

HSBC Building
Level 19
580 George Street
Sydney NSW 2000
PO Box R41
Royal Exchange NSW 1225

Phone 61 2 9693 0000
Fax 61 2 9693 0093
www.pipelinetrust.com.au

APA Group



Australian Pipeline Ltd
ACN 091 344 704

Australian Pipeline Trust
ARSN 091 678 778

APT Investment Trust
ARSN 115 585 441

ASX RELEASE

30 October 2008

The Manager

Company Announcements Office
Australian Securities Exchange
4th Floor, 20 Bridge Street
Sydney NSW 2000

Electronic Lodgement

Dear Sir or Madam

Company Announcement

I attach the following announcement for release to the market:

- Chairman's address to the Annual Meeting
- Managing Director's address to the Annual Meeting
- Annual Meeting presentation

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mark Knapman'.

Mark Knapman
Company Secretary

CHAIRMAN'S ADDRESS APA ANNUAL MEETING

Introduction

It has been a good year for APA, both in delivering another solid record financial performance and in achieving our strategic objectives. APA is Australia's leading gas transportation business, transporting more than half the natural gas used across Australia. We continue to grow our national portfolio of essential natural gas infrastructure, and have completed our transformation into an internally operated business, now having direct management and operation of our assets.

On APA's financial performance

APA reported a record financial result for the financial year to June 2008, with underlying EBITDA - that's earnings before interest, tax, depreciation and amortisation - of \$430.5 million, an increase of 45% on the prior year. This result was also above the guidance given to the market earlier in the year when we expected an EBITDA within the range of \$400 to \$410 million. Our underlying profit of \$82.2 million, was also up 27% on the prior year. Our Managing Director, Mr Mick McCormack, will discuss the financial performance in more detail during his presentation.

This result reflects the increased performance from APA's existing asset base, which continue to grow to meet the growth in gas demand, and the contribution from the new developments and acquisitions added to the business in recent times.

Our key acquisitions were strategic in enhancing our gas infrastructure footprint and in completing our transition from an infrastructure owner into an operating business, that is operating and managing our assets with our own skilled people and resources, rather than outsourcing this function to third party operators.

These acquisitions are not new to you, as they were completed early in the first half of the financial year and disclosed at the last annual meeting of APA securityholders in October 2007. However, I think it's appropriate at this meeting to remind you of their importance in delivering on our strategy.

The first was the acquisition of the Origin Energy Network assets for \$557 million. This investment included a one third interest in the SEA Gas Pipeline (acquired late in the 2007 financial year) which links Victoria and South Australia. It also included a 17% stake in Envestra Limited and the long term contract to operate the Envestra assets, which comprise mainly natural gas distribution businesses in South Australia, Victoria and Queensland. As a result of this investment, we also significantly expanded our internal operating capability through the addition to APA of the 490 employees operating these assets.

With the second investment of \$206 million in October last year, we further expanded our operating capability by terminating the long term operating and maintenance agreement with Alinta in respect to APA's foundation pipelines, and transferring to APA the 260 skilled operations and engineering personnel working on those pipelines.

As a result of these two investments, APA has significantly increased its management, operating and engineering capabilities, and now employs 1,100 skilled APA personnel,

managing and operating our assets, as well as those of third parties, across mainland Australia.

We have also been enhancing our existing pipeline and distribution assets to meet demand for additional gas transportation capacity. These projects are largely underpinned by contractual or regulatory arrangements, and have started contributing to the APA's bottom line.

On the basis of this strong performance, the board declared a final distribution of 15.0 cents per security, which you would have received by now. This took the full year distribution to 29.5 cents, a 5.4% increase over last year.

The 29.5 cents paid per security is made up of three parts. The first component is the unfranked income from the Australian Pipeline Trust, of 18.8 cents. The other two components are the contributions from the APT Investment Trust which comprise of unfranked income of 5.2 cents and a tax deferred capital contribution of 5.5 cents.

Some securityholders have asked why APA does not pay distributions in the form of franked dividends. The ability to "frank" the income components of the distributions is driven by the amount of income tax paid. APA is currently not able to provide franked dividends as it has substantial ongoing tax deductions, including depreciation claims, and is not expected to pay tax for some years to come. Therefore, distributions to security holders will remain unfranked for the foreseeable future.

This year's distributions, as with previous years, were well covered by operating cash flow, that is cash available after deducting business costs and interest payments. The cash remaining after distributions are paid contributes to funding future business growth. APA does not draw down debt to pay its distributions.

Balance sheet

APA's balance sheet has remained strong. APA had no debt raising or debt refinancing requirements in the financial year. The debt required to fund the acquisitions previously mentioned was raised in the prior year, and in light of current conditions, on favourable and attractive terms.

Since 30 June 2008, APA executed new debt agreements totalling \$165 million, which was used to refinance \$150 million of maturing debt, with the remainder supplementing its existing debt facilities. Once again this debt was agreed on favourable terms, compared to the current market. It is our stable, secure and low risk business that assists us in being able to refinance our debt, and obtain new debt on reasonable terms in this volatile financial market.

Our gearing level - that is, the ratio of debt over debt plus equity - remained constant through the year at around 72%. Our gearing will fall below 70% when the funds APA expects to receive from the unlisted vehicle transaction are taken into account. I will comment further on this transaction in a moment

At the same time, let me add that owning and operating gas pipeline and distribution infrastructure is a very capital intensive business, requiring considerable investment up front in order to achieve long term earnings. We are comfortable that our level of gearing is appropriate for APA in this type of business.

The other form of funding is equity, and this year we raised capital in the amount of \$39 million from our securityholder base through the Distribution Reinvestment Plan.

Last year, securityholders had the opportunity to increase their investment in APA by acquiring securities under the Security Purchase Plan at a discount and without brokerage and transaction fees, and the Plan raised \$85 million.

These two capital raisings resulted in the issue of 36.5 million new APA securities, an increase of about 8%, to a total of 468 million securities.

APA is offering the Security Purchase Plan to its securityholders again this year. As with last year, APA securityholders will be able to top up their investment in APA, purchasing securities at a discount and without brokerage fees, up to a value of \$5,000. This was announced to the market a week ago and securityholders will receive further information about this in the coming week.

Equity base

For seven of its eight years, APA had less than 30,000 securityholders. In 2007 APA's major securityholder was the company Alinta, which owned just over one third of APA's equity.

As part of a wider corporate transaction, Alinta's shareholders agreed to a scheme of arrangement whereby Alinta's interest in APA was proportionally distributed to its then shareholders. This in-specie distribution of Alinta's interest in APA occurred at the end of August last year and as a result our modest number of securityholders more than quadrupled to well in excess of 120,000 at that time.

With this very large number of securityholders, APA's costs involved in managing its register increased significantly. Consequently, the board decided to pay the annual distribution in two instalments instead of four, in line with other most listed companies, and this is providing a considerable cost saving to APA.

Another effect of the Alinta in-specie distribution was that a large portion of APA's register - around 30,000 securityholders - hold an "unmarketable parcel" of APA securities, worth less than \$500. Holders who prefer to sell such small parcels confront the problem that it's uneconomic to do so by the time they pay brokerage on the transaction. It is against that backdrop that APA proposes the changes to the constitutions of Australian Pipeline Trust and APT Investment Trust that are before the meeting today.

If those changes are approved, APA will establish a sale facility later this calendar year to sell holdings having a value of up to \$1,000, free of brokerage. That facility will allow holders of those small parcels to sell their holdings on a cost effective basis and will also benefit APA by significantly reducing the costs of managing the very large base of securityholders.

Some securityholders have expressed concern that such a programme will mean they are forced to sell their small holdings against their will. That is not the case. Holders of parcels up to \$1,000 in value will all receive written notice of the intended programme. Those with parcels up to \$500 in value who want to retain their parcels may then notify APA that they do not wish their holdings to be sold. Holdings with a value between \$500

and \$1,000 will only be sold if the securityholder sends APA notice of their election to sell. In short, if you wish to retain your small holdings, you can do so. That will all be explained again when APA sends out the relevant notification later this year.

While still on the issue of that security sale programme, the Security Purchase Plan I mentioned a moment ago will give holders of small parcels, and other holders, the opportunity to increase their investment in APA on attractive terms, if they wish to do so.

In June, we changed the record date for the final distribution to the last business day of the financial year, this year being 30 June. You may know the term "record date". It is effectively the close-off date for entitlement to the distribution. We made that change to the record date so that securityholders pay tax on income from APT Investment Trust at their own marginal rates. Had the record date not been changed, any taxable income would have been taxed in the hands of the trust at the top marginal rate of 46.5%, to the disadvantage of all securityholders.

However, some securityholders have expressed disappointment that they are unable to promptly complete their tax returns due to the tax statement for the final distribution being sent in September.

Firstly, let me say that this year APA brought forward the issue of the tax statement and payment of the final distribution by approximately two weeks, and we will continue to examine whether we can improve on that further in coming years.

However, the issue of the tax statement and the determination of the amount of the final distribution are tied up with the completion and audit of the annual results, and in that regard APA's timetable is not out of step with similarly structured businesses.

APA unlisted energy investment vehicle

Our assets are in locations where demand for gas is growing and where there are numerous growth opportunities available to APA. We have pursued the establishment of APA's unlisted energy investment vehicle, that was flagged to the market in May this year. This transaction will provide APA with further flexibility to pursue the identified and potential growth opportunities for the benefit of our securityholders.

APA has a number of low-risk, annuity style assets in its portfolio. These are quality infrastructure assets but with predictable and stable revenues that we believe are particularly suited to a certain class of investor, and it is a portfolio of these assets that we are proposing to sell into the unlisted investment vehicle. We are anticipating net proceeds of around \$600 million will be released by this transaction, and these funds will initially reduce debt, and subsequently provide APA with the flexibility to invest further in core gas infrastructure assets with increased growth potential.

Yesterday, APA announced to the market that it has entered into exclusive arrangements with a consortium led by Marubeni Corporation of Japan to invest in APA's unlisted energy investment vehicle. This is a major step towards finalising the debt and equity agreements required to complete the transaction. Under these arrangements, the Consortium will hold an 80.1% interest in the investment vehicle while APA will retain a 19.9% interest. We have also been working with the financiers and equity providers to finalise due diligence and other conditions required as part of the transaction and the associated non-recourse finance package.

APA will benefit further from the transaction by remaining the manager and operator of the assets under a long term contractual arrangement.

Notwithstanding the recent and continuing turbulence in the world's capital markets, we remain on target to complete the transaction within the 2008 calendar year.

Outlook

The financial and operating performance of APA has been, and continues to be strong, particularly as we look at the current financial year to date performance measures. The business is robust, with both existing revenue and committed investment activities being largely secured by contractual or regulatory arrangements.

In this current year, the board remains focused on ensuring APA continues to deliver steady growth in operating cash flow from all parts of its business, and in particular the gas transmission and distribution business. APA will actively develop and pursue profitable opportunities to enhance its portfolio of gas infrastructure assets and will benefit from the flexibility afforded by the funds expected to be received from the creation of the new unlisted energy fund. At the same time, APA will continue to pursue opportunities that allow us to leverage the skills of our expanded workforce to achieve increased profitable growth.

From my experience in the utilities industry, at management and at board level, I know APA's people are key to the ongoing success of this business. We will continue to benefit from their skills and experience in operating APA's wholly and partly owned assets, and those of third parties.

The global financial turmoil has affected both equity and debt markets, and is having a wide impact on economies abroad and here in Australia. We, like all businesses, will inevitably feel the impact of this in some shape or form. However, the nature of APA's business in providing essential infrastructure services, its low risk contractual or regulated revenue streams, and its internal resources and skills to operate the business efficiently, provide APA with resilience and strength to weather these turbulent conditions, while still having the ability to deliver strong results and growing distributions to our securityholders.

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

In conclusion, I would like to thank my fellow directors for their considerable contribution to the board's work. Also, on behalf of the board, I would like to thank all APA employees, led by Mick McCormack and his management team, for their contribution to our record performance this year. And I thank you, our securityholders, for your continued support.

It is now my pleasure to ask APA's Managing Director, Mick McCormack, to address the meeting.

MANAGING DIRECTOR'S ADDRESS APA ANNUAL MEETING

Introduction

This year again has been one of significant change. We have enhanced our gas infrastructure portfolio and completed our transition from infrastructure owner into an operating business. APA is a leader in the industry on both fronts.

This year is also our eighth successive year of improved financial performance. The record results demonstrate our success in achieving APA's objective since listing eight years ago, that is to grow the business in order to maximise returns to our securityholders. Our underlying businesses have continued to deliver strong returns, and we have benefited from the solid contributions of the acquisitions made in the last two years and, in particular, internalising the operation and maintenance of our assets.

Since listing, APA has consistently delivered growth in distributions to its securityholders on the back of strong and consistent financial performance. It is disappointing to see the recent volatility in APA's security price. Notwithstanding this however, it is heartening to see that since listing, APA has outperformed the market in the total returns delivered to its investors.

In today's address I'd like to talk briefly about

- APA's operational and financial performance in the 2008 financial year,
- Our business model that differentiates us from many other infrastructure companies,
- The impact of greenhouse reporting and carbon reduction legislation on our business, and
- How we have enhanced our gas infrastructure portfolio throughout the year and what opportunities lay ahead.

Operational and financial performance

APA's strong performance in the year ending 30 June 2008 is demonstrated across all key financial measures. Underlying revenue, EBITDA (which is Earnings before interest depreciation and amortisation), profit and operating cash flow all increased over the year, and all business segments performed well and contributed to this record financial result.

Today I am going to focus on two important measures for our business – EBITDA, and operating cash flow.

As the Chairman outlined in his address, our underlying EBITDA of \$430.5 million was up 45% on last year, and above our guidance. This reflects the positive impact of a number of items, including

- the acquisitions made in recent years, and
- revenue growth from existing businesses, particularly the gas transmission and distribution business.

Looking at EBITDA by business segments the gas transmission and distribution segment contributed 85% of this total. There was improved performance from all APA's pipeline and distribution assets across Australia.

Two key standout performers were the Moomba Sydney pipeline and the Victorian Transmission System.

Gas demand in New South Wales increased in the winter period and the Moomba Sydney pipeline system provided the capacity required to meet this peak demand.

The performance of the Victorian Transmission System was boosted by both record gas throughput and the higher regulated tariffs approved by the Australian Energy Regulator. The tariffs, which applied from 1 January 2008, reflect the current economic environment of higher debt and equity costs.

The balance of EBITDA came from the remaining three business segments – electricity transmission, asset management and complementary assets. These segments contributed positively, with the increase due to the partial or full year contributions of recent acquisitions and developments such as the operation and maintenance agreement with Envestra, and the 30 megawatt X41 gas fired power station in Mt Isa Queensland, which was completed in November last year.

Another important measure of our business performance is operating cash flow, that is the cash remaining after business and financing costs, such as interest. Operating cash flow increased by 28% to \$192 million for the 2008 financial year. More importantly, operating cash flow per security increased by 8% to 42.7 cents per security, which provided the basis for the company to increase distributions this year to 29.5 cents per security, an increase of 5.4% on last year.

An internally managed and operated business

APA's business model is a low cost, transparent and competitive one. Our approach distinguishes us from many other infrastructure businesses, namely that APA does not outsource the operating function of its assets to third party service providers and hence does not pay fees and margins for such outsourced services.

With this year's two key acquisitions we expanded our in-house operating, engineering and asset management capabilities and completed the transition from infrastructure owner to an operating business. Our 1,100 employees originated from six different businesses and have brought tremendous industry skills and experience to APA. We have our own resource now providing all commercial and operational services to APA, as well as providing similar services for external parties. The assets APA now operate across Australia are valued in excess of \$8 billion.

With our increased workforce across the country, safety remains a high priority for APA. I am pleased that we have improved the safety performance of the major new operating businesses acquired during the year, and we will continue to maintain this as a company-wide focus.

This year we focussed on the integration of APA's recently acquired businesses, which included progressively moving to common procedures and processes throughout the Group. These activities have delivered savings and efficiencies to the business. For instance, we have implemented common operating and maintenance procedures in the

gas pipeline and distribution business, created a project team to deliver on national procurement strategies and centralised our corporate services. These initiatives are starting to deliver reduced operating costs and savings in our capital expenditure. Next year we expect further benefits to be captured from the integration program.

Natural gas and sustainable energy

As Australia's leading transporter of natural gas, APA recognises that it has an important role to play in transitioning Australia to a less emissions-intensive economy. Natural gas, the cleanest of the fossil fuels, provides an affordable, abundant and cleaner energy solution that is vital to achieving a reduction in Australia's overall carbon footprint, at least cost.

As a responsible employer and corporate citizen, APA strives for high standards of environmental and safety performance, and conducts its operations efficiently and according to best practice standards. Laying pipelines can result in disturbances to land and a temporary impact upon resources such as water. APA takes all reasonable steps to eliminate or minimise any adverse impact that our activities may have on the local environment, including restoring the land used in our activities.

APA's main direct carbon emissions arise from fuel used for power generation and for compressors on transmission pipelines and unaccounted for gas in distribution networks. APA is undertaking capital works on its distribution network to reduce emissions and will, where prudent, do this on compressor stations. APA has an ongoing program within its distribution business to rehabilitate older, mainly cast iron, distribution pipe with new plastic pipe sections to reduce system leakage.

APA is currently determining the potential impacts of the Federal Government's proposed carbon pollution reduction scheme, bearing in mind that critical elements of the scheme are yet to be announced. The impact to APA is expected to be limited because the commercial arrangements across our asset base generally allow a cost pass-through for carbon, and the majority of our carbon costs, under the current proposed scheme.,

A substantial part of APA's carbon footprint arises from the transportation of natural gas to consumers who, as a consequence of using gas rather than other fossil fuels, are able to significantly reduce their carbon footprints. An example of this is the replacement of coal boilers with natural gas high efficiency steam boilers, whereby significantly less energy and water is consumed, and a material reduction in carbon emissions is achieved.

As Australia's use of natural gas increases, growth in our transportation and distribution business will, by necessity, increase our carbon footprint. However, it is important to note that while APA's footprint will increase, the net effect to the environment is positive, because of the overall reduction in emissions from more Australians using natural gas as opposed to other fossil fuels, such as coal.

APA growth – enhancing our gas infrastructure portfolio

Our assets are essential infrastructure, and have long lives. They generate secure and predictable revenue derived from contracts or regulated revenue. During the 2008 financial year we enhanced our gas infrastructure assets by increasing their capacity, and built new pipelines to deliver additional gas to consumers. This growth in our assets is continuing this year with a number of committed projects, and we see continued growth in the years ahead as demand for gas increases.

Let me outline APA's current and committed projects that are delivering significant value, and the growth opportunities across APA's portfolio of infrastructure assets:

In Queensland, we are increasing the capacity of our Carpentaria Gas Pipeline through additional compression, to meet increased demand of the mining community. In the south east of the state we are expanding APA's gas network to supply gas to new homes in the fast growing corridor between Brisbane and the Gold Coast, and have commenced engineering design work to increase the capacity of the Roma Brisbane Pipeline.

In New South Wales we are expanding the Moomba Sydney Pipeline System. In June this year we completed construction of the Culcairn compressor in the southern part of the system, and also acquired the Central Ranges Pipeline in the north. Both additions have increased capacity in the system as well as increasing flexibility in moving gas across the state. Over the next 5 years we will expand the capacity of the main pipeline to meet increasing demand for gas and storage, particularly in winter.

Victoria is the largest natural gas consumer in east Australia, and our largest single asset, the Victorian Transmission system, was expanded to meet this demand with the construction of the Brooklyn Lara Pipeline, west of Melbourne. Victoria also has an abundance of natural gas reserves and significant gas production capacity. This gas source is, and will continue to supply other states, such as New South Wales. We have commenced an engineering program to increase the transport of gas from Victoria to New South Wales via APA's interconnected pipeline infrastructure.

Victoria's gas is also supplying South Australia via the SEA Gas Pipeline. As previously mentioned APA acquired a one third interest in this pipeline.

Natural gas is an important fuel in Western Australia, supplying power stations, large industrial and mining projects, as well as businesses and homes. The Goldfields Gas Pipeline transports gas to mining projects in the centre of the state. We are enhancing the capacity of this pipeline with two additional compressor stations to supply the new and expanding mining projects.

Demand for storage and transport capacity to Perth has increased the importance of APA's Parmelia Gas Pipeline and adjacent Mondarra Gas Storage facility. We are looking to further enhance these assets to meet customer requirements.

In the Northern Territory we are constructing two new pipelines: we are close to completing the Bonaparte Gas Pipeline and have commenced work on the Wickham Point Pipeline in Darwin. Both pipelines will ensure that the Northern Territory has a secure supply of gas for power generation and development for the next 25 years.

These assets will be included in the unlisted investment vehicle, with APA operating the pipeline and further benefiting from our part ownership in the assets.

APA's infrastructure plays a vital role in delivering energy across Australia, and with the growth opportunities I've just outlined, will continue to provide the necessary infrastructure to help grow the Australian economy.

Conclusion

The fundamentals of APA's business remain solid as we continue to operate and enhance our portfolio of gas transportation infrastructure across the country. Our investments this year, and committed projects for 2009, will deliver secure, long term cash flow and value to our securityholders. We will focus on capturing further profitable growth opportunities provided by our gas infrastructure footprint.

I am very proud of what APA has achieved this year, both for our securityholders and for our customers. And I am confident that with the combination of our national gas infrastructure footprint, our prudent capital management and our dedicated and highly skilled employees, we will continue to deliver financial stability and growth into the future.



Chairman's address

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Key acquisitions

Enhancing APA's gas infrastructure portfolio

- Origin Energy Network assets for \$557 million
 - One third interest in SEA Gas Pipeline (Victoria to South Australia)
 - 17% interest in Envestra Limited
 - Asset Management business, including long-term agreement to operate Envestra assets
 - Other pipelines and energy assets across Australia
- Termination of long term operating contract with Alinta for \$206 million
 - Transfer of operating personnel and resources
 - Direct operational control on APA's foundation pipelines

Employing 1,100 skilled personnel across Australia, managing and operating APA's assets and those of third parties

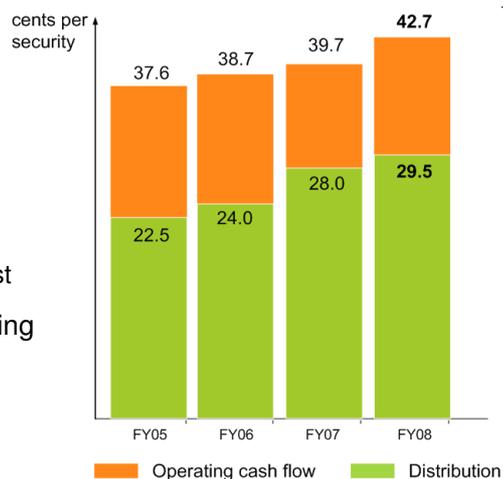
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APA distribution growth

Growing distributions by at least 5%

- Final distribution of 15.0 cents
- Total distribution of 29.5 cents, an increase of 5.4% on last year
 - **18.8 cents** - unfranked income from Australian Pipeline Trust
 - **5.2 cents** – unfranked income from APT Investment Trust
 - **5.5 cents** – tax deferred capital contribution from APT Investment Trust
- Distributions are well covered by operating cash flow
 - Surplus cash contributes to funding further business growth

Distribution and operating cash flow per security



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Capital management

Strong balance sheet

- Gearing 72.0% (unchanged from last year)
 - Able to refinance debt
 - Able to comfortably meet interest payments (Interest Cover Ratio of 1.9 times)
- Capital raising
 - Distribution Reinvestment Plan (\$39 million)
 - Security Purchase Plan (\$85 million)

Committed facilities to support ongoing business growth

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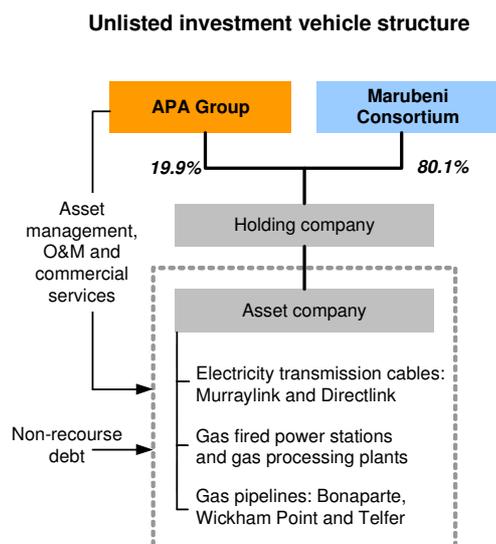
APA securityholders

Significant increase in APA securityholders

- Securityholder base more than quadrupled to over 120,000
 - Alinta's 35% interest in APA was distributed to its then shareholders
- Around 30,000 securityholders with unmarketable parcels (value less than \$500)
- Security Sale Facility
 - Sale of unmarketable parcels, free from brokerage costs
- Programs to assist securityholders
 - Increase their investment through Security Purchase Plan
 - Offer to sell parcels up to a value of \$1,000 through Security Sale Facility
- Change of record date
 - To achieve optimal tax rate for securityholders

APA unlisted energy investment vehicle

- Transaction progress
 - Equity partners chosen
 - Marubeni-led Consortium
 - Banking group assembled
 - Due diligence completed
- APA will have continued exposure to the assets
 - Minority interest – 19.9%
 - Asset management and operation
- Net proceeds of around \$600 million expected
- Transaction on target for completion by calendar year end, subject to market conditions



Outlook

- Strong year-to-date performance
- Completion of APA unlisted investment vehicle transaction
 - Redirect funds to better growth opportunities
- Continue enhancing APA's portfolio of gas infrastructure assets
- Leverage internal commercial and operational knowledge and skill base

Distribution guidance

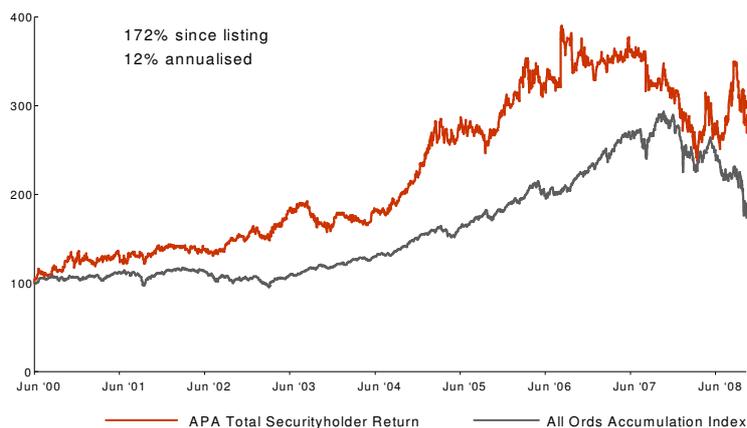
- Maintain growth target of at least 5%



Managing Director's address

APA performance

- Delivered growth in distributions on the back of strong and consistent financial performance
- Outperformed the market on total returns delivered to investors



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Record financial results

Strong growth in all key financial measures

	FY08	change
Underlying revenue (excluding pass-through)	\$615 million	↑ 41%
Underlying EBITDA	\$431 million	↑ 45%
Underlying net profit after tax	\$82 million	↑ 27%
Reported net profit after tax	\$67 million	↑ 18%
Underlying operating cash flow	\$192 million	↑ 28%

Underlying results are adjusted for significant items, and include Envestra distributions and complementary asset finance leases

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Business segment performance

EBITDA growth across all business segments

	FY08	change
Gas transmission and distribution	\$368 million	↑ 34%
Electricity transmission	\$19 million	↑ 47%
Asset management	\$26 million	↑ 346%
Complementary assets	\$18 million	↑ 612%
Total underlying EBITDA	\$431 million	↑ 45%

Underlying results are adjusted for significant items, and include Envestra distributions and complementary asset finance leases

Record financial results

Strong growth in operating cash flow and cash flow per security

	FY08	change
Underlying operating cash flow	\$192 million	↑ 28%
Underlying operating cash flow per security	42.7 cents	↑ 8%
Distribution per security	29.5 cents	↑ 5.4%

Underlying results are adjusted for significant items, and include Envestra distributions and complementary asset finance leases

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

Distributions fully funded by operating cash flow

Internally managed and operated business

Low cost, transparent and competitive model

- Expanded APA's in-house operating, engineering and asset management capabilities
 - 1,100 skilled and experienced employees operating APA's assets and those of third parties
- Removed payment of fees and margins to external parties
- Realised integration benefits
- Improved safety performance of newly acquired businesses

APA has direct management and operating control of its businesses to drive growth and financial performance

Natural gas and sustainable energy

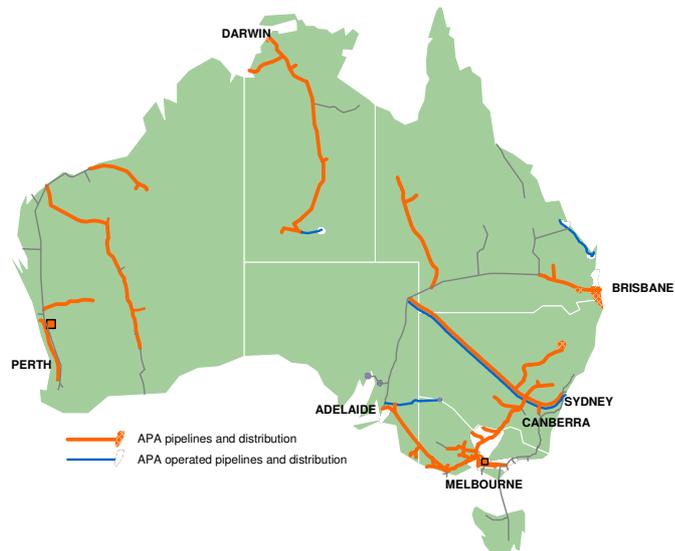
APA is Australia's leading transporter of natural gas

- Natural gas is the cleanest of the fossil fuels – provides an affordable, abundant, and cleaner energy solution
- APA has an important role to play in transitioning Australia to a less emissions-intensive economy
- APA's main direct carbon emissions arise from fuel used for compressors on transmission pipelines and unaccounted for gas in distribution networks
- APA is currently assessing the impact of the Government's proposed Carbon Pollution Reduction Scheme on its unregulated assets
- Access arrangements on APA's regulated assets generally allow a recovery of carbon costs as well as a cost pass-through for new government imposts
- APA is reviewing processes and implementing initiatives to reduce its environmental impact

Enhancing APA's gas infrastructure portfolio

Transporting more than half of Australia's domestic gas

- Essential infrastructure
- Long life assets
- Generate secure and predictable revenue



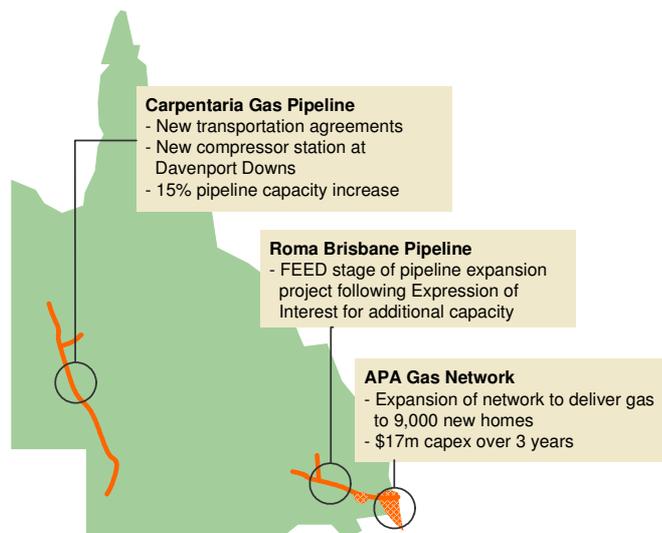
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Enhancing APA's gas infrastructure portfolio

Queensland



Ellengrove Gate Station, Brisbane



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Enhancing APA's gas infrastructure portfolio

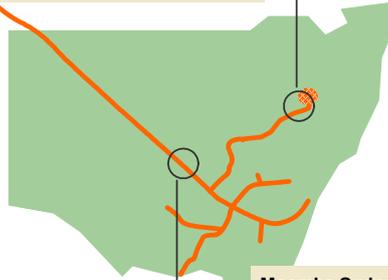
New South Wales



Culcain compressor station

Moomba Sydney Pipeline System

- FEED studies for expansion to move coal seam gas south
- Acquisition of Central Ranges Pipeline
- HoA with Eastern Star Gas



Moomba Sydney Pipeline

- New peak service agreements
- 20% increase of current capacity to meet winter peak demand
- Total \$100m capex over 5 years

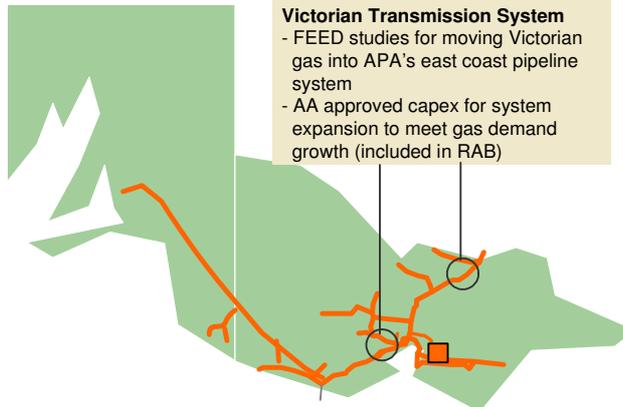
Enhancing APA's gas infrastructure portfolio

Victoria and South Australia



Victorian Transmission System

- FEED studies for moving Victorian gas into APA's east coast pipeline system
- AA approved capex for system expansion to meet gas demand growth (included in RAB)



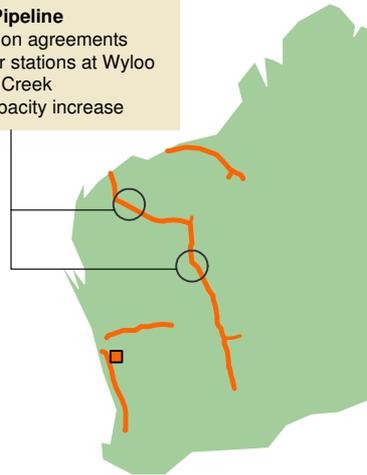
Enhancing APA's gas infrastructure portfolio

Western Australia



Interconnect on Goldfields Gas Pipeline

- Goldfields Gas Pipeline**
- New transportation agreements
 - New compressor stations at Wyloo West and Ned's Creek
 - 20% pipeline capacity increase



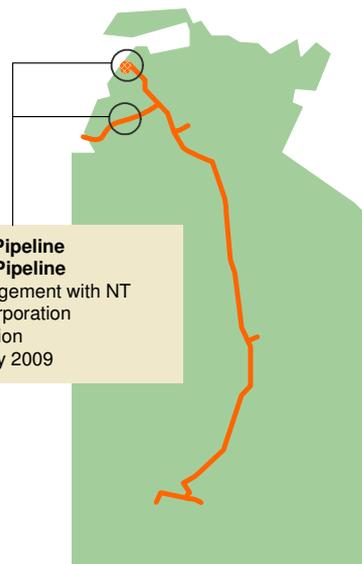
Enhancing APA's gas infrastructure portfolio

Northern Territory



Construction of the Bonaparte Gas Pipeline

- Bonaparte Gas Pipeline
Wickham Point Pipeline**
- Long term arrangement with NT PowerWater Corporation
 - Under construction
 - Completion early 2009



Solid and growing business

- Committed expansion projects are underpinned by secure agreements
- Focused on capturing further profitable growth opportunities provided by APA's gas infrastructure portfolio
- Continuing integration of internal operating resources



Delivering Australia's energy

For more information on APA Group
visit our website www.apa.com.au



For further information please contact:

Chris Kotsaris, Investor Relations APA Group
Telephone: (02) 9693 0049 or Mob: 0402 060 508
Email: chris.kotsaris@apa.com.au

About APA Group (APA)

APA Group, comprised of Australian Pipeline Trust and APT Investment Trust, is the major ASX-listed energy transmission company in Australia with interests in almost 12,000 km of natural gas pipeline infrastructure, over 2,300 km of gas distribution networks in south east Queensland, Coal Seam Gas processing plants, gas fired power stations, gas storage facilities and two high voltage direct current interconnector systems.

APA manages and operates all its assets and also provides management and operation services to gas distribution and transmission company Envestra (which owns 19,100 km of natural gas distribution networks and 1,029 km of natural gas transmission pipelines). It also holds an 18 percent stake in Envestra and a one-third interest in the SEAGas pipeline. APA Group has a varied and quality customer base including AGL Energy, Cooper Eromanga Basin Producers, Xstrata, Newmont, CS Energy, BHP Billiton, OZ Minerals, Incitec Pivot, Origin Energy, RioTinto, Newcrest, Nickel West, Synergy and Verve Energy.