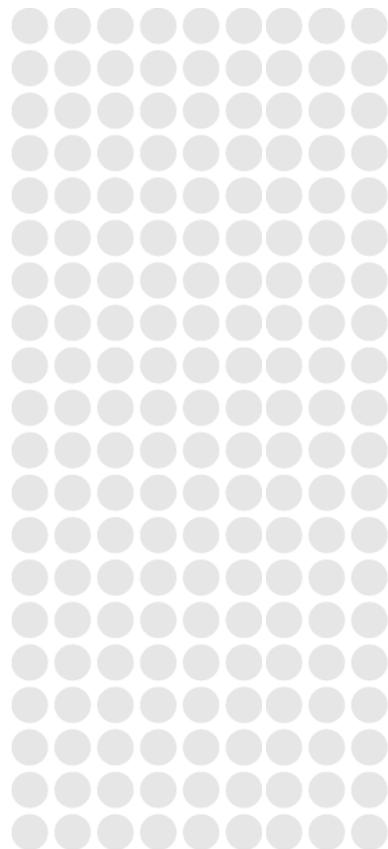


Australian Pipeline Trust

ARSN 091 678 778

Interim Financial Report.

For the half year ended
31 December 2016



energy. connected.

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AUSTRALIAN PIPELINE TRUST DIRECTORS' REPORT

The Directors of Australian Pipeline Limited (Responsible Entity) submit their interim financial report of Australian Pipeline Trust (APT) and its controlled entities (together APA or Consolidated Entity) for the half year ended 31 December 2016. This report refers to the consolidated results of APT and APT Investment Trust (APTIT).

1 Directors

The names of the Directors of the Responsible Entity during the half year and since the half year ended 31 December 2016 are:

Leonard Bleasel AM	Chairman
Michael (Mick) McCormack	Chief Executive Officer and Managing Director
Steven (Steve) Crane	
John Fletcher	
Michael Fraser	
Debra (Debbie) Goodin	
Russell Higgins AO	
Patricia McKenzie	

The Company Secretary of the Responsible Entity during the half year and since the half year ended 31 December 2016 is as follows:

Nevenka Codevelle

2 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 renewable and gas fired electricity generation;
- asset management and operations servicing the majority of APA's energy investments and for third parties; and
- energy investments in unlisted entities.

3 State of Affairs

No significant change in the state of affairs of APA occurred during the half year.

4 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 half 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.

5 Financial Overview

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 (AIFRS) and represent the profit under AIFRS adjusted for specific significant items. The Directors consider these measures to reflect the core earnings of the Consolidated Entity, and these are therefore described in this report as 'normalised' measures.

For the six months to 31 December 2016, APA reported EBITDA of \$759.7 million, an increase of 13.8% or \$92.1 million on the previous corresponding period EBITDA of \$667.6 million.

Revenue (excluding pass-through revenue) increased by \$141.8 million to \$954.3 million, an increase of 17.5% on the previous corresponding period (1H FY16: \$812.5 million).

Increased revenues and EBITDA for the period were primarily attributable to:

- full period contribution from the Eastern Goldfields Pipeline – as compared with only 2 months in the period to 31 December 2015;
- full period contribution from the Diamantina and Leichhardt Power Stations which were acquired in March 2016;
- full period contribution from the Ethane Pipeline which was acquired in June 2016; and
- decrease in corporate costs as a number of one-off items recorded in the previous corresponding period were not repeated in the period to 31 December 2016.

Net profit after tax increased to \$139.8 million (1H FY16: \$99.5 million), an increase of 40.5% over the period, with depreciation and amortisation expense, as well as income tax expense increasing, in line with asset base and earnings increases respectively.

An important primary measure of the success of APA's business and the execution of its strategy is that of operating cash flow, which was \$518.2 million for the six month period. This represents an increase of 12.1% or \$56.1 million over the previous corresponding period (1H FY16: \$462.1 million), with operating cash flow per security also increasing by 12.0%, or 5.0 cents, to 46.5 cents per security (1H FY16: 41.5 cents per security).

On 22 February 2017, the directors announced an interim distribution of 20.5 cents per security, an increase of 7.9%, or 1.5 cents, over the previous corresponding period (1H FY16 interim: 19.0 cents). Due to APA paying cash tax in respect of APA's results to 30 June 2016, franking credits of 2.0 cents per security will be allocated to the distribution. APA maintains a sustainable distribution policy to ensure its ability to fully fund its distributions out of operating cash flows whilst also retaining appropriate levels of cash in the business to support ongoing growth.

Australian Pipeline Trust (ARSN 091 678 778) and its Controlled Entities
Interim Financial Report for the half year ended 31 December 2016

The following table provides a summary of key financial data for the period. There were no significant items recorded during either the current or previous periods.

	1H FY17	1H FY16	Change	
	(\$000)	(\$000)	\$000	%
Total revenue	1,179,085	1,049,081	130,004	12.4%
Pass-through revenue ⁽¹⁾	224,780	236,587	(11,807)	(5.0%)
Total revenue excluding pass-through	954,305	812,494	141,811	17.5%
EBITDA	759,682	667,567	92,115	13.8%
Depreciation and amortisation expense	(281,983)	(250,481)	(31,502)	(12.6%)
EBIT	477,699	417,086	60,613	14.5%
Finance costs and interest income	(254,739)	(253,307)	(1,432)	(0.6%)
Profit before income tax	222,960	163,779	59,181	36.1%
Income tax expense	(83,130)	(64,234)	(18,896)	(29.4%)
Profit after income tax	139,830	99,545	40,285	40.5%
Operating cash flow ⁽²⁾	518,247	462,134	56,113	12.1%
Operating cash flow per security (cents)	46.5	41.5	5.0	12.0%
Earnings per security (cents)	12.5	8.9	3.6	40.4%
Distribution per security (cents)	20.5	19.0	1.5	7.9%
Weighted average number of securities (000)	1,114,307	1,114,307	-	-

Notes: Numbers in the table may not add up due to rounding.

- (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 Australian Gas Networks Limited (AGN, formerly Envestra Limited) and GDI in respect of the operation of the AGN and GDI assets respectively.
- (2) Operating cash flow = net cash from operations after interest and tax payments.

6 Business Segment Performances and Operational Review

Statutory reported revenue and EBITDA performance of APA's business segments is set out in the table below.

	1H FY17	1H FY16	Change	
	\$000	\$000	\$000	%
Revenue				
Energy Infrastructure				
Queensland	555,037	448,288	106,749	23.8%
New South Wales	91,929	72,884	19,045	26.1%
Victoria	92,689	83,266	9,423	11.3%
South Australia	1,472	1,393	79	5.7%
Northern Territory	15,029	14,458	571	3.9%
Western Australia	145,688	120,611	25,077	20.8%
Energy Infrastructure total	901,844	740,900	160,944	21.7%
Asset Management	39,157	55,403	(16,246)	(29.3%)
Energy Investments	12,550	13,973	(1,423)	(10.2%)
Total segment revenue	953,551	810,276	143,275	17.7%
Pass-through revenue	224,780	236,587	(11,807)	(5.0%)
Unallocated revenue ⁽¹⁾	754	2,218	(1,464)	(66.0%)
Total revenue	1,179,085	1,049,081	130,004	12.4%
EBITDA				
Energy Infrastructure				
Queensland	460,896	426,718	34,178	8.0%
New South Wales	80,809	63,315	17,494	27.6%
Victoria	78,138	68,542	9,596	14.0%
South Australia	1,264	1,212	52	4.3%
Northern Territory	10,043	9,882	161	1.6%
Western Australia	120,532	101,456	19,076	18.8%
Energy Infrastructure total	751,682	671,125	80,557	12.0%
Asset Management	25,193	27,850	(2,657)	(9.5%)
Energy Investments	12,550	13,973	(1,423)	(10.2%)
Corporate costs	(29,743)	(45,381)	15,638	34.5%
Total segment EBITDA	759,682	667,567	92,115	13.8%

Notes: Numbers in the table may not add up due to rounding.

(1) Interest income is not included in calculation of EBITDA, but nets off against interest expense in calculating net interest cost.

APA's financial performance during the period reflects solid operations and continued investment in our assets.

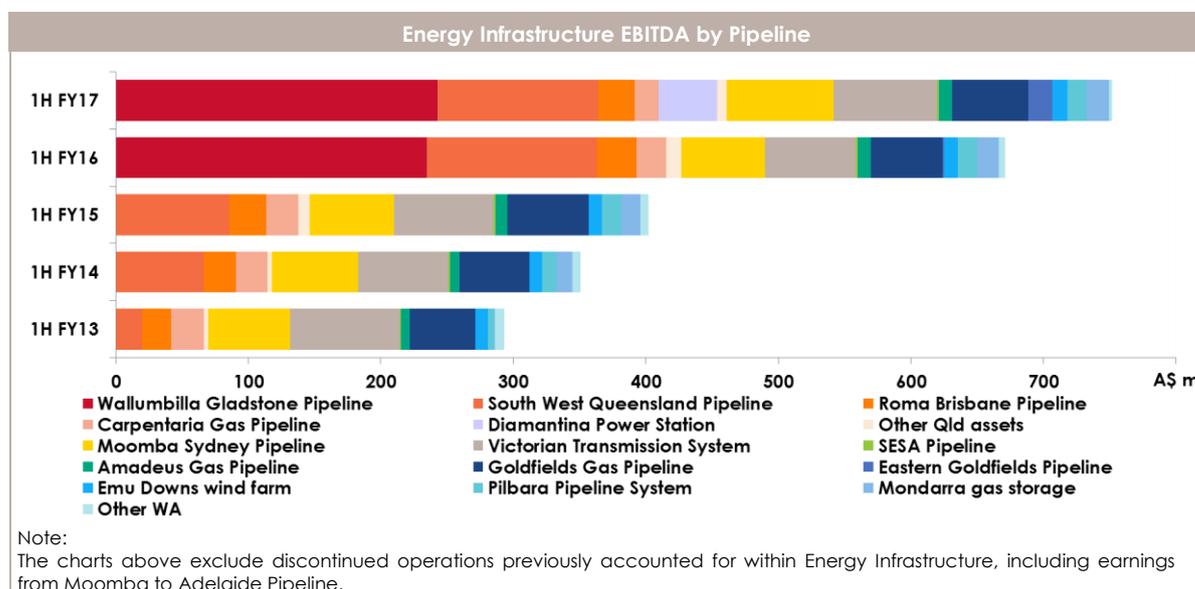
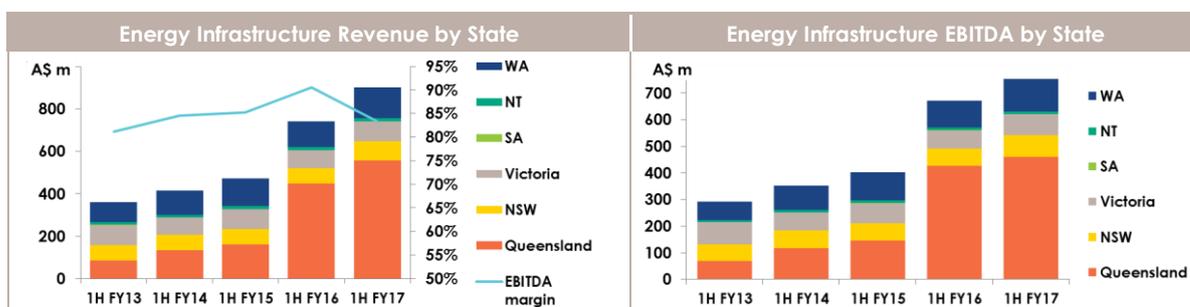
Total segment EBITDA, which represents earnings from APA's continuing businesses, increased by \$92.1 million, or 13.8%, to \$759.7 million, over the 1H FY16 result of \$667.6 million.

APA derives its revenue through a mix of regulated revenue, long-term negotiated contracts, asset management fees and investment earnings. Earnings are underpinned by solid cash flows generated from high quality, geographically diversified assets and a portfolio of highly creditworthy customers.

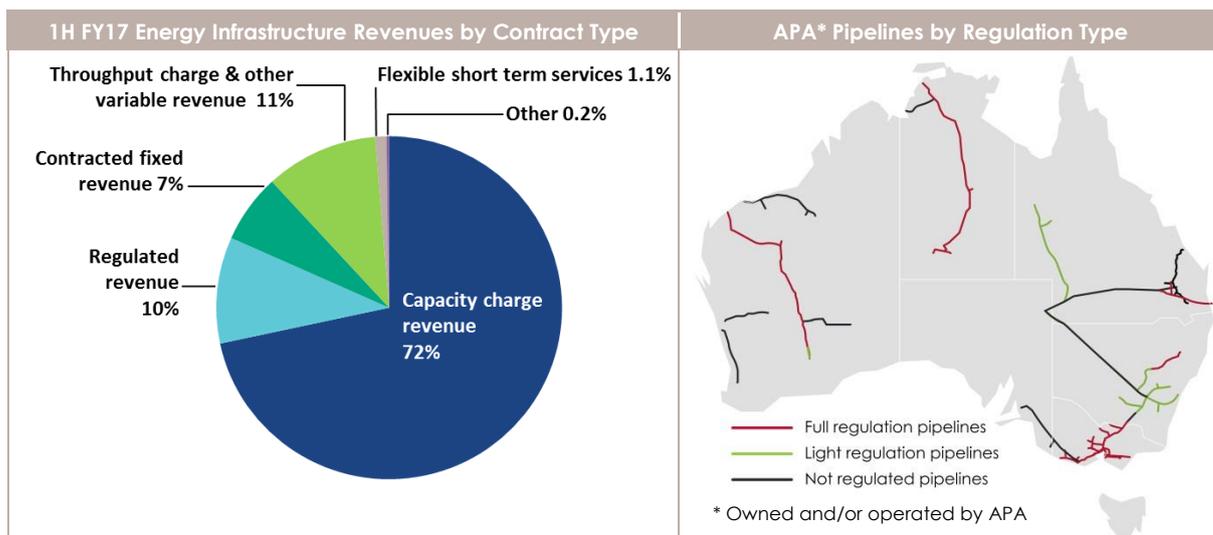
6.1 Energy Infrastructure

The Energy Infrastructure segment includes the interconnected East Coast Grid and Western Australian pipeline assets, as well as an additional energy infrastructure footprint across the mainland of Australia including gas transmission, gas compression, processing and storage assets, renewable and gas-fired electricity generation assets and other wholly owned energy infrastructure assets.

This segment contributed approximately 95% of group revenue (excluding pass-through) and group EBITDA (before corporate costs) during the period. Revenue (excluding pass-through revenue) was \$901.8 million, an increase of 21.7% on the previous corresponding period (1H FY16: \$740.9 million). EBITDA increased by 12.0% on the previous corresponding period to \$751.7 million (1H FY16: \$671.1 million).



During the six-month period, 72% of Energy Infrastructure revenue (excluding pass-through) was from capacity reservation charges from term contracts, 7% from other contracted fixed revenues and 11% from throughput charges and other variable components. Given the dynamic east coast gas market, APA also received additional revenues from provision of flexible short term services, accounting for around 1.1% of total Energy Infrastructure revenues received. The portion of APA's revenue that is regulated was about 10% of 1H FY17 Energy Infrastructure revenue.

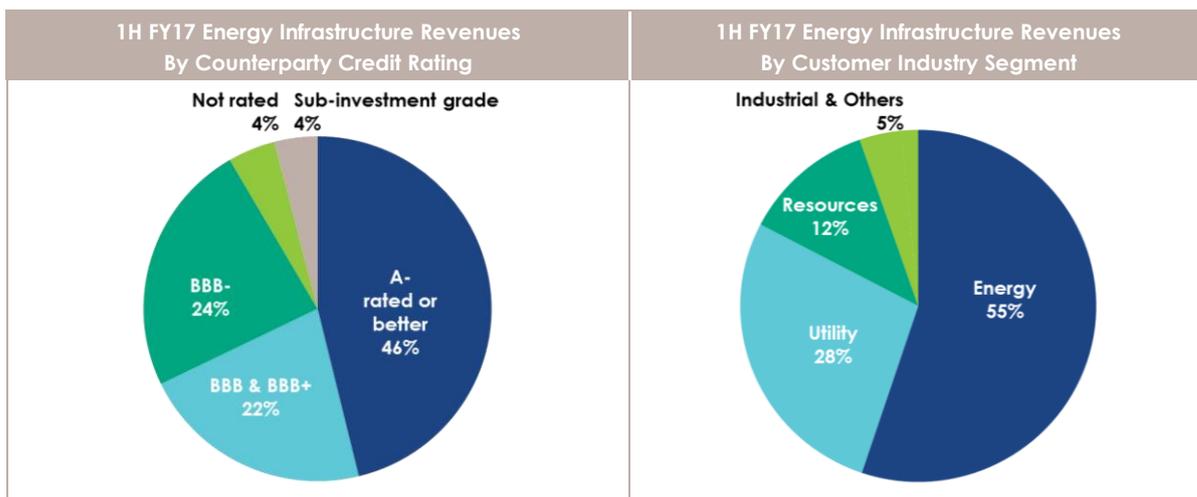


Australia's regulatory regime includes mechanisms for regulatory pricing and is encapsulated in the National Gas Law and National Gas Rules. The economic regulation aspects of the regime apply to most gas distribution networks and a number of gas transmission pipelines in Australia.

The regime provides for two forms of regulation based on a pipeline's relative market power – full regulation and light regulation. For assets under full regulation, the regulator approves price and other terms of access for standard (reference) services as part of an access arrangement process, such that the asset owner has a reasonable opportunity to recover at least the efficient costs of owning and operating the asset to provide the reference services. Access arrangement periods usually run for five years. For assets under light regulation, contractual terms (including price) are negotiated between the service provider and customer with recourse to arbitration by the regulator in the absence of agreement.

Contracted revenues are sourced from unregulated assets and can also arise from assets under light regulation and assets under full regulation. Contracts generally entitle customers to capacity reservation, with the majority of the revenue fixed over the term of the relevant contract. There is typically a small portion of the contract subject to throughput volume. The split between capacity charge and throughput charge differs between contracts and generally ranges from 85%/15% to 100%/0%. Due to the evolution of APA's interconnected assets, we have seen more contracts include other services such as storage, as-available and interruptible services.

APA manages its counterparty risk in a variety of ways. One aspect is to consider customers' credit ratings. During the period, approximately 92% of revenue was received from counterparties with investment grade credit ratings. Diversification of customer base is another counterparty risk mitigant – during 1H FY17, 55% of revenue was from energy sector customers (1H FY16: 57%); 28% of revenue was from customers in the utility sector (1H FY16: 28%); 12% from resources sector customers (1H FY16: 11%); and 5% from industrial and other customers (1H FY16: 3%).



East Coast

APA's 7,500 plus kilometre integrated pipeline grid on the east coast of Australia has the ability to transport gas seamlessly from multiple gas production facilities to gas users across four states and the ACT, as well as to the export LNG market which has developed out of Gladstone

Flexibility of the East Coast Grid and the evolution of the Moomba Sydney Pipeline

Multi services on our interconnected East Coast Grid continue to deliver for our customers. Our Grid has coped with increased throughput and volatility.

Our foresight to invest in the Grid to increase flexibility, remove bottlenecks, open an Integrated Operations Centre and invest in our IT systems and people have made seamless delivery of energy possible.

Evolution of the Moomba Sydney Pipeline is a good example. No longer a point to point pipeline, the MSP is an integral part of the East Coast Grid. It is now an important link between northern and southern markets and is being increasingly used to balance gas markets during periods of high market volatility or high gas demand. In FY16, the bi-directional project was completed, and during the last 6 months, gas not only travelled in the traditionally north-south direction to Sydney, but also was transported north to Moomba for significant periods of the time. Importantly, the foundation contract on the MSP with AGL was renewed during the period, notably with a multi-asset, multi-services contract. And with the de-bottlenecking of the Victorian-Northern Interconnect continuing, more customers with bi-directional contracts on the MSP are using this pipeline for the flexibility of being able to move gas in either direction to meet their market needs.

Multi services & connected assets



Bi-directional

Moomba Interconnect

Storage

Park & Loan

Capacity trading

Earnings from APA's infrastructure assets in the Eastern States increased by 10.8% during the period. The addition of earnings from the full ownership of the Diamantina and Leichhardt Power Stations (together, DPS) and the Ethane Pipeline, a number of additional multi-asset services, and greater contribution from the ongoing Victorian-Northern Interconnect expansion were the main reasons for this increase. This was impacted by a reduction in revenue from the flexible short term services provided in the previous corresponding period when the commissioning of the LNG plants at Gladstone was nearing its peak.

Our customers are continuing to use the flexible services that are available as a result of continued augmentation of APA's East Coast Grid. Many of these services, some of which used to be flexible short-term one-off services, are now incorporated into long-term multi-service contracts. In particular, contribution from bi-directional contracts on the Moomba Sydney Pipeline and the Roma Brisbane Pipeline have been notable during the period.

During the period, APA's assets in the Northern Territory continued to perform to expectations.

Western Australia

In Western Australia, APA's assets serve a variety of customers in the resources, industrial and utility sectors, mainly in the Perth, Pilbara and Goldfields regions.

EBITDA from APA's Western Australian assets for the six-month period was up by 18.8% compared with the previous corresponding period.

In addition to the full period contribution from the Eastern Goldfields Pipeline (EGP), additional contracts were secured for APA's Mondarra Gas Storage Facility following a well enhancement project in FY16. The Emu Downs Wind Farm also increased earnings, having experienced improved wind resources compared to the previous corresponding period.

Emu Downs Solar Farm



During the period, APA demonstrated strategy in action with the commitment to construct the Emu Downs Solar Farm, on the Emu Downs Wind Farm site, making use of the grid connection infrastructure that already exists there.

Underwritten by a 13-year offtake agreement with Synergy for both the energy and the Large-scale Renewable Generation Certificates, the project also utilises a \$5.5 million grant from the Australian Renewable Energy Agency.

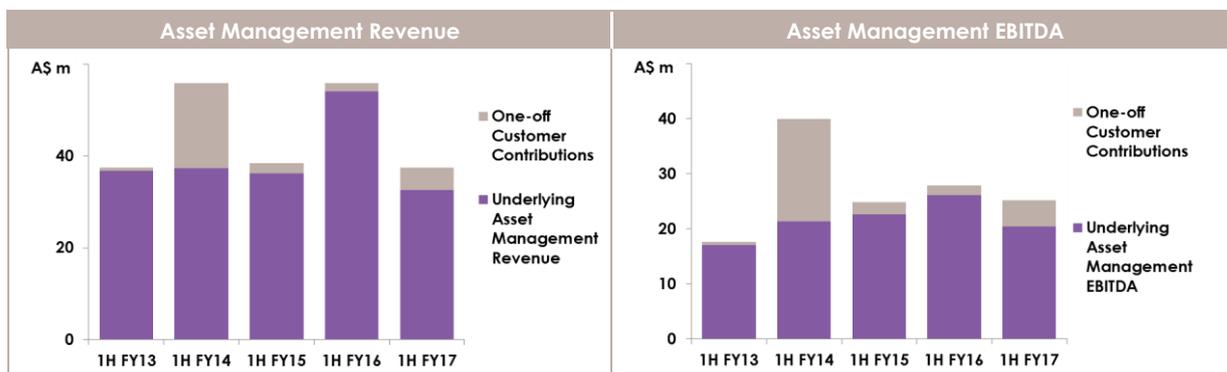
This is another example of APA's ability to maximise use of its existing assets with the existing Emu Downs Wind Farm and the new solar farm providing complementary load profiles for the connection infrastructure.

Renewable generation is a growing sector, with government policy expected to continue to drive development. APA believes there are further opportunities that meet APA's investment criteria that can be pursued over time.

6.2 Asset Management

APA provides asset management and operational services under long term contracts to the majority of its energy investments and to a number of third parties. Its main customers are Australian Gas Networks Limited (AGN), Energy Infrastructure Investments Pty Limited (EII) and GDI (EII) Pty Limited (GDI).

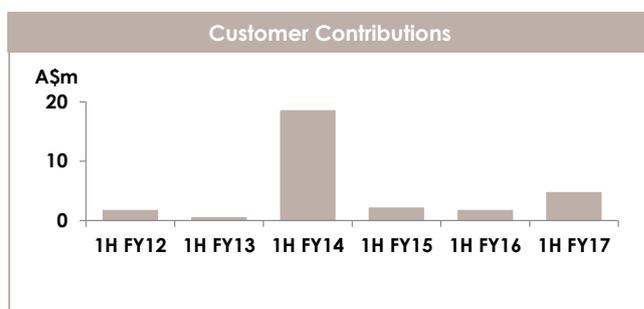
Revenue (excluding pass-through revenue) from asset management services decreased by \$16.2 million or 29.3% to \$39.2 million (1H FY16: \$55.4 million) and EBITDA (for continuing businesses, excluding corporate costs) decreased by \$2.7 million or 9.5% to \$25.2 million (1H FY16: \$27.9 million).



The decreases in revenue and EBITDA are mainly due to lower tariffs on AGN's South Australian distribution network, given the new access arrangement that took effect from 1 July 2016 as well as transferring of the Ethane Pipeline and DPS to full ownership under

Energy Infrastructure, thus removing 6 months of Asset Management revenues for each of those businesses.

The gas distribution businesses (AGN and GDI) continue to experience solid connection growth through continued investment in new housing estates and medium-high density housing developments as natural gas continues to be a fuel of choice for cooking, hot water and heating in residential markets.



Customer contributions for the period were approximately \$5 million. For the full year, it is expected to remain in-line with the long term average of approximately \$10 million per annum, although APA continues to expect annual swings in customer contributions, as these are driven by customers' work programmes and requirements.

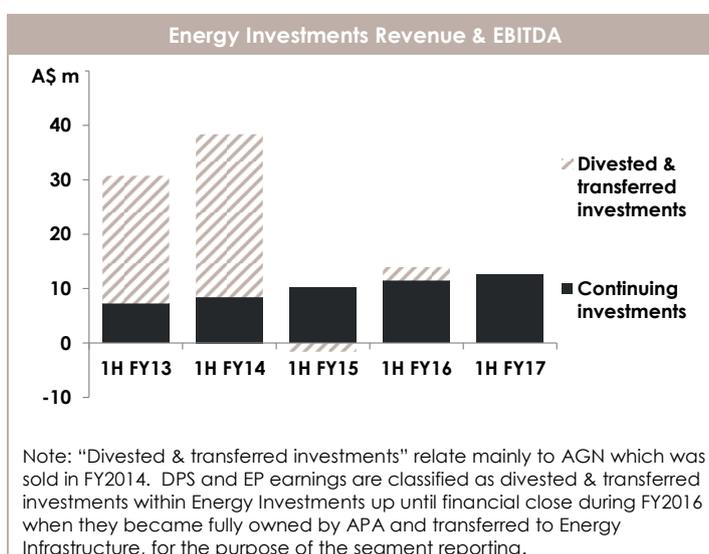
6.3 Energy Investments

APA has interests in a number of complementary energy investments across Australia.

Energy Investment	Ownership Interest	Detail	Asset Management
GDI	20%	Gas distribution: 3,411 km of gas mains, 102,301 gas consumer connections in Qld	Operational, management and corporate support services
SEA Gas Pipeline	50%	Gas pipeline: 687 km gas pipeline from Iona and Port Campbell, Victoria to Adelaide, SA	Maintenance services
SEA Gas (Mortlake)	50%	Gas pipeline: 83km gas pipeline connecting the Otway Gas Plant to the Mortlake Power Station	Maintenance services
Energy Infrastructure Investments	19.9%	Gas pipelines: Telfer Gas Pipeline and lateral (488 km); Bonaparte Gas Pipeline (286 km); Wickham Point Pipeline (12 km) Electricity transmission cables: Murraylink (180 km) and Directlink (64 km) Gas-fired power stations: Daandine Power Station (30MW) and X41 Power Station (41 MW) Gas processing facilities: Kogan North (12 TJ/d); Tipton West (29 TJ/d)	Operational, management and corporate support services
EI12	20.2%	Wind generation: North Brown Hill Wind Farm (132MW), SA	Corporate support services

APA's ability to manage these investments and provide operational and/or corporate support services provides flexibility in growing the business and harnesses expertise in-house.

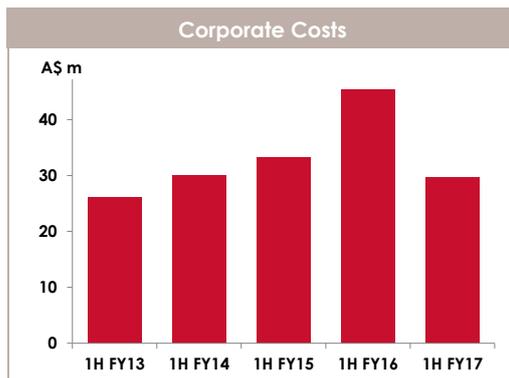
In August 2016, APA acquired a 50% interest in the Mortlake Pipeline via a stake in the newly established SEA Gas (Mortlake) Partnership. The pipeline was commissioned in January 2011, and provides gas to the 550MW open cycle gas turbines at



Mortlake Power Station. SEA Gas (Mortlake) Partnership and Origin have entered into long term contracts for the provision of transmission and storage services on the pipeline.

Earnings from Energy Investments were \$12.6 million for the period (1H FY16: \$14.0 million). The decrease, period to period, is due to DPS and the Ethane Pipeline being transferred to the Energy Infrastructure segment from Energy Investments, compared with the previous corresponding period. Excluding earnings from these assets in the previous corresponding period, Energy Investments earnings increased marginally.

6.4 Corporate Costs



Corporate costs for the six month period decreased by \$15.7 million over the previous corresponding period to \$29.7 million (1H FY16: \$45.4 million). This primarily reflects the one-off nature of certain costs incurred in the previous corresponding period and ongoing cost control within the business.

7 Capital and Investment Expenditure

Capital and investment expenditure for the period totalled \$162.7 million. The majority of this was capital expenditure (including stay-in-business capital expenditure) and compares with \$295.7 million spent in the previous corresponding period. Acquisitions and Investments of \$36.5 million (1H FY16: \$122.2 million) mainly relates to APA's share of the Mortlake Pipeline acquisition by the SEA Gas (Mortlake) Partnership.

Growth project expenditure of \$99.2 million during the period (1H FY16: \$148.8 million) was related to the following projects:

- continued works on the Victorian-Northern Interconnect (VNI) expansion project, which will, when complete, expand the interconnect to 200 TJ/day in a northerly direction;
- commencement of construction of the Reedy Creek Wallumbilla Pipeline; and
- the construction of the Moomba Interconnect.

APA's growth capital expenditure continues to be either underwritten through long-term contractual arrangements or have regulatory approval through a relevant access arrangement.

Stay-in business capital expenditure of \$27.0 million was higher than the previous corresponding period (1H FY16: \$24.7 million), primarily due to additional requirements at DPS.

During the period, a number of projects were announced that will see APA continue to invest in growing capacity either through pipeline expansions or other energy infrastructure assets for our customers. We continue to engage with customers in discussions with customers that we are confident will lead to the \$1.5 billion in growth capital expenditure that was discussed at the time of our release of our FY16 full year results, being achieved over the three year period.

Capital and investment expenditure for the half year period is detailed in the table below.

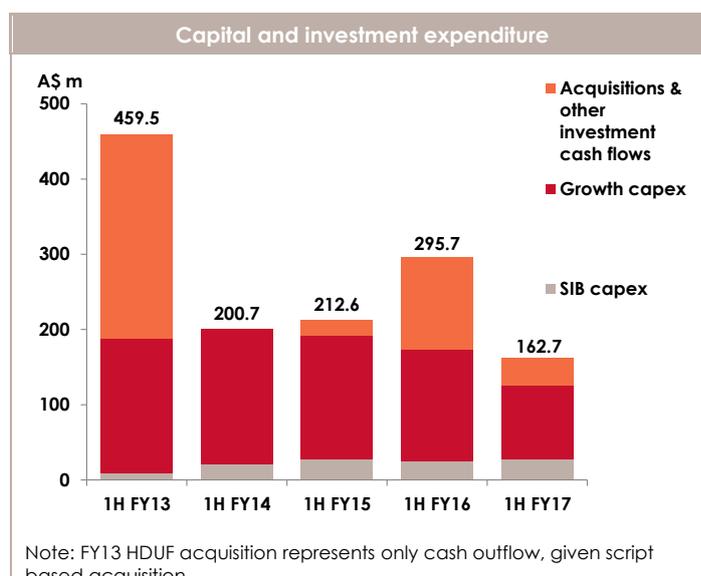
Capital and investment expenditure ⁽¹⁾	1H FY17 (\$ million)	1H FY16 (\$ million)
Growth expenditure		
Regulated	46.6	36.0
Non-regulated		
East Coast	22.2	19.7
Western Australia	2.6	79.1
Other	27.7	14.0
Total growth capex	99.2	148.8
Stay-in business capex	27.0	24.7
Total capital expenditure	126.2	173.5
Acquisitions	35.3	122.2
Other investing cash flows	1.3	-
Total investment expenditure	36.5	122.2
Total capital and investment expenditure	162.7	295.7

Notes: Numbers in the table may not add up due to rounding.

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

At the FY2016 results, APA outlined around \$1.5 billion of organic opportunities, across pipeline extensions and expansions (circa \$700 million), expansion of its renewables and generation foot print (circa \$500 million) and expansion of its midstream asset foot print (circa \$300 million). Since the financial year end, APA has commenced or continued work on the following organic growth projects:

- the VNI expansion project;
- Moomba Interconnect project, which, for minimal capital spend, has increased the efficiency of the operation of APA's East Coast Grid;
- construction of the Reedy Creek Wallumbilla Pipeline, a 50 kilometre, bi-directional pipeline connecting the Australia Pacific LNG Pipeline with the Wallumbilla Hub, at a total cost of approximately \$80 million;



- construction of the Emu Downs Solar Farm, a 20MW solar farm with a 13-year power purchase agreement with Western Australian energy provider, Synergy, at a total cost of approximately \$50 million (\$5.5 million of which will be funded by a grant from the Australian Renewable Energy Agency);
- preliminary studies for the construction of a 450 kilometre, \$500 million, Western Slopes Pipeline, connecting the Santos proposed Narrabri Gas Project to APA's East Coast

Grid, subject to various approvals and Final Investment Decision of the Narrabri Gas Project by Santos; and

- development of the 130MW Badgingarra Wind Farm at a total cost of approximately \$315 million, underwritten by a 12 year power purchase agreement with Alinta Energy with commencement of operations targeted for January 2019.

All of these projects meet APA's primary requirement of being underwritten by long term contracts with creditworthy counterparties. APA's growth strategy will continue to be based on the same principles and criteria that APA has always adhered to:

- ensuring appropriate funding and capital structure;
- entering into contracts with strong counterparties;
- maintaining appropriate risk structure; and
- leveraging in-house operational expertise.

8 Financing Activities

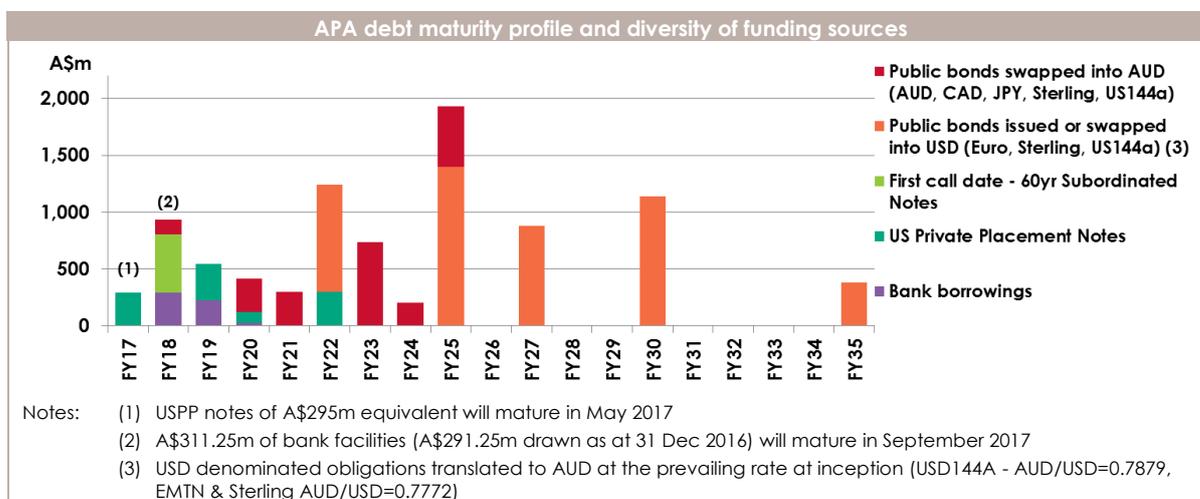
8.1 Capital Management

As at 31 December 2016, APA had 1,114,307,369 securities on issue. This is unchanged from 30 June 2016.

In October 2016, APA issued A\$200 million of 7-year fixed-rate A\$ Medium Term Notes to Australian and international institutional bond investors. The proceeds of the issue were used to refinance existing facilities and to extend the average term to maturity of the debt portfolio.

APA repaid the \$85.8 million equivalent (US\$65.0 million) of US Private Placement Notes that matured on 1 July 2016.

APA's debt portfolio has a broad spread of maturities extending out to FY2035, with an average maturity of drawn debt of 7.0 years as at 31 December 2016. APA's gearing¹ of 66.7% at 31 December 2016 remains within the preferred range of 65% to 68% and continues to provide support to APA's two investment grade ratings.



¹ For the purpose of the calculation, drawn debt that has been kept in USD (rather than AUD) has been nominally exchanged at AUD/USD exchange rates of 0.7772 for Euro and GBP MTN issuances and 0.7879 for US144A notes at respective inception dates.

As at 31 December 2016, APA had around \$970 million in cash and committed undrawn facilities available to meet the continued capital growth and operating needs of the business. APA remains well positioned to fund its planned organic growth activities, with strong levels of operating cash flow contributing both to growing distributions and internal funding of growth.

APA has a prudent treasury policy which requires high levels of interest rate hedging to minimise the potential impacts from adverse movements in interest rates. Other than noted below, all interest rate and foreign currency exposures on debt raised in foreign currencies have been hedged.

The majority of the revenues to be received over the next 20 years from the foundation contracts on the Wallumbilla Gladstone Pipeline will be received in US dollars (USD). The US\$3.7 billion of debt raised to assist with funding of that acquisition is being managed as a "designated hedge" for those revenues and therefore has been retained in USD. Net USD cash flow (after servicing the USD interest costs) that is not part of that "designated relationship" will continue to be hedged into AUD on a rolling basis for an appropriate period of time, in-line with APA's treasury policy. To date, the following net USD cash flow hedging has been undertaken:

Period	Average forward USD/AUD exchange rate
FY2017	0.7381
FY2018	0.7282
1H FY2019 (to Dec 2018)	0.6716

A large portion of the net revenue from March 2019 is in that designated hedge relationship with the USD debt and as such, when that revenue is receivable, it will be recognised in the P&L at an average rate of around 0.78.

As at 31 December 2016, 86.0% (30 June 2016: 86.5%) of interest obligations on gross borrowings was either hedged into or issued at fixed interest rates for varying periods extending out to 2035.

8.2 Borrowings and finance costs

As at 31 December 2016, APA had borrowings of \$8,985.6 million (\$9,037.3 million at 30 June 2016) from a mix of syndicated and bilateral bank debt facilities, US Private Placement Notes, Medium Term Notes in several currencies, Australian Medium Term Notes, United States 144A Notes and APA Group Subordinated Notes.

For the 6 months, net finance costs increased by \$1.4 million, or 0.6%, to \$254.7 million (HY2016: \$253.3 million). The increase is primarily due to additional borrowings to fund the acquisition of the Ethane Pipeline and DPS in the second half of FY16. The average interest rate (including credit margins)¹ that applied to drawn debt was 5.33% for the current period, down from 5.64% in FY16.

¹ For the purpose of the calculation, drawn debt that has been kept in USD (rather than AUD) has been nominally exchanged at AUD/USD exchange rates of 0.7772 for Euro and GBP MTN issuances and 0.7879 for US 144A notes at respective inception dates.

APA's interest cover ratio for the current period was 2.80 times¹ (June 2016: 2.60 times). This remains well in excess of its debt covenant default ratio of 1.1 times and distribution lock up ratio of 1.3 times.

8.3 Credit ratings

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

- BBB long-term corporate credit rating (outlook Stable) assigned by Standard & Poor's (S&P) in June 2009, and last confirmed on 5 December 2016; and
- Baa2 long-term corporate credit rating (outlook Stable) assigned by Moody's Investors Service (Moody's) in April 2010, and last confirmed on 24 August 2016.

8.4 Income tax

Income tax expense for the current period of \$83.1 million results in an effective income tax rate of 37.3%, compared to 39.2% for the previous corresponding period. The higher level of effective tax rate (compared with the corporate tax rate of 30%) is caused by the amortisation charges relating to contract intangibles acquired with the Wallumbilla to Gladstone pipeline which are not deductible for tax purposes.

Following completion of the FY2016 group tax return, it is expected that cash tax of approximately \$14.6 million will be payable in respect of FY2016 profits at the end of February 2017.

8.5 Distributions

On 22 February 2017, the Directors declared an interim distribution of 20.50 cents per security for APA, an increase of 7.9%, or 1.5 cents, over the previous corresponding period (1H FY16 interim: 19.0 cents). This is comprised of a distribution of 15.06 cents per security from APT and a distribution of 5.44 cents per security from APTIT. The APT distribution represents a 4.67 cents per security franked profit distribution, a 4.92 cents per security unfranked profit distribution and a 5.47 cents per security capital distribution. The APTIT distribution represents a 3.48 cents per security profit distribution and a 1.96 cents per security capital distribution. Franking credits of 2.0 cents per security will be allocated to the APT franked profit distribution. The distribution will be paid on 15 March 2017.

The Distribution Reinvestment Plan remains suspended.

8.6 Guidance for 2017 financial year

At the release of APA's full year financial results for 30 June 2016 in August 2016, APA advised that it expected EBITDA for the full year to 30 June 2017 to be in a range of \$1,425 million to \$1,445 million. This represents an increase of approximately 7% to 8.5% on the 2016 financial year. Based on results to 31 December 2016 as reported here, APA is of the view that full year EBITDA to 30 June 2017 is likely to be at the upper end of that range.

APA has entered into forward exchange contracts for FY2017, for the net USD cashflow from the gas transportation agreements for the Wallumbilla Gladstone Pipeline (WGP), after servicing USD denominated debt. In forecasting the AUD equivalent EBITDA

¹ For the calculation of interest cover, significant items are excluded from the EBITDA used.

contribution from WGP, the forward exchange rates for these hedged revenues have been used.

Net interest cost is expected to be in a range of \$510 million to \$520 million.

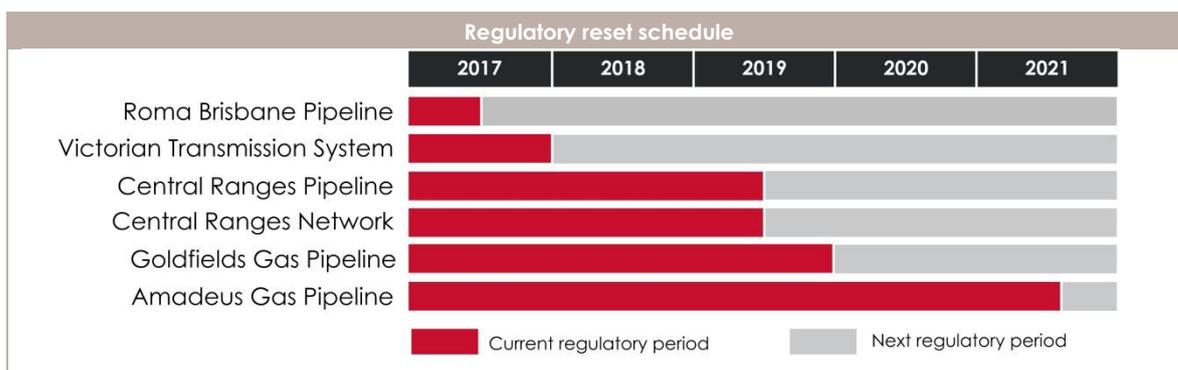
Distributions per security for the 2017 financial year are expected to be in the order of 43.5 cents per security, with the 2.0 cents per security of franking credits announced for the half year and any further franking credits which may be allocated to the final distribution attaching to that cash payout.

As per current APA distribution policy, all distributions will be fully covered by operating cash flows.

9 Regulatory Matters

Regulatory resets

The diagram below outlines the scheduled regulatory reset dates for pipelines owned and operated by APA. During FY2016, approximately 10% of APA's Energy Infrastructure revenues were regulated revenue.



Key regulatory matters addressed during the half year period included:

Roma Brisbane Pipeline access arrangement

In September 2016, APA lodged with the Australian Energy Regulator a proposed revised access arrangement for the Roma Brisbane Pipeline. The proposal reflects that this pipeline is now bi-directional with gas flowing in both directions and a shift in the market to shorter contractual terms. A draft decision by the regulator is expected in April 2017, with a final decision expected in the second half of 2017.

Victorian Transmission System access arrangement

At the start of January 2017, APA lodged with the Australian Energy Regulator a proposed revised access arrangement for the Victorian Access Arrangement. The proposal reflects the expansion of system capacity that APA is undertaking, particularly on the pipeline that enables gas to flow to and from Victoria and New South Wales. A draft decision by the regulator is expected by the end of June 2017.

Gas Policy developments

The eastern Australian gas market has been subject to unprecedented change with the recontracting of expiring long term gas supply agreements and the commencement of production at the three LNG facilities at Gladstone. Numerous governmental reviews and inquiries have considered appropriate regulatory and policy settings. APA has been an active participant in these reviews, highlighting the significant contribution through its

portfolio of pipeline assets and responsive customer services that APA has made to the development of the gas market.

In August 2016, the Council of Australian Governments (COAG) Energy Council announced that it had agreed to a domestic energy market reform package to improve gas supply and market design, based on reports from the Australian Energy Market Commission (AEMC) and the Australian Competition & Consumer Commission (ACCC).

The reforms will be led by a newly formed Gas Market Reform Group, and will include:

- better information for trading in the market;
- the creation of trading hubs at Wallumbilla in the North and a Southern hub based on the Victorian market;
- easier access to transport infrastructure;
- access to more transport and better pricing information; and
- encouraging more gas supply and more gas suppliers, taking account of each jurisdiction's circumstances.

In August 2016, COAG asked Dr. Michael Vertigan to examine the current test for the regulation of gas pipelines (referred to as the "coverage test", being the test that determines which pipelines should be subject to economic regulation), including potentially replacing the existing test. In December 2016, COAG agreed to adopt recommendations by Dr. Vertigan's report to maintain the current "coverage test". Instead, COAG agreed to adopt Dr. Vertigan's recommendations to enhance market-based solutions through increased information disclosure, increased pricing transparency and implementation of a commercial arbitration mechanism in the event an agreement on access terms cannot be reached. APA welcomes this approach, which focuses on enhancing market-driven solutions in preference to increased regulatory intrusion that stifles both innovation and investment.

The COAG Energy Council has sought commencement of these changes from 1 May 2017.

Environmental reporting

In October 2016, APA complied with Australia's National Greenhouse and Energy Reporting (NGER) obligations for FY2016.

APA's main sources of emissions are from the combustion of natural gas in compressor stations, from fugitive emissions associated with natural gas pipelines, and from gas fired power stations. NGER compliance reporting applies to assets under APA's operational control, which includes gas transmission/distribution pipelines, power generation facilities (including wind farms), gas storage, gas processing, cogeneration, electricity transmission interconnectors and corporate offices.

APA's summary of Scope 1 emissions and energy consumption for the 2016 financial year as reported under the NGER, are set out in the following table:

	FY2016	FY2015	Change
Scope 1 CO ₂ emissions (tonnes)	1,084,200	350,922	209%
Energy consumption (GJ)	19,510,937	4,633,613	321%

The variations compared to the previous corresponding period are due to the addition of DPS, given APA moved to full ownership of DPS during FY16, as well as an increase in

compressor use on APA's East Coast Grid. A full year of DPS emissions and energy consumption have been included for this reporting for FY2016.

10 Corporate Governance

The Board is enhancing its governance and remuneration framework to meet the developing expectations of APA's Securityholders. The intention is that APA's corporate governance framework be as consistent, as far as is practicable, with the best practice frameworks of public listed companies. This will include providing Securityholders with an annual right to vote on the Remuneration Report at future Annual Meetings, directors being subject to the "two strikes" rule in the same way as directors of public listed companies and Securityholder approval being sought on other remuneration and Board composition matters in respect of which shareholders in a public listed company would have a right to vote.

11 Auditor's independence declaration

A copy of the independence declaration of the auditor, Deloitte Touche Tohmatsu ("Auditor") as required under section 307C of the Corporations Act is included at page 37.

12 Rounding of Amounts

APA is an entity of the kind referred to in ASIC Corporations Instrument 2016/191 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.

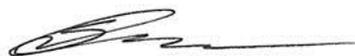
13 Authorisation

The Directors' report is signed in accordance with a resolution of the Directors of the Responsible Entity.

On behalf of the Directors



Leonard Bleasel AM
Chairman



Steven Crane
Director

22 February 2017

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 2016

	Note	31 Dec 2016 \$000	31 Dec 2015 \$000
Continuing operations			
Revenue	4	1,168,557	1,041,853
Share of net profits of associates and joint ventures using the equity method	4	10,528	7,228
		1,179,085	1,049,081
Asset operation and management expenses		(98,372)	(41,820)
Depreciation and amortisation expense	5	(281,983)	(250,481)
Other operating costs - pass-through	5	(224,780)	(236,587)
Finance costs	5	(255,493)	(255,525)
Employee benefit expense		(92,695)	(95,380)
Other expenses		(2,802)	(5,509)
Profit before tax		222,960	163,779
Income tax expense		(83,130)	(64,234)
Profit for the period		139,830	99,545
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain/(loss) on defined benefit plan		8,329	(4,870)
Income tax relating to items that will not be reclassified subsequently		(2,499)	1,461
		5,830	(3,409)
Items that may be reclassified subsequently to profit or loss:			
Loss on available-for-sale investments taken to equity		-	(675)
Transfer of gain on cash flow hedges to profit or loss		72,052	277,381
Loss on cash flow hedges taken to equity		(67,015)	(607,710)
Gain/(loss) on associate hedges taken to equity		9,717	(543)
Income tax relating to items that may be reclassified subsequently		(4,427)	99,421
		10,327	(232,126)
Other comprehensive income for the period (net of tax)		16,157	(235,535)
Total comprehensive income for the period		155,987	(135,990)
Profit attributable to:			
Unitholders of the parent		101,061	56,254
Non-controlling interest - APT Investment Trust unitholders		38,769	43,290
APA stapled securityholders		139,830	99,544
Non-controlling interest - other		-	1
		139,830	99,545
Total comprehensive income attributable to:			
Unitholders of the parent		117,218	(179,138)
Non-controlling interest - APT Investment Trust unitholders		38,769	43,147
APA stapled securityholders		155,987	(135,991)
Non-controlling interest - other		-	1
		155,987	(135,990)
Earnings per security			
Basic and diluted (cents per security)	6	12.5	8.9

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 2016

	31 Dec 2016 \$000	30 Jun 2016 \$000
Current assets		
Cash and cash equivalents	132,586	84,506
Trade and other receivables	250,285	263,232
Other financial assets	47,680	35,140
Inventories	24,655	24,891
Other	11,920	13,023
Total current assets	467,126	420,792
Non-current assets		
Cash on deposit	-	2,149
Trade and other receivables	16,382	17,283
Other financial assets	447,104	447,070
Investments accounted for using the equity method	258,025	197,185
Property, plant and equipment	9,098,141	9,189,087
Goodwill	1,183,604	1,184,588
Other intangible assets	3,265,222	3,355,707
Other	33,061	28,814
Total non-current assets	14,301,539	14,421,883
Total assets	14,768,665	14,842,675
Current liabilities		
Trade and other payables	277,185	252,661
Borrowings	620,801	409,829
Other financial liabilities	137,139	114,674
Provisions	78,712	93,033
Unearned revenue	15,099	13,735
Total current liabilities	1,128,936	883,932
Non-current liabilities		
Trade and other payables	2,875	3,007
Borrowings	9,058,301	9,314,373
Other financial liabilities	175,569	194,591
Deferred tax liabilities	368,752	304,849
Provisions	60,869	70,917
Unearned revenue	38,984	41,895
Total non-current liabilities	9,705,350	9,929,632
Total liabilities	10,834,286	10,813,564
Net assets	3,934,379	4,029,111

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 2016

	Note	31 Dec 2016 \$000	30 Jun 2016 \$000
Equity			
Australian Pipeline Trust equity:			
Issued capital	9	3,175,576	3,195,445
Reserves		(385,008)	(395,335)
Retained earnings		106,890	182,062
Equity attributable to unitholders of the parent		2,897,458	2,982,172
Non-controlling interests:			
APT Investment Trust:			
Issued capital	9	998,098	1,005,074
Reserves		-	-
Retained earnings		38,770	41,812
Equity attributable to unitholders of APT Investment Trust		1,036,868	1,046,886
Other non-controlling interest		53	53
Total non-controlling interests		1,036,921	1,046,939
Total equity		3,934,379	4,029,111

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 2016

	Australian Pipeline Trust						APT Investment Trust				Other non-controlling interest				Total \$000
	Issued Capital \$000	Asset Revaluation Reserve \$000	Available- for-sale Investment Revaluation Reserve \$000	Hedging Reserve \$000	Retained earnings \$000	Attributable to owner of the parent \$000	Issued Capital \$000	Available- for-sale Investment Revaluation Reserve \$000	Retained earnings \$000	APT Investment Trust \$000	Issued Capital \$000	Other \$000	Retained earnings \$000	Other non- controlling Interest \$000	
Balance at 1 July 2015	3,195,449	8,669	1,484	(318,945)	463,772	3,350,429	1,005,086	595	26,488	1,032,169	4	1	47	52	4,382,650
Profit for the period	-	-	-	-	56,254	56,254	-	-	43,290	43,290	-	-	1	1	99,545
Other comprehensive income	-	-	(532)	(330,872)	(4,870)	(336,274)	-	(143)	-	(143)	-	-	-	-	(336,417)
Income tax relating to components of other comprehensive income	-	-	160	99,261	1,461	100,882	-	-	-	-	-	-	-	-	100,882
Total comprehensive income for the period	-	-	(372)	(231,611)	52,845	(179,138)	-	(143)	43,290	43,147	-	-	1	1	(135,990)
Payment of distributions	-	-	-	-	(201,945)	(201,945)	-	-	(26,488)	(26,488)	-	-	-	-	(228,433)
Issue cost of securities	(6)	-	-	-	-	(6)	(12)	-	-	(12)	-	-	-	-	(18)
Tax relating to security issue costs	2	-	-	-	-	2	-	-	-	-	-	-	-	-	2
Balance at 31 December 2015	3,195,445	8,669	1,112	(550,556)	314,672	2,969,342	1,005,074	452	43,290	1,048,816	4	1	48	53	4,018,211
Balance at 1 July 2016	3,195,445	8,669	-	(404,004)	182,062	2,982,172	1,005,074	-	41,812	1,046,886	4	1	48	53	4,029,111
Profit for the period	-	-	-	-	101,061	101,061	-	-	38,769	38,769	-	-	-	-	139,830
Other comprehensive income	-	-	-	14,754	8,329	23,083	-	-	-	-	-	-	-	-	23,083
Income tax relating to components of other comprehensive income	-	-	-	(4,427)	(2,499)	(6,926)	-	-	-	-	-	-	-	-	(6,926)
Total comprehensive income for the period	-	-	-	10,327	106,891	117,218	-	-	38,769	38,769	-	-	-	-	155,987
Payment of distributions	(19,869)	-	-	-	(182,063)	(201,932)	(6,976)	-	(41,811)	(48,787)	-	-	-	-	(250,719)
Balance at 31 December 2016	3,175,576	8,669	-	(393,677)	106,890	2,897,458	998,098	-	38,770	1,036,868	4	1	48	53	3,934,379

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 2016

	Notes	31 Dec 2016 \$000	31 Dec 2015 \$000
<u>Cash flows from operating activities</u>			
Receipts from customers		1,295,330	1,189,361
Payments to suppliers and employees		(555,202)	(510,007)
Dividends received		11,799	11,106
Proceeds from repayment of finance leases		1,242	1,801
Interest received		2,194	6,613
Interest and other costs of finance paid		(237,008)	(236,740)
Income tax payment		(108)	-
Net cash provided by operating activities		518,247	462,134
<u>Cash flows from investing activities</u>			
Payments for property, plant and equipment		(126,212)	(295,527)
Proceeds from sale of property, plant and equipment		402	167
Payments for equity accounted investments		(35,250)	-
Payments for controlled entities		(760)	-
Payments for intangible assets		(912)	(143)
Net cash used in investing activities		(162,732)	(295,503)
<u>Cash flows from financing activities</u>			
Proceeds from borrowings		803,782	290,001
Repayments of borrowings		(861,639)	(478,727)
Payment of debt issue costs		(982)	(8,183)
Payment of security issue costs		-	(77)
Distributions paid to:			
Unitholders of APT	7	(201,932)	(201,945)
Unitholders of non-controlling interests - APTIT	7	(48,787)	(26,488)
Net cash used in financing activities		(309,558)	(425,419)
Net increase/(decrease) in cash and cash equivalents		45,957	(258,788)
Cash and cash equivalents at beginning of the period		86,655	411,921
Unrealised foreign exchange (losses)/gains on cash held		(26)	406
Cash and cash equivalents at end of the period		132,586	153,539

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 2016

Basis of Preparation

1. About this report

The content and format of the financial statements is streamlined to present the financial information in a meaningful manner to securityholders. Note disclosures are grouped into four sections being Basis of Preparation, Financial Performance, Capital Management, and Other. The purpose of the format is to provide readers with a clear understanding of what are the key drivers of financial performance for APA Group.

Basis of Preparation

1. About this report
2. General information

Financial Performance

3. Segment information
4. Revenue
5. Expenses
6. Earnings per security
7. Distributions

Capital Management

8. Financial risk management
9. Issued capital

Other

10. Contingencies
11. Adoption of new and revised Accounting Standards
12. Events occurring after reporting date

2. General information

The condensed consolidated general purpose financial statements for the half year ended 31 December 2016 have been prepared in accordance with AASB 134 'Interim Financial Reporting' and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". 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 Corporations Instrument 2016/191 unless otherwise stated.

The half year financial report does not include all of 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 2016.

Australian Pipeline Trust and its Controlled Entities
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2016

Basis of Preparation

2. General information (continued)

Working capital position

The working capital position as at 31 December 2016 for APA Group is that current liabilities exceed current assets by \$661.8 million (30 June 2016: \$463.1 million) primarily as a result of current borrowings of \$620.8 million.

As at 31 December 2016, APA Group has access to available cash of \$129.8 million (30 June 2016: \$75.2 million) and committed, un-drawn bank facilities of \$837.5 million (30 June 2016: \$672.5 million) to meet the repayment of current borrowings on the due date.

The Directors continually monitor APA Group's working capital position, including forecast working capital requirements and have ensured that there are appropriate refinancing strategies and adequate committed funding facilities in place to accommodate debt repayments as and when they fall due.

Financial Performance

3. Segment information

APA Group operates in one geographical segment, being Australia and the revenue from major products and services is shown by the reportable segments.

APA Group comprises the following reportable segments:

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

Reportable segments

	Energy Infrastructure	Asset Management	Energy Investments	Consolidated
Half year ended 31 December 2016	\$000	\$000	\$000	\$000
Segment revenue ^(a)				
External sales revenue	900,995	39,157	-	940,152
Equity accounted net profits	-	-	10,528	10,528
Pass-through revenue	26,417	198,363	-	224,780
Finance lease and investment interest income	849	-	2,022	2,871
Total segment revenue	928,261	237,520	12,550	1,178,331
Other interest income				754
Consolidated revenue				1,179,085

Australian Pipeline Trust and its Controlled Entities
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2016

Financial Performance

3. Segment information (continued)

Reportable segments (continued)

Half year ended 31 December 2016	Energy Infrastructure \$000	Asset Management \$000	Energy Investments \$000	Other \$000	Consolidated \$000
Segment result					
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	750,833	25,193	-	-	776,026
Share of net profits of joint ventures and associates using the equity method	-	-	10,528	-	10,528
Finance lease and investment interest income	849	-	2,022	-	2,871
Corporate costs	-	-	-	(29,743)	(29,743)
Total EBITDA	751,682	25,193	12,550	(29,743)	759,682
Depreciation and amortisation	(276,526)	(5,457)	-	-	(281,983)
Earnings before interest and tax ("EBIT")	475,156	19,736	12,550	(29,743)	477,699
Net finance costs ^(b)					(254,739)
Profit before tax					222,960
Income tax expense					(83,130)
Profit for the period					139,830

Segment assets and liabilities as at 31 December 2016	Energy Infrastructure \$000	Asset Management \$000	Energy Investments \$000	Consolidated \$000
Segment assets	13,678,534	205,898	9,522	13,893,954
Carrying value of investments using the equity method	-	-	258,025	258,025
Unallocated assets ^(c)				616,686
Total assets				14,768,665
Segment liabilities	298,255	55,562	-	353,817
Unallocated liabilities ^(d)				10,480,469
Total liabilities				10,834,286

(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 and 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 2016

Financial Performance

3. Segment information (continued)

Reportable segments (continued)

Half year ended 31 December 2015	Energy Infrastructure \$000	Asset Management \$000	Energy Investments \$000	Other \$000	Consolidated \$000
Segment revenue ^(a)					
External sales revenue	739,908	55,403	-	-	795,311
Equity accounted net profits	-	-	7,228	-	7,228
Pass-through revenue	11,359	225,228	-	-	236,587
Finance lease and investment interest income	992	-	6,471	-	7,463
Distribution - other entities	-	-	274	-	274
Total segment revenue	752,259	280,631	13,973	-	1,046,863
Other interest income					2,218
Consolidated revenue					1,049,081
Segment result					
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	670,133	27,850	274	-	698,257
Share of net profits of joint ventures and associates using the equity method	-	-	7,228	-	7,228
Finance lease and investment interest income	992	-	6,471	-	7,463
Corporate costs	-	-	-	(45,381)	(45,381)
Total EBITDA	671,125	27,850	13,973	(45,381)	667,567
Depreciation and amortisation	(244,260)	(6,221)	-	-	(250,481)
Earnings before interest and tax ("EBIT")	426,865	21,629	13,973	(45,381)	417,086
Net finance costs ^(b)					(253,307)
Profit before tax					163,779
Income tax expense					(64,234)
Profit for the period					99,545
Segment assets and liabilities as at 30 June 2016					
Segment assets	13,873,683	213,973	17,499	-	14,105,155
Carrying value of investments using the equity method	-	-	197,185	-	197,185
Unallocated assets ^(c)					540,335
Total assets					14,842,675
Segment liabilities	319,995	63,574	-	-	383,569
Unallocated liabilities ^(d)					10,429,995
Total liabilities					10,813,564

(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 and 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 2016

Financial Performance

3. Segment information (continued)

Information about major customers

Included in revenues arising from energy infrastructure of \$901.0 million (half year ended 31 December 2015: \$739.9 million) are revenues of approximately \$363.3 million (half year ended 31 December 2015: \$339.4 million) which arose from sales to APA Group's top three customers.

4. Revenue

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

Continuing operations

	31 Dec 2016 \$000	31 Dec 2015 \$000
Energy infrastructure revenue	900,720	739,608
Pass-through revenue	26,417	11,359
Energy infrastructure revenue	927,137	750,967
Asset management revenue	39,157	55,403
Pass-through revenue	198,363	225,228
Asset management revenue	237,520	280,631
Operating revenue	1,164,657	1,031,598
Interest	754	2,218
Interest income on redeemable ordinary shares (EII), redeemable preference shares (GDI) and loans to related parties (DPS)	2,022	6,471
Finance lease income	849	992
Finance income	3,625	9,681
Dividends	-	274
Rental income	275	300
Total revenue	1,168,557	1,041,853
Share of net profits of joint ventures and associates using the equity method	10,528	7,228
	1,179,085	1,049,081

Australian Pipeline Trust and its Controlled Entities

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2016

Financial Performance

5. Expenses

	31 Dec 2016 \$000	31 Dec 2015 \$000
Depreciation of non-current assets	190,587	158,637
Amortisation of non-current assets	91,396	91,844
Depreciation and amortisation expense	281,983	250,481
Gas pipeline costs	26,417	11,359
Management, operating and maintenance costs	198,363	225,228
Other operating costs - pass-through	224,780	236,587
Interest on borrowings	248,864	249,942
Amortisation of deferred borrowing costs	4,721	4,666
Other finance costs	2,645	3,017
	256,230	257,625
Less: amounts included in the cost of qualifying assets	(2,881)	(3,770)
	253,349	253,855
Loss on derivatives	261	73
Unwinding of discount on non-current liabilities	1,883	1,597
Finance costs	255,493	255,525

6. Earnings per security

	31 Dec 2016	31 Dec 2015
Basic and diluted earnings per security (cents)	12.5	8.9

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 2016 \$000	31 Dec 2015 \$000
Net profit attributable to securityholders for calculating basic and diluted earnings per security	139,830	99,544
	31 Dec 2016 No. of securities 000	31 Dec 2015 No. of securities 000
Adjusted weighted average number of ordinary securities used in the calculation of basic and diluted earnings per security	1,114,307	1,114,307

Australian Pipeline Trust and its Controlled Entities
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2016

Financial Performance

7. Distributions

	31 Dec 2016 cents per security	31 Dec 2016 Total \$000	31 Dec 2015 cents per security	31 Dec 2015 Total \$000
Recognised amounts				
Final distribution paid on 16 September 2016				
(2016: 16 September 2015)				
Profit distribution - APT ^(a)	16.34	182,063	18.12	201,945
Capital distribution - APT	1.78	19,869	-	-
Profit distribution - APTIT ^(a)	3.75	41,811	2.38	26,488
Capital distribution - APTIT	0.63	6,976	-	-
	22.50	250,719	20.50	228,433
Unrecognised amounts				
Interim distribution payable on 15 March 2017^(b)				
(2016: 16 March 2016)				
Profit distribution - APT ^(c)	9.59	106,890	15.12	168,428
Profit distribution - APTIT ^(a)	3.48	38,770	3.88	43,290
Capital distribution - APT	5.47	60,959	-	-
Capital distribution - APTIT	1.96	21,814	-	-
	20.50	228,433	19.00	211,718

(a) Profit distributions were unfranked (2016: unfranked).

(b) Record date 31 December 2016.

(c) Profit distributions are 4.67 cents per security franked and 4.92 cents per security unfranked (2016: unfranked)

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 2016.

Capital Management

8. Financial risk management

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).

Australian Pipeline Trust and its Controlled Entities

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2016

Capital Management

8. Financial risk management (continued)

Fair value of financial instruments (continued)

Fair value measurements recognised in the statement of financial position (continued)

There have been no transfers between the levels during the half year ended 31 December 2016 (year ended 30 June 2016: 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 changes to the availability of quoted prices in active markets. Transfers into level 3 are triggered when the observable inputs become no longer observable, or vice versa for transfers out of level 3.

Fair value of the 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 financial 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. These instruments are classified in the fair value hierarchy at level 2;
- the fair values of interest rate swaps, cross currency swaps, equity forwards and other derivative instruments included in financial assets and liabilities are calculated using 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. These instruments are classified in the fair value hierarchy at 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. These instruments are classified in the fair value hierarchy at level 2;
- the fair value of financial guarantee contracts is 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. These 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 2016

Capital Management

8. Financial risk management (continued)

Fair value of financial instruments (continued)

Fair value hierarchy

As at 31 December 2016	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Financial assets measured at fair value				
Equity forwards designated as fair value through profit or loss	-	100	-	100
Cross currency interest rate swaps used for hedging	-	445,008	-	445,008
Forward foreign exchange contracts used for hedging	-	21,168	-	21,168
	-	466,276	-	466,276
Financial liabilities measured at fair value				
Equity forwards designated as fair value through profit or loss	-	97	-	97
Interest rate swaps used for hedging	-	6,663	-	6,663
Cross currency interest rate swaps used for hedging	-	274,695	-	274,695
Forward foreign exchange contracts used for hedging	-	21,784	-	21,784
	-	303,239	-	303,239
As at 30 June 2016				
Financial assets measured at fair value				
Equity forwards designated as fair value through profit or loss	-	2,566	-	2,566
Cross currency interest rate swaps used for hedging	-	417,949	-	417,949
Forward foreign exchange contracts used for hedging	-	22,941	-	22,941
	-	443,456	-	443,456
Financial liabilities measured at fair value				
Interest rate swaps used for hedging	-	8,993	-	8,993
Cross currency interest rate swaps used for hedging	-	267,287	-	267,287
Forward foreign exchange contracts used for hedging	-	10,137	-	10,137
	-	286,417	-	286,417

Australian Pipeline Trust and its Controlled Entities
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2016

Capital Management

8. Financial risk management (continued)

Fair value of financial instruments (continued)

Fair value measurements of financial instruments measured at amortised cost

The financial liabilities included in the following table are fixed rate borrowings. Other debts held by APA Group are floating rate borrowings. The amortised cost as recorded in the financial statements approximate their fair values.

	Carrying amount		Fair value (level 2) ^(a)	
	31 Dec 2016 \$000	30 Jun 2016 \$000	31 Dec 2016 \$000	30 Jun 2016 \$000
Financial liabilities				
Unsecured long term private placement notes	1,060,793	1,124,099	1,125,290	1,246,720
Unsecured Australian Dollar medium term notes	500,000	300,000	526,076	346,153
Unsecured Japanese Yen medium term notes	118,741	129,964	119,978	132,575
Unsecured Canadian Dollar medium term notes	309,436	310,555	316,401	317,912
Unsecured Australian Dollar subordinated notes	515,000	515,000	696,712	656,141
Unsecured US Dollar 144a medium term notes	2,980,937	2,885,325	2,978,077	3,015,771
Unsecured British Pound medium term notes	1,625,373	1,688,747	1,719,623	1,822,352
Unsecured Euro medium term notes	1,972,076	2,008,378	1,903,916	1,958,596
	9,082,356	8,962,068	9,386,073	9,496,220

(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. These instruments are classified in the fair value hierarchy at level 2.

Australian Pipeline Trust and its Controlled Entities

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2016

Capital Management

9. Issued capital

	31 Dec 2016 \$000	30-Jun 2016 \$000
APT units		
1,114,307,369 units, fully paid (30 June 2016: 1,114,307,369 units, fully paid)	3,175,576	3,195,445

	31 Dec 2016 No. of securities 000	\$000	30-Jun 2016 No. of securities 000	\$000
Movements				
Balance at beginning of financial year	1,114,307	3,195,445	1,114,307	3,195,449
Capital distributions paid (Note 7)	-	(19,869)	-	-
Less transaction costs relating to the issue of securities	-	-	-	(6)
Deferred tax on the transaction costs relating to the issue of securities	-	-	-	2
	1,114,307	3,175,576	1,114,307	3,195,445

	31 Dec 2016 \$000	30 Jun 2016 \$000
APTIT units		
1,114,307,369 units, fully paid (2016: 1,114,307,369 units, fully paid) ^(a)	998,098	1,005,074

	31-Dec 2016 No. of securities 000	\$000	30 Jun 2016 No. of securities 000	\$000
Movements				
Balance at beginning of financial year	1,114,307	1,005,074	1,114,307	1,005,086
Capital distributions paid (Note 7)	-	(6,976)	-	-
Less transaction costs relating to the issue of securities	-	-	-	(12)
	1,114,307	998,098	1,114,307	1,005,074

(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 2016

Other items

10. Contingencies

	31 Dec	30 Jun
	2016	2016
	\$000	\$000
Contingent liabilities		
Bank guarantees	43,499	42,027

APA Group had no contingent assets as at 31 December 2016 (30 June 2016: None)

11. Adoption of new and revised Accounting Standards

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

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

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' and AASB 2015-8 'Amendments to Australian Accounting Standards - Effective date of AASB 15'	1 January 2018	30 June 2019
• AASB 16 'Leases'	1 January 2019	30 June 2020

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

12. Events occurring after reporting date

On 22 February 2017, the Directors declared an interim distribution of 20.50 cents per security (\$228.4 million) for APA Group, an increase of 7.9%, or 1.5 cents over the previous corresponding period (31 December 2015: 19.00 cents). This is comprised of a distribution of 15.06 cents per security from APT and a distribution of 5.44 cents per security from APTIT. The APT distribution represents a 4.67 cents per security franked profit distribution, a 4.92 cents per security unfranked profit distribution and 5.47 cents per security capital distribution. The APTIT distribution represents a 3.48 cent per security profit distribution and a 1.96 cents capital distribution. Franking credits of 2.0 cents per security will be allocated to the franked profit distribution. The distribution will be paid on 15 March 2017.

Other than the events disclosed above, there have not been any events or transactions that have occurred subsequent to the period end that would require adjustment to or disclosure in the accounts.

Australian Pipeline Trust and its Controlled Entities
Declaration by the Directors of Australian Pipeline Limited
For the half year ended 31 December 2016

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 APA Group.

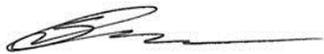
Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Directors



Leonard Bleasel AM

Chairman



Steven Crane

Director

SYDNEY, 22 February 2017

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

22 February 2017

Dear Directors

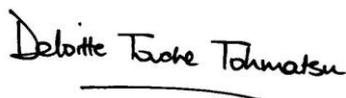
Auditors Independence Declaration to Australian Pipeline Limited as responsible entity for Australian Pipeline Trust

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.

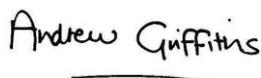
As lead audit partner for the review of the financial statements of Australian Pipeline Trust for the half year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (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 2016, 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, notes comprising a summary of significant accounting policies and other explanatory information, 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 19 to 36.

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 gives a true and fair view and 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 2016 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.

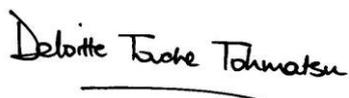
Auditor's Independence Declaration

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.

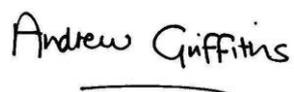
Conclusion

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 2016 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



A V Griffiths
Partner
Chartered Accountants
Sydney, 22 February 2017

APT INVESTMENT TRUST DIRECTORS' REPORT

The Directors of Australian Pipeline Limited ("Responsible Entity") submit their interim financial report of APT Investment Trust ("APTIT") and its controlled entity (together "Consolidated Entity") for the half year ended 31 December 2016. This report and 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").

1 Directors

The names of the Directors of the Responsible Entity during the half year and since the half year ended 31 December 2016 are:

Leonard Bleasel AM	Chairman
Michael (Mick) McCormack	Chief Executive Officer and Managing Director
Steven (Steve) Crane	
John Fletcher	
Michael Fraser	
Debra (Debbie) Goodin	
Russell Higgins AO	
Patricia McKenzie	

The Company Secretary of the Responsible Entity during the half year and since the half year ended 31 December 2016 is as follows:

Nevenka Codevelle

2 Principal Activities

The Consolidated Entity operates as an investment and financing entity within the APA stapled group.

3 State of Affairs

No significant change in the state of affairs of the Consolidated Entity occurred during the half year.

4 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.

5 Review and Results of Operations

The Consolidated Entity reported net profit after tax of \$38.8 million (1H FY16: \$43.3 million) for the half year ended 31 December 2016 and total revenue of \$38.8 million (1H FY16: \$43.3 million).

6 Distributions

On 22 February 2017, the directors declared an interim distribution of 5.44 cents per security (\$60.6 million), comprising a 3.48 cents unfranked profit distribution and 1.96 cents capital distribution. The distribution is payable on 15 March 2017.

7 Auditor's Independence Declaration

A copy of the independence declaration of the auditor, Deloitte Touche Tohmatsu ("Auditor") as required under section 307C of the Corporations Act is included at page 53.

8 Rounding of Amounts

The Consolidated Entity is an entity of the kind referred to in ASIC Corporations Instrument 2016/191 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.

9 Authorisation

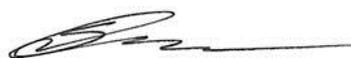
The Directors' report is signed in accordance with a resolution of the Directors of the Responsible Entity.

On behalf of the Directors



Leonard Bleasel AM

Chairman



Steven Crane

Director

22 February 2017

APT Investment Trust and its Controlled Entity
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2016

	Note	31 Dec 2016 \$000	31 Dec 2015 \$000
Continuing operations			
Revenue	3	38,769	43,290
Profit before tax		38,769	43,290
Income tax expense		-	-
Profit for the period		38,769	43,290
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Loss on available-for-sale investments taken to equity		-	(143)
Other comprehensive income for the period (net of tax)		-	(143)
Total comprehensive income for the period		38,769	43,147
Profit Attributable to:			
Unitholders of the parent		38,769	43,290
		38,769	43,290
Total comprehensive income attributable to:			
Unitholders of the parent		38,769	43,147
Earnings per unit			
Basic and diluted (cents per unit)	4	3.5	3.9

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 and its Controlled Entity
Condensed Consolidated Statement of Financial Position
For the half year ended 31 December 2016

	Note	31 Dec 2016 \$000	30 Jun 2016 \$000
<u>Current assets</u>			
Receivables		720	704
<u>Non-current assets</u>			
Receivables		8,884	9,249
Other financial assets		1,027,276	1,036,944
Total non-current assets		1,036,160	1,046,193
Total assets		1,036,880	1,046,897
<u>Current liabilities</u>			
Trade and other payables		12	11
Total liabilities		12	11
Net assets		1,036,868	1,046,886
<u>Equity</u>			
Issued capital	7	998,098	1,005,074
Reserves		-	-
Retained earnings		38,770	41,812
Total equity		1,036,868	1,046,886

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

APT Investment Trust and its Controlled Entity
Condensed Consolidated Statement of Changes in Equity
For the half year ended 31 December 2016

	Note	Issued capital \$000	Reserves \$000	Retained earnings \$000	Total \$000
Balance at 1 July 2015		1,005,086	595	26,488	1,032,169
Profit for the period		-	-	43,290	43,290
Other comprehensive income for the period (net of tax)		-	(143)	-	(143)
Total comprehensive income for the period		-	(143)	43,290	43,147
Issue of capital (net of issue costs)	7	(12)	-	-	(12)
Distributions to unitholders	5	-	-	(26,488)	(26,488)
Balance at 31 December 2015		1,005,074	452	43,290	1,048,816
Balance at 1 July 2016		1,005,074	-	41,812	1,046,886
Profit for the period		-	-	38,769	38,769
Total comprehensive income for the period		-	-	38,769	38,769
Distributions to unitholders	5	(6,976)	-	(41,811)	(48,787)
Balance at 31 December 2016		998,098	-	38,770	1,036,868

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

APT Investment Trust and its Controlled Entity
Condensed Consolidated Statement of Cash Flows
For the half year ended 31 December 2016

	31 Dec 2016 \$000	31 Dec 2015 \$000
<u>Cash flows from operating activities</u>		
Trust distribution - related party	15,063	16,147
Dividends received	-	63
Interest received - related parties	25,230	27,020
Proceeds from repayment of finance leases	584	584
Receipts from customers	137	58
Net cash provided by operating activities	41,014	43,872
<u>Cash flows from investing activities</u>		
Proceeds from/(advances to) related parties	7,773	(17,358)
Net cash provided by/(used in) in investing activities	7,773	(17,358)
<u>Cash flows from financing activities</u>		
Payment of unit issue costs	-	(26)
Distributions to unitholders	(48,787)	(26,488)
Net cash used in financing activities	(48,787)	(26,514)
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the period	-	-
Cash and cash equivalents at end of the period	-	-

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

APT Investment Trust and its Controlled Entity

Notes to the condensed consolidated financial statements

For the half year ended 31 December 2016

Basis of Preparation

1. About this report

The content and format of the financial statements is streamlined to present the financial information in a meaningful manner to unitholders. Note disclosures are grouped into four sections being Basis of Preparation, Financial Performance, Capital Management and Other. The purpose of the format is to provide readers with a clear understanding of what are the key drivers of financial performance for the Consolidated Entity.

Basis of Preparation

1. About this report
2. General information

Financial Performance

3. Profit from operations
4. Earnings per unit
5. Distributions

Capital Management

6. Financial risk management
7. Issued capital

Other

8. Contingencies
9. Adoption of new and revised Accounting Standards
10. Events occurring after reporting date

2. General information

The condensed consolidated general purpose financial statements for the half year ended 31 December 2016 have been prepared in accordance with AASB 134 'Interim Financial Reporting' and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". 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 Corporations Instrument 2016/191 unless otherwise stated.

The half year financial report does not include all of 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 2016.

Segment information

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

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

APT Investment Trust and its Controlled Entity
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2016

Financial Performance

3. Profit from operations

Profit before income tax includes the following items of income and expense:

	31 Dec	31 Dec
	2016	2015
	\$000	\$000
Revenue		
Distributions		
Trust distribution - related party	15,063	16,147
Other entities	-	63
	15,063	16,210
Finance income		
Interest - related parties	23,843	26,758
Loss on financial asset held at fair value through profit or loss	(510)	(11)
Finance lease income - related party	236	253
	23,569	27,000
Other revenue		
Other	137	80
Total revenue	38,769	43,290

APT Investment Trust and its Controlled Entity
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2016

Financial Performance

4. Earnings per unit

	31 Dec 2016	31 Dec 2015
Basic and diluted (cents per unit)	3.5	3.9

The earnings and weighted average number of units used in the calculation of basic and diluted earnings per unit are as follows:

	31 Dec 2016 \$000	31 Dec 2015 \$000
Net profit attributable to unitholders for calculating basic and diluted earnings per unit	38,769	43,290

	31 Dec 2016 No. of units 000	31 Dec 2015 No. of units 000
Adjusted weighted average number of ordinary units used in the calculation of basic and diluted earnings per unit	1,114,307	1,114,307

5. Distributions

	31 Dec 2016 cents per unit	31 Dec 2016 Total \$000	31 Dec 2015 cents per unit	31 Dec 2015 Total \$000
Recognised amounts				
Final distribution paid on 16 September 2016 (2016: 16 September 2015)				
Profit distribution ^(a)	3.75	41,811	2.38	26,488
Capital distribution	0.63	6,976	-	-
	4.38	48,787	2.38	26,488
Unrecognised amounts				
Interim distribution payable on 15 March 2017 ^(b) (2016: 16 March 2016)				
Profit distribution ^(a)	3.48	38,770	3.88	43,290
Capital distribution	1.96	21,814	-	-
	5.44	60,584	2.38	19,859

(a) Profit distributions unfranked (2016: unfranked).

(b) Record date 31 December 2016.

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 2016.

APT Investment Trust and its Controlled Entity
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2016

Capital Management

6. Financial risk management

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 half year ended 31 December 2016 (year ended 30 June 2016: 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 changes to the availability of quoted prices in active markets. Transfers into level 3 are triggered when the observable inputs become no longer observable, or vice versa for transfers 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; and
- 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 1.79% (30 June 2016: 1.57%) per annum and is based upon an interpolation of the three and five year Government bond rates at the valuation date;
- the ROS discretionary dividends are estimated based on an internal forecasted cash flow model;
- the value of the option to convert was deemed to be zero at 30 June 2016; and
- these instruments are classified in the fair value hierarchy at level 3.

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.

The redeemable ordinary shares held in Energy Infrastructure Investments were disposed of by the Consolidated Entity on 22 December 2016, transferring the investment to another entity within the APA Group.

APT Investment Trust and its Controlled Entity
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2016

Capital Management

6. Financial risk management (continued)

Fair value of financial instruments (continued)

Fair value hierarchy

As at 31 December 2016	Level 1	Level 2	Level 3	Total
	\$000	\$000	\$000	\$000
Financial assets measured at fair value				
Unlisted redeemable ordinary shares				
Energy Infrastructure Investments	-	-	-	-
	-	-	-	-
As at 30 June 2016				
Financial assets measured at fair value				
Unlisted redeemable ordinary shares				
Energy Infrastructure Investments	-	-	34,463	34,463
	-	-	34,463	34,463

Reconciliation of Level 3 fair value measurements of financial assets	Fair value through	
	Profit or Loss	
	31 Dec	30 Jun
	2016	2016
	\$000	\$000
Opening balance	34,463	34,765
Total gains or losses:		
- in profit or loss: Interest - related parties	1,071	4,264
- in profit or loss: Loss on financial asset held at fair value through profit or loss	(510)	(756)
Distributions	(2,459)	(3,810)
Disposal ^(a)	(32,565)	-
Closing balance	-	34,463

(a) The redeemable ordinary shares held in Energy Infrastructure Investments were disposed of by the Consolidated Entity on 22 December 2016, transferring the investment to another entity within the APA Group.

7. Issued capital

	31-Dec	30 Jun
	2016	2016
	\$000	\$000
1,114,307,369 units, fully paid (2016: 1,114,307,369 units, fully paid) ^(a)	998,098	1,005,074

	31-Dec	30 Jun		30 Jun
	2016	2016		2016
	No. of	No. of		\$000
	units	units		\$000
	000	000		\$000
Movements				
Balance at beginning of financial year	1,114,307	1,005,074	1,114,307	1,005,086
Capital distributions paid (Note 5)	-	(6,976)	-	-
Less transaction costs relating to the issue of units	-	-	-	(12)
	1,114,307	998,098	1,114,307	1,005,074

(a) Fully paid units carry one vote per unit and carry the right to distributions.

APT Investment Trust and its Controlled Entity
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2016

Other items

8. Contingencies

The Consolidated Entity had no material contingent assets, liabilities and commitments as at 31 December 2016 (2015: \$nil).

9. Adoption of new and revised Accounting Standards

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

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

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', and AASB 2015-8 'Amendments to Australian Accounting Standards - Effective date of AASB 15'	1 January 2018	30 June 2019
• AASB 16 'Leases'	1 January 2019	30 June 2020

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

10. Events occurring after reporting date

On 22 February 2017, the Directors declared an interim distribution for the 2017 financial year of 5.44 cents per unit (\$60.6 million). The distribution represents a 3.48 cents per unit unfranked profit distribution and 1.96 cents per unit capital distribution. The distribution will be paid on 15 March 2017.

Other than the events disclosed above, there have not been any events or transactions that have occurred subsequent to the period end that would require adjustment to or disclosure in the accounts.

APT Investment Trust and its Controlled Entity
Declaration by the Directors of Australian Pipeline Limited
For the half year ended 31 December 2016

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 the Consolidated Entity.

Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Directors



Leonard Bleasel AM
Chairman



Steven Crane
Director

SYDNEY, 22 February 2017

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

22 February 2017

Dear Directors

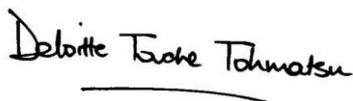
Auditors Independence Declaration to Australian Pipeline Limited as responsible entity for APT Investment Trust

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.

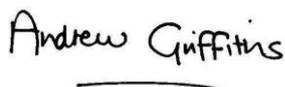
As lead audit partner for the review of the financial statements of APT Investment Trust for the half year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (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 2016, 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, notes comprising a summary of significant accounting policies and other explanatory information, 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 42 to 52.

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 gives a true and fair view and 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 2016 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.

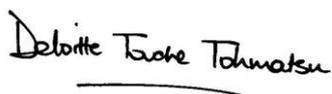
Auditor's Independence Declaration

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.

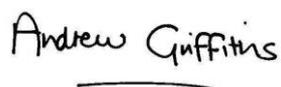
Conclusion

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 2016 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



A V Griffiths
Partner
Chartered Accountants
Sydney, 22 February 2017