

APA GROUP
ANNUAL REVIEW AND
SUSTAINABILITY REPORT
2015

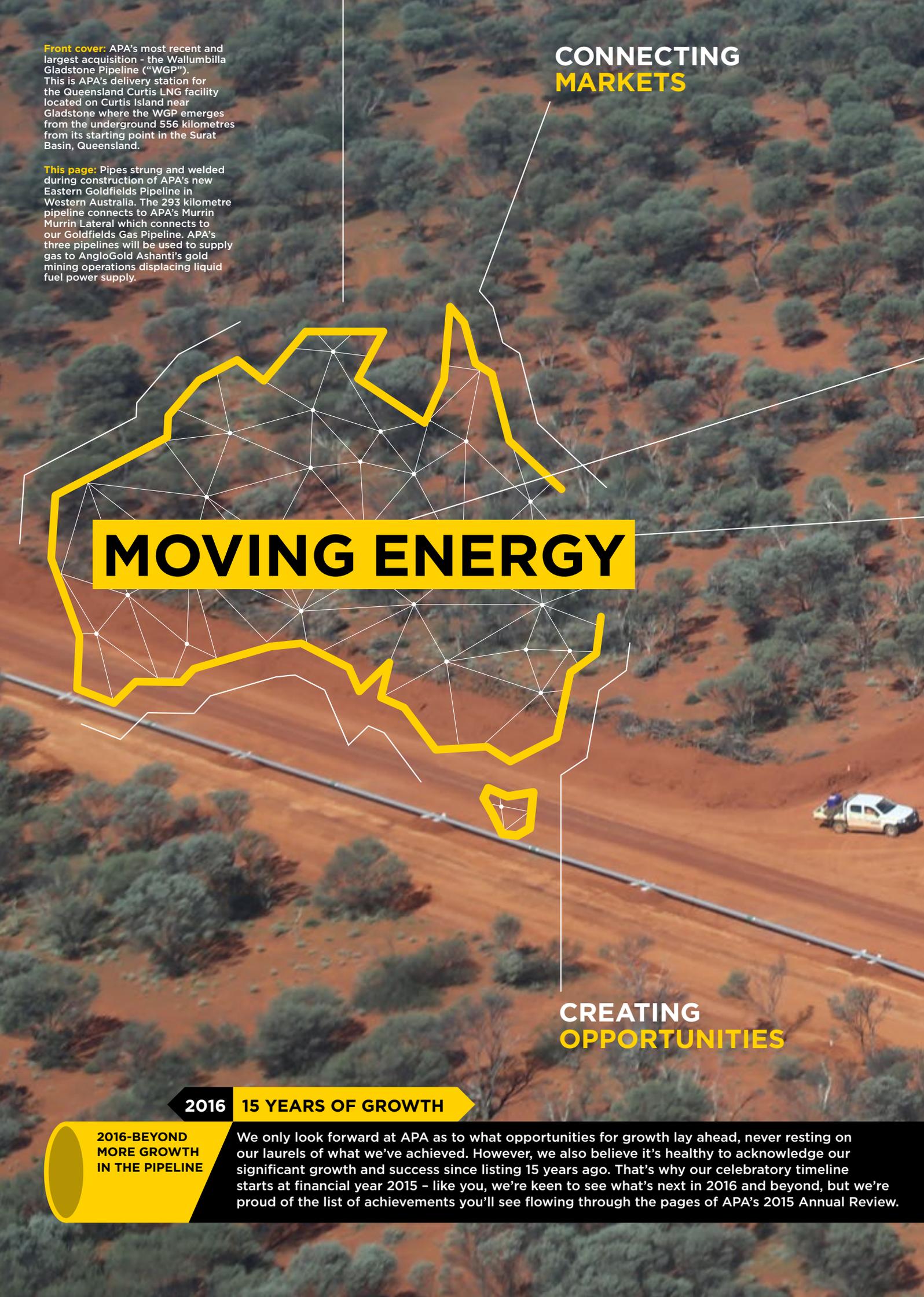
CONNECTING MARKETS
CREATING OPPORTUNITIES



Front cover: APA's most recent and largest acquisition - the Wallumbilla Gladstone Pipeline ("WGP"). This is APA's delivery station for the Queensland Curtis LNG facility located on Curtis Island near Gladstone where the WGP emerges from the underground 556 kilometres from its starting point in the Surat Basin, Queensland.

This page: Pipes strung and welded during construction of APA's new Eastern Goldfields Pipeline in Western Australia. The 293 kilometre pipeline connects to APA's Murrin Murrin Lateral which connects to our Goldfields Gas Pipeline. APA's three pipelines will be used to supply gas to AngloGold Ashanti's gold mining operations displacing liquid fuel power supply.

**CONNECTING
MARKETS**



MOVING ENERGY

**CREATING
OPPORTUNITIES**

2016 15 YEARS OF GROWTH

**2016-BEYOND
MORE GROWTH
IN THE PIPELINE**

We only look forward at APA as to what opportunities for growth lay ahead, never resting on our laurels of what we've achieved. However, we also believe it's healthy to acknowledge our significant growth and success since listing 15 years ago. That's why our celebratory timeline starts at financial year 2015 - like you, we're keen to see what's next in 2016 and beyond, but we're proud of the list of achievements you'll see flowing through the pages of APA's 2015 Annual Review.



- 02** Highlights
- 04** Chairman's report
- 06** Managing Director's report
- 08** Operations report
- 16** Sustainability report
- 24** Leadership
- 26** Five year financial summary
- 27** Investor information
- 28** Map — our footprint and FY2015 activities

Information contained in this document is current as at 26 August 2015.

OUR VISION
MAINTAIN OUR RANKING AS AUSTRALIA'S NUMBER ONE ENERGY INFRASTRUCTURE BUSINESS

As a leader in energy delivery, APA is transforming Australia's dynamic energy sector. Energy is essential to our everyday lives and Australians are fortunate to take for granted 24/7 connection to it. For 15 years, APA has been making sure connections are in place, when and where they are needed now and for the future.

By connecting gas resources to markets, we create opportunities for our customers to more effectively manage their energy portfolios. Our focus is on serving our customers and solving their challenges which generates sustainable growth opportunities for APA.

We add value to our customers' businesses which adds value to their customers' operations. By providing flexible services and solutions, we are able to consistently deliver returns and value to our investors and offer our 1,600 employees a dynamic environment in which to use and further develop their talents.

APA is well positioned to connect, create and grow our stakeholders' interests as we move energy around Australia.

2015
30 JUNE 2015
MARKET CAP
\$9.2B
SECURITY PRICE
\$8.24

JUN 2015
 Wallumbilla Gladstone Pipeline acquisition, underpinned by 20 year take-or-pay gas transportation agreements. APA's largest acquisition to-date.

2014
DEC 2014
 Diamantina and Leichhardt Power Stations officially opened, underpinned by long term electricity supply contracts until 2030.

2015 HIGHLIGHTS

0.64

**LTIFR¹ INCLUDING
EMPLOYEES AND
CONTRACTORS**

-20% year-on-year

\$US 4.6B

**(AUD\$6B) AUSTRALIA'S
LARGEST PIPELINE
ACQUISITION**

38.0¢

**FY2015 TOTAL
DISTRIBUTION PER
SECURITY**

56.5¢

**OPERATING CASH FLOW
PER SECURITY
+13.5%
YEAR-ON-YEAR**

\$821.3M

**NORMALISED EBITDA
CONTINUING BUSINESS**

+18% year-on-year and in-line
with FY2015 guidance

28,535

**NEW NETWORK
GAS CONNECTIONS**

\$9.2B

MARKET CAPITALISATION

as at 30 June 2015

+59.5%

as at 30 June 2015

\$396.3M

**TOTAL CAPITAL
EXPENDITURE INCLUDING
STAY-IN BUSINESS**

Photo: Peter Wheelwright, APA's Construction Manager working on the Victoria-New South Wales Interconnect expansion project.

1. Lost Time Injury Frequency Rate ("LTIFR")

2013

**28 JUNE 2013
MARKET CAP
\$4.8B
SECURITY PRICE
\$5.73**

2013-2011

Maximising the value of APA's portfolio through consolidation and expansion - we're more than the sum of our parts.

2012

DEC 2012

Completed acquisition of Hastings Diversified Utilities Fund. Creation of APA's East Coast Grid through the addition of the South West Queensland Pipeline. Emergence of the West Coast Grid with acquisition of Pilbara Pipeline System.

DEC 2012

Commenced expansion of APA's compression capacity at the Wallumbilla Gas Hub.

BUSINESS PERFORMANCE (NORMALISED¹)

EBITDA (\$M)

2015	822.3
2014	747.3
2013	661.9 ²
2012	535.5
2011	489.6

OPERATING CASH FLOW (\$M)³

2015	545.0
2014	439.7
2013	432.6
2012	335.6
2011	290.0

TOTAL ASSETS (\$M)

2015	14,652.9
2014	7,972.5
2013	7,698.9
2012	5,496.1
2011	5,427.6

REVENUE EXCLUDING PASS-THROUGH (\$M)⁴

2015	1,119.2
2014	992.5
2013	919.5
2012	758.0
2011	720.3

OPERATING CASH FLOW PER SECURITY (CENTS)⁵

2015	54.8
2014	50.8
2013	56.0
2012	52.5
2011	52.6

DISTRIBUTIONS PER SECURITY (CENTS)

2015	38.0
2014	36.3
2013	35.5
2012	35.0
2011	34.4

FINANCIAL RESULTS

	2015 Normalised ¹ \$ million	2014 Normalised ¹ \$ million	Change Normalised ¹ %	2015 Statutory \$ million	2014 Statutory \$ million	Change Statutory %
Revenue	1,553.6	1,396.0	11.3	1,553.6	1,396.0	11.3
Revenue excluding pass-through ⁴	1,119.2	992.5	12.8	1,119.2	992.5	12.8
EBITDA	822.3	747.3	10.0	1,269.5	747.3	69.9
Profit after tax and non-controlling interests	203.9	199.6	2.1	559.9	343.7	62.9
Operating cash flow ³	545.0	439.7	23.9	562.2	431.5	30.3

FINANCIAL POSITION

Total assets	14,652.9	7,972.5	83.8	14,652.9	7,972.5	83.8
Total drawn debt ⁶	8,642.8	4,789.4	80.5	8,642.8	4,789.4	80.5
Total equity	4,382.7	2,496.5	75.6	4,382.7	2,496.5	75.6

FINANCIAL RATIOS

Operating cash flow per security (cents) ⁵	54.8	50.8	7.9	56.5	49.8	13.5
Earnings per security (cents) ⁵	20.5	23.1	(11.3)	56.3	39.7	41.8
Distribution per security (cents)	38.0	36.3	4.8	38.0	36.3	4.8
Distribution payout ratio (%) ⁷	68.8	68.9		66.7	70.2	
Gearing (net debt plus equity) (%)	63.4	64.2				
Interest cover ratio (times)	2.6	2.3				

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

1. Normalised financial results exclude significant items.

2. The balances for June 2013 have been restated for the effect of applying AASB 119: 'Employee Benefits'.

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

4. 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.

5. Between 23 December 2014 and 28 January 2015, APA issued a total of 278,556,562 new ordinary securities, resulting in total securities on issue as at 30 June 2015 of 1,114,307,369. The issue was offered at \$6.60 per security, a discount to APA's closing market price of \$7.67 per security on 9 December 2014, the last trading day before the record date of the entitlement offer of 15 December 2014. The weighted average number of securities for the current and prior period (FY2014) has been adjusted in accordance with the accounting principles of AASB 133: 'Earnings per Share', for the discounted rights issue.

6. APA's liability to repay debt at relevant due dates of the drawn facilities. This amount represents current and non-current borrowings as per balance sheet and is adjusted for deferred borrowing costs, the effect of unwinding of discount, unrealised foreign exchange differences reported in equity and deducting other financial liabilities that are reported as part of borrowings in the balance sheet.

7. Distribution payout ratio = total distribution payments as a percentage of normalised operating cash flow.

2011

DEC 2011

Capacity expansion of the Goldfields Gas Pipeline.

JUL 2011

Emu Downs wind farm acquisition in the Perth area energy precinct, underpinned by 20 year electricity supply contracts.

JUN 2011

Acquisition of the Amadeus Gas Pipeline in the Northern Territory.

MAY 2011

Fivefold capacity expansion of Mondarra gas storage facility in the Perth area energy precinct.

CHAIRMAN'S REPORT

As we look back over the 15 years since APA listed on the Australian Securities Exchange, it is timely to reflect on how much has been achieved. We began this journey with an asset base of less than \$1 billion and a simple goal – “to be recognised as the leading transporter of natural gas in Australia”.

From these modest beginnings, consistent strategy execution has seen APA emerge as a leader in energy delivery that is playing an active part in transforming Australia's dynamic energy sector.

Today, we operate around \$19 billion of owned or managed assets and our team of 1,600 experienced professionals is working harder than ever to unlock still more value from this diverse and growing portfolio. By connecting gas resources to markets, we create opportunities for our customers to more effectively manage their energy portfolios.

Our focus is on serving our customers and solving their challenges in a manner that generates sustainable growth opportunities for APA. It is pleasing to report that, consistent with this philosophy, APA has delivered another strong result for the 2015 financial year.

The Board declared total distributions for the year of 38.0 cents per security, including a final distribution of 20.5 cents, an increase of 4.8 per cent over the total distribution paid for the previous year. Distributions continue to be fully funded out of operating cash flow as we seek to deliver sustainable growth in distributions while maintaining investment in the growth of the business. Execution of this strategy has seen APA deliver a compound total securityholder return of 19.2 per cent per annum since listing in June 2000.

Net profit after tax including significant items increased by 62.9 per cent to \$559.9 million, including a \$356.0 million after tax profit from the sale of APA's shareholding in Australian Gas Networks Limited (“AGN”, formerly Envestra Limited) and the recovery of fees paid by Hastings Diversified Utilities Fund to Hastings Funds Management during the period. Net profit after tax excluding significant items and profits attributable to minorities, increased by 2.1 per cent to \$203.9 million.

Earnings before interest, tax, depreciation and amortisation (“EBITDA”) from continuing business and before significant items increased by 18 per cent to \$821.3 million. The increase in normalised EBITDA from continuing business was underpinned by organic growth of \$109.1 million, more than offsetting the decrease in contribution from the divested investment in AGN, and below-average customer contributions received by APA's Asset Management operations.

WALLUMBILLA GLADSTONE PIPELINE

A highlight of the year was the US\$4.6 billion acquisition of the Wallumbilla Gladstone Pipeline that APA announced in December 2014. This was our largest ever acquisition and a true milestone for APA that further cements our position as Australia's largest gas infrastructure business.

The acquisition significantly enhanced our asset portfolio, connecting APA's East Coast Grid to Gladstone. Expansion of the grid provides our customers with the ability to transport gas seamlessly from multiple production facilities to users across four states and the ACT, as well as the export LNG market developing in Gladstone.

The 556 kilometre (including laterals) Wallumbilla Gladstone Pipeline is a key component of the Queensland Curtis LNG Project (“QCLNG”) linking gas fields in the Surat Basin to the project's LNG plant on Curtis Island. The acquisition is underpinned by fully contracted revenues with BG Group entities and a China National Offshore Oil Corporation owned entity on a 20 year take-or-pay basis with primary tariff components escalated annually at U.S. Consumer Price Index.

Gas began flowing through the Wallumbilla Gladstone Pipeline in December 2014, with the QCLNG plant commencing commercial operations in May 2015 following the shipping of 16 LNG cargoes as part of commissioning and performance testing.

APA's capacity to complete an acquisition of this scale is testament to the skills of our people, our relationships in the equity and debt markets, and our conservative approach to balance sheet management. From conception, and through preliminary discussions, structuring, due diligence, and financing to the ultimate closing of the acquisition, the quality of execution on this transaction was a credit to all those involved.

We are particularly grateful to APA Securityholders for the confidence they showed in the acquisition, and in our strategy, through their support for the \$1.8 billion accelerated renounceable entitlement offer undertaken to partially fund the acquisition.

MORE GROWTH

Continued investment in our existing assets is core to APA's strategy to position the business for ongoing growth. Over the course of the financial year ending 2015, APA spent close to \$400 million on capital expenditure including stay-in business capital expenditure, and expansions in New South Wales, Victoria, Queensland and Western Australia. Among a number of previously announced projects, the following were concluded:

- In May 2015, we completed the latest expansion of the Victoria – New South Wales Interconnect (“VNI”) to increase the firm peak winter gas flows from Victoria into New South Wales by 145 per cent to nearly 120 terajoules per day, at a total cost of approximately \$160 million. New gas transportation agreements with three customers were entered into as a result of the project's completion. A fourth agreement with an existing customer was announced in July 2015, which will support further expansion of the VNI;
- In January 2015, the South West Queensland Pipeline expansion project was completed and commissioned.

2010

APR 2011

Capacity expansion of the Roma Brisbane Pipeline.

30 JUNE 2010

MARKET CAP

\$1.9B

SECURITY PRICE

\$3.45

2010-2009

APA obtained investment grade credit ratings from Standard & Poor's (June 2009) and Moody's (April 2010).

2010-2008

Enhanced APA's asset footprint by means of capacity expansion, pipeline development and acquisitions.

1,304%

APA's total securityholder return since listing

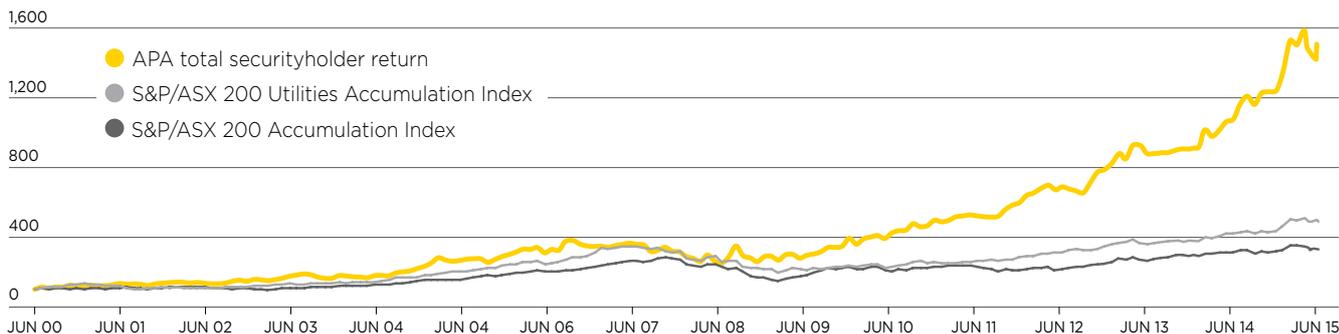
19.2%

per annum compound total securityholder return since listing



TOTAL SECURITYHOLDER RETURN SINCE LISTING¹

Total returns indexed to 100 from date of APA listing, 13 June 2000 to 30 June 2015



The \$325 million growth project, underpinned by a number of long term gas transportation agreements, has seen a significant increase in the pipeline's capacity, the addition of bi-directional capability and the augmentation of compression facilities at Wallumbilla and Moomba.

— In September 2014, the Goldfields Gas Pipeline expansion project was completed. Long term gas transportation agreements with major mining groups underpinned this expansion.

CAPITAL MANAGEMENT

APA's success relies upon a strong balance sheet and, in a year of substantial investment and growth through acquisition, we maintained our solid investment grade credit ratings of BBB/Baa2 from Standard & Poor's and Moody's respectively, through a prudent and conservative approach to capital management.

APA's strategies for financing growth continued to attract strong support from capital markets, with debt sourced across a range of maturities and markets to partially fund the Wallumbilla Gladstone Pipeline acquisition.

This financing program saw US\$3.7 billion debt raised in international debt capital markets, across three currencies and five maturity tranches ranging from 7 to 20 years.

At 30 June 2015, APA had around \$1.6 billion in cash and committed undrawn facilities available to meet the continued capital growth needs of the business. We finished the year with a debt portfolio containing a broad spread of maturities extending out to 2035, with an average maturity of drawn debt of 8.5 years. Our gearing of 63.4 per cent at 30 June 2015 was down slightly from 64.2 per cent at 30 June 2014.

I recently announced the appointment of two new members to your Board. Michael Fraser and Debbie Goodin will further enhance the Board's expertise in the energy industry and financial management. As foreshadowed at the 2014 Annual Meeting, Robert Wright, who was appointed to the Board when APA was floated in 2000, is retiring from the APA Board with effect from close of the 2015 Annual Meeting of Securityholders in October. I thank Robert for his significant contribution over the last 15 years.

OUTLOOK

Your Board is confident that APA remains well placed to continue delivering sustainable and profitable growth. Our demonstrated ability to generate organic growth from existing assets augurs well for the financial year ahead, which will also benefit from the first full year of ownership of the Wallumbilla Gladstone Pipeline.

Our confidence in the outlook for APA is reflected in our guidance for the 2016 financial year, with statutory EBITDA for the full year to 30 June 2016 to be in a range of \$1,275 million to \$1,310 million. The distribution per security for the 2016 financial year is expected to be at least equal to that paid in the 2015 financial year, that is, at least 38.0 cents per security.

On behalf of the Board, I thank our Managing Director Mick McCormack, his leadership team and APA's people for their contributions this year.

I also thank you, APA's Securityholders, for your continued support.

Len Bleasel AM
Chairman

¹ Total securityholder return is the capital appreciation of the company's security price, adjusted for capital management (such as security splits and consolidations) and assuming the reinvestment of distributions at the declared distribution rate per security. Figures quoted are sourced from IRESS.

2008

MAR 2010

Acquired the Berwyndale to Wallumbilla Pipeline.

DEC 2008

Established Energy Infrastructure Investments (EII) for APA annuity style assets. Completed construction of the Bonaparte Gas Pipeline.

AUG 2008

Acquired the Central Ranges Pipeline.

MANAGING DIRECTOR'S REPORT

At the mid-point of our second decade as a listed entity, it is the skills and expertise of APA's people across asset management, development and operational activities that have seen us emerge as a leader in energy delivery in Australia.

Today, APA owns and/or operates over 14,700 kilometres of natural gas pipelines as well as gas storage facilities, gas-fired generation plants and a wind farm. Half of Australia's natural gas production passes through our network, which is by far the largest in the country. We have a well-earned reputation for delivering our Securityholders sustainable growth and returns, while continuing to invest in assets that are a strategically vital part of our nation's energy infrastructure.

The 2015 financial year saw exceptional levels of activity in the completion of existing projects, the commissioning of new projects, and our most substantial acquisition to date - the Wallumbilla Gladstone Pipeline. Our investment activity is focused on connecting APA's physical assets to link more Australian gas resources to more gas markets. It is a process that is driven by engagement with our customers, listening to their needs and developing new and innovative ways to make the most of our infrastructure.

FUTURE GROWTH

While it's healthy to acknowledge our significant growth and success over the last 15 years, and reflect on what we have achieved in the past year, at APA we are always looking forward to the opportunities for growth that lie ahead. That is why, in addition to the projects we completed in the past year, we have also been planting the seeds for our future growth.

In April 2015 we opened the APA Integrated Operations Centre ("IOC") in Brisbane. This new centre of excellence will enable us to centrally manage our portfolio of interconnected assets, responding more nimbly to operational and market imperatives. By integrating commercial, technical and operational resources in the one location in a real-time environment, we will provide a single operational point of contact

for our customers and realise additional operational efficiencies. I have no doubt that this concentration of expertise from many different parts of APA will, in itself, lead to the development of previously unthought-of services and a step-change in the timeliness and dynamism with which we meet our customers' needs. In 2016 we will complete full transitioning of all APA pipelines to the IOC.

The establishment of the IOC is a natural step following the creation in 2012 of the East Coast Grid, which now allows our customers to choose from, and move gas between, around 30 receipt points and approximately 100 delivery points on the east coast. It is APA's ongoing commitment to innovation that enabled us to develop the commercial and operational framework to provide this flexibility to our customers including related offerings such as multi-asset services, bi-directional transportation and gas storage and parking facilities.

We broke ground in March 2015 on the construction of the new 293 kilometre Eastern Goldfields Pipeline ("EGP"). This project is underwritten by two gas transportation agreements executed between AngloGold Ashanti Australia Limited ("AngloGold") and APA in July 2014 for the transportation of natural gas to AngloGold's Sunrise Dam Operations and the Tropicana Operations located in the eastern Goldfields region of Western Australia. The EGP will connect APA's existing infrastructure, the Goldfields Gas Pipeline and the Murrin Murrin Lateral to the respective mine site locations transporting natural gas over a total distance of 1,500 kilometres. Commissioning of this project is scheduled to take place prior to January 2016.

As we discussed in last year's Annual Review, in early 2014 APA announced a feasibility study into a possible link of our Northern Territory pipeline infrastructure with our East Coast Grid.

This year the Northern Territory Government announced its own process for this pipeline and shortlisted four bidders, one of which is APA. We are working towards making a final submission in September this year.

The proposed pipeline link would create the opportunity for gas sourced from onshore and offshore fields in the Northern Territory to be economically supplied to east coast markets as well as provide additional gas security for the Northern Territory. Any commitment by APA will be underpinned by appropriate long-term revenue agreements, and we look forward to the favourable conclusion of this exciting prospect.

These are just three of the projects that saw APA invest \$343.1 million in growth capital expenditure, including expansions and enhancements to its gas infrastructure in New South Wales, Victoria, Queensland and Western Australia over the course of the year.

TRANSPARENT COSTS

This year we are introducing a change in our reporting by separating corporate costs from operating business segments. In doing so, it is our intention to provide our Securityholders with a greater insight to the underlying performance of the operating businesses and the costs incurred by APA in the management of these businesses.

Corporate costs have declined as a proportion of revenue (excluding pass-through revenue; 2015: 6.7 per cent and 2014: 7.7 per cent) and EBITDA (continuing businesses before corporate costs; 2015: 8.2 per cent and 2014: 9.4 per cent). Indeed, these ratios have trended down over the last five years, demonstrating the efficient scalability of APA.

2007

2007-2006
Start of ongoing acquisition and development of complementary assets for the APA portfolio.

OCT 2007
APA fully internalised asset management and operational services.

APA acquired Origin Energy Network (Jun/Jul 2007) assets including interests in SEA Gas Pipeline and the Envestra gas distribution network along with the long term operations and management contract for Envestra assets.

APA completed construction and commissioning of Daandine (Jan 2007) and X41 (Nov 2007) Power Stations.

\$9.2B

market capitalisation as at 30 June 2015, +59.5% year-on-year

US\$4.6B

(AUD\$6B) Australia's largest pipeline acquisition



PUBLIC POLICY

The 2015 financial year saw unprecedented levels of public and policy discussion of the evolving gas market in Australia as LNG exports from Gladstone commence and domestic supply arrangements need renewal. The Federal and State Energy Ministers, through the Council of Australian Governments' Energy Council, initiated a major review of the east coast gas market and concurrently, the Federal Government has instructed the Australian Competition and Consumer Commission to undertake an inquiry into the competitiveness of the wholesale gas market, including gas transmission.

There appears to be a high degree of overlap between these processes and each consumes a material amount of APA's resources and management attention. These reviews cover much of the same ground considered in the expansive work undertaken by the Productivity Commission, the Harper Review into Competition Policy, and the Federal Government in developing its Energy White Paper, all of which were completed in 2014/15.

Whilst transparent discussion of the issues facing the industry promotes sensible policy determinations, provides certainty and serves to educate the public, it is important that a succession of reviews should not be allowed to adversely affect business confidence. In the last decade Australia has been well served by the relatively light level of regulation and market interference in transmission pipelines. It was this business environment that has enabled the development of the East Coast Grid and the range of services that APA provides the market. Today, as we are about to enter the next expansive stage of the gas market, it is critical that the ability to invest in further enhancements of Australia's pipeline system such as the Northern Territory Link are not crippled by misguided government policy and bureaucratic interference.

CONTINUING COMMITMENT TO SAFETY

In this report last year, I announced APA's three-year Health, Safety and Environment Strategic Improvement Plan following a corporate-wide health and safety cultural survey in early 2013. I am pleased to provide an update on the progress that we have made in the past year towards achieving our aim of being a Zero Harm workplace.

14 of the 17 Plan initiatives we originally identified have now been implemented. The Plan and ongoing progress of the initiatives are regularly reviewed and updated. Given the vast geographical spread and remoteness of our assets, an additional initiative was introduced this year, Safedrive+ which will provide the requisite level of control and training for all APA and contractor drivers and passengers, as well as a minimum standard vehicle specification.

The principle metric against which we measure the safety of our people is the Lost Time Injury Frequency Rate ("LTIFR" including both employees and contractors), which has continued to decline from 0.80 last year to 0.64 this financial year. This represents a significant improvement, but we will continue working towards zero, implementing the remaining initiatives as well as monitoring the active initiatives.

OUTLOOK

I am tremendously proud of the dedication, competence and hard work that each of APA's employees has contributed to our strong 2015 financial year result. It is these same qualities, combined with our robust balance sheet, and a commitment to innovation and excellent execution that give me confidence in APA's future.

Our approach will not change. We will continue to invest in our existing infrastructure to provide tailored services to our customers.

We will continue to invest in the growth of our national infrastructure where customer demand provides an opportunity for commercial long-term returns. And we will remain alert to investment and acquisition opportunities compatible with our over-arching strategy, prudent management of the balance sheet, and our own return on investment requirements.

Recently, APA announced the retirement of two members of my executive team - Peter Wallace, Group Executive Human Resources and Mark Knapman, APA's Company Secretary. Both have contributed significantly to APA's growth and I thank them for their commitment and wish Peter and Mark all the best for their well-deserved retirements. We're very proud of the talent pool and succession planning that has been internally developed within APA over a number of years. It was therefore with great pleasure to also announce at the time that both executive roles were taken up by existing employees and I welcome to the executive team Elise Manns APA's new Group Executive Human Resources and Nevenka Codevelle, APA's new Company Secretary and General Counsel.

Lastly, at 15 years young, I would like to extend my sincere thanks for your continued support of APA. I look forward to leading our business with the same enthusiasm and focus that has brought us this far, to a future that promises to be even more exciting than our past.

Mick McCormack
Managing Director
and Chief Executive Officer

2006

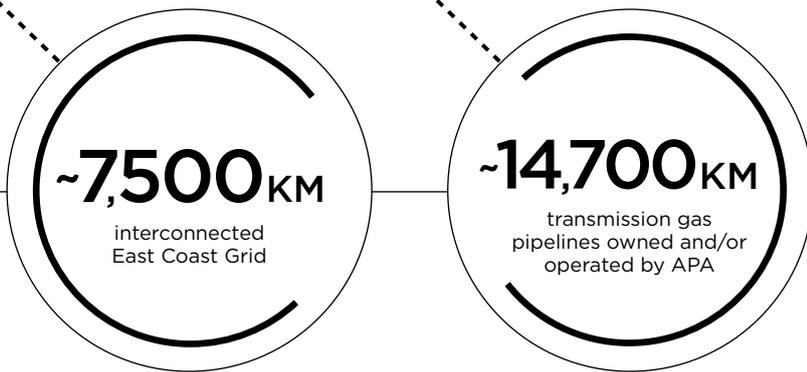
APA completed construction and commissioning of Kogan North (Mar 2006) and Tipton West (Mar 2007) gas processing facilities.

APA acquired the Murraylink (Mar 2006) and Directlink (May 2007) electricity interconnectors.

DEC 2006
Acquisition of the Victorian Transmission System (formerly GasNet).

NOV 2006
Acquisition of Allgas gas distribution network in Queensland.

ENERGY INFRASTRUCTURE



Energy Infrastructure is at the core of APA, housing our key gas infrastructure assets including gas transmission pipelines, compression facilities and storage facilities. Our national and interconnected portfolio of assets enables APA to provide various infrastructure services to our customers, including transportation, storage, compression or metering.

Over the last 15 years, APA has extended its infrastructure footprint so gas can be seamlessly transported to the various markets where it is required from every major gas supply source in Australia. And we continue to invest in our interconnected gas infrastructure grids across the country that connects resources to markets and markets to resources. In doing so, we are contributing to the energy security of Australia's economy and assisting the domestic market to adapt to the dynamic times that have developed with the onset of east coast LNG exports.

We now own and/or operate over 14,700 kilometres of gas transmission pipelines as well as a substantial portfolio of energy-related infrastructure assets. To achieve this sustainable growth, we listen to our customers and work with them, leveraging APA's diversified assets and know-how to solve their logistical challenges. Our strategy of expansion and enhancement of our portfolio has remained consistent since we listed in 2000, developing organic growth opportunities surrounding our assets and prudent acquisitions. From 2006, when we acquired the asset management business,

we have also become skilled operators. Now we own and/or operate around \$19 billion of assets when we include APA's latest and largest acquisition, the Wallumbilla Gladstone Pipeline ("WGP", renamed by APA from the Queensland Curtis LNG Pipeline post completion of the acquisition).

SOLUTIONS DELIVERY

APA has been busy working with our customers to provide more flexible and value-add services across this extensive infrastructure portfolio. Pipelines worldwide, including Australia, were originally built to deliver gas from one point to another. But APA has rewritten the guidelines of tradition by developing an interconnected grid and flexible solutions. Our East Coast Grid has now become a 7,500 kilometre gas superhighway, with customers able to take advantage of the many service offerings along its routes.

It is our technical and commercial 'smarts' that APA applies to our assets that transforms their functionality and capabilities from simple point to point pipelines to an interconnected gas grid. Our customers continually respond to the current dynamic energy markets and associated demand and supply movements, as well as seek to

take advantage of short term price differentials across the gas market. By listening to our customers, APA can now seamlessly manage their gas transportation requirements, providing park and loan services, storage services and bi-directional services across our connected gas grids. We can now offer additional services such as capacity and in-pipe trading that enables customers to more efficiently and effectively manage their energy needs.

APA's various teams across commercial, engineering and operational disciplines have always worked together to deliver solutions to our customers' needs. And now with the opening of the Integrated Operations Centre ("IOC") in April 2015, APA expects that our coordinated solutions approach will be further enhanced, and our service delivery even more responsive to changes in operations and gas markets. The IOC currently services APA's infrastructure assets in Queensland, New South Wales, the Northern Territory and the Pilbara Pipeline System in Western Australia with further assets transitioning to the IOC during FY2016. By integrating the service teams we aim to maximise commercial opportunities and minimise operational impact.

2005

2005-2001

Period of acquisition of minority interests in major APA pipelines consolidating our ownership positions across Australia.

FEB 2005

Acquired the remaining 30% interest in the Carpentaria Gas Pipeline.

30 JUNE 2005

MARKET CAP
\$1.0B
SECURITY PRICE
\$3.45

2004

AUG 2004

Goldfields Gas Pipeline interest increased to 88.2%.

“We are very pleased that APA Group, as one of the most experienced owners and operators of pipeline infrastructure in Australia, has purchased the QCLNG Pipeline.

The newly-named Wallumbilla Gladstone Pipeline is a critical piece of infrastructure connecting our upstream CSG wells to our LNG plant on Curtis Island. APA Group has been an important partner as we have started up and commissioned the world’s first integrated, large-scale CSG-to-LNG project – partnering with us on key commercial arrangements; being a pragmatic and highly responsive counterparty; and a first-rate operator of an extensive pipeline network.

APA Group has demonstrated that it is deeply invested in supporting the success of the QCLNG Project - this was evident even before we completed the pipeline sale and we look forward to deepening our relationship with APA Group even further over the next 20 years and beyond.”



TONY NUNAN
Managing Director
QGC

EAST COAST GRID

Three years ago, APA created the East Coast Grid by interconnecting the majority of our existing assets in eastern Australia through the acquisition of the South West Queensland Pipeline. This has allowed our customers on the east coast of Australia to move gas seamlessly between different markets and states, enabling them to manage their energy portfolios with a high degree of flexibility. This year, we added some 500 kilometres to the East Coast Grid as well as a gateway to the LNG export market at Gladstone through the acquisition of the WGP.

The acquisition of the WGP is the largest pipeline transaction in Australia. But more impressive than the size of the transaction is the strategic value it adds to our East Coast Grid, adding a delivery point at Gladstone, extending our strong customer base with the addition of two international customers in BG Group and China National Offshore Oil Corporation and enhancing APA’s ability to capture further opportunities for the growing LNG export market as it connects with the other two LNG transmission pipelines due to come online in FY2016. These connections, together with other potential connections that we may develop in the future, provide us with opportunities for additional enhancements of the Wallumbilla Gladstone Pipeline, be they for the foundation shippers or new shippers.

The WGP transports gas to BG’s Queensland Curtis LNG export facility on Curtis Island, just off Gladstone, from the Surat Basin, and is fully contracted in the form of long term take-or-pay gas transportation agreements. After the first twenty years, the shippers have two options to extend the contracts by a further ten years. So APA has 20 years of guaranteed revenues and potentially up to forty, with the extensions clearly designed for the shippers to take advantage of the technical life of the pipeline. We will earn a return on capital spent to ensure the pipeline operates for that additional 20 years.

This acquisition is consistent with the strategy that has created value for our investors and underpinned our growth for years. That is, it leverages our core skills in gas infrastructure assets to deliver appropriate commercial returns. The existing contracts provide that return, and the potential enhancements that come from our ownership and integration with our existing platform give further commercial opportunities.

Following commissioning of the pipeline in 2014, QGC Pty Limited, an Australian subsidiary of BG Group will continue to operate the WGP for the next 12 or so months after which APA has the option to take over the operatorship (from June 2016). As we’re first and foremost a pipeline operator, we’re likely to do so when that time arrives and we are comfortable that all the usual issues around commissioning have been settled.

APA’S EAST COAST GRID



2001

2000

AUG 2004
Acquired Mondarra Gas Storage Facility, along with the Parmelia Gas Pipeline.

FEB 2001
Acquired the remaining 15% interest in the Roma Brisbane Pipeline.

30 JUNE 2000
MARKET CAP
\$0.5B
SECURITY PRICE
\$2.10

13 JUNE 2000
APA was listed on the Australian Stock Exchange. Foundation contract was on the only 100% owned Moomba Sydney Pipeline.

ENERGY INFRASTRUCTURE

MORE CAPACITY

The network of our pipelines is not just getting bigger in length and reach, but we are also expanding the capacity of our pipelines - where that capacity is required. During the year, our Infrastructure Development team completed an expansion of the connection between Victoria and New South Wales (the Victoria-New South Wales Interconnect, "VNI") that has increased the asset's capacity by 145 per cent to nearly 120 terajoules per day. This involved looping around 60 per cent of the pipeline as well as increasing capacity at Culcairn in southern New South Wales.

APA has recently signed a fourth contract that will support 30 terajoules per day of further capacity expansion. On completion of this project, the capacity of the VNI will have trebled in three years, by responding to our customers' needs to transport more gas from southern gas resource basins into northern markets with the benefit of APA's flexible and seamless services. Also in Victoria, new compression facilities were completed at Winchelsea on APA's South West Pipeline which connects to the Victorian Transmission System.

Major capital works were also undertaken and completed at both Moomba in South Australia and Wallumbilla in Queensland with the commissioning of three Solar Mars compressors at each location to enhance the overall capacity of the South West Queensland Pipeline in the LNG ramp up. In Western Australia on the Goldfields Gas Pipeline,

additional compression capacity was also increased. All of these expansion projects were underwritten by long term agreements with our customers.

BENEFIT TO LOCAL COMMUNITIES

As APA grows, we're able to bring an economic boost to the local communities where our expansion projects are taking place. We understand that we are long term members of the communities in which our assets and operations exist and therefore where possible, we utilise the services and skills of those regional communities. It is very pleasing to get feedback such as was reported in the Euroa Gazette 17 December 2014 during the VNI expansion project works:

Gas pipe workers bring economic boost - Euroa benefiting economically from gas pipe construction

Shoppers in Euroa will have noticed a sea of flouro yellow work shirts when they've gone to buy their bread or café lattes. The town is in the grip of a mini economic boom thanks to the influx of hundreds of workers who are stationed at the gas pipe site outside Euroa. Almost 300 people are working on a project to construct a gas pipeline which will run 119 kilometres from Mangalore to Glenrowan.

Euroa Hot Bread owner David Mawson said many local businesses had extended their trading hours to accommodate the workers. "It's brought a lot of money into the town, whether it's the take-away shops or the petrol stations because they're buying all their fuel locally."



BOTH DIRECTIONS

Not only are our pipelines expanding in length and capacity, but we're changing their flow direction capability as well which increases the flexibility of services we can offer to customers. Today, the majority of APA's key pipelines have bi-directional capabilities allowing gas to flow in both directions rather than simply point to point. We achieve this with a combination of additional compression capacity as well as installation of flow redirection skids.

In addition to the extra compression capacity installed at Moomba and Wallumbilla this year, both the South West Queensland Pipeline and the Berwyndale Wallumbilla Pipeline underwent bi-directional transformation. Currently works are underway on both the Roma Brisbane Pipeline and Moomba Sydney Pipeline to convert to bi-directional capability which are due for completion early FY2016.



Preparing to weld the new pipeline looping sections on the VNI



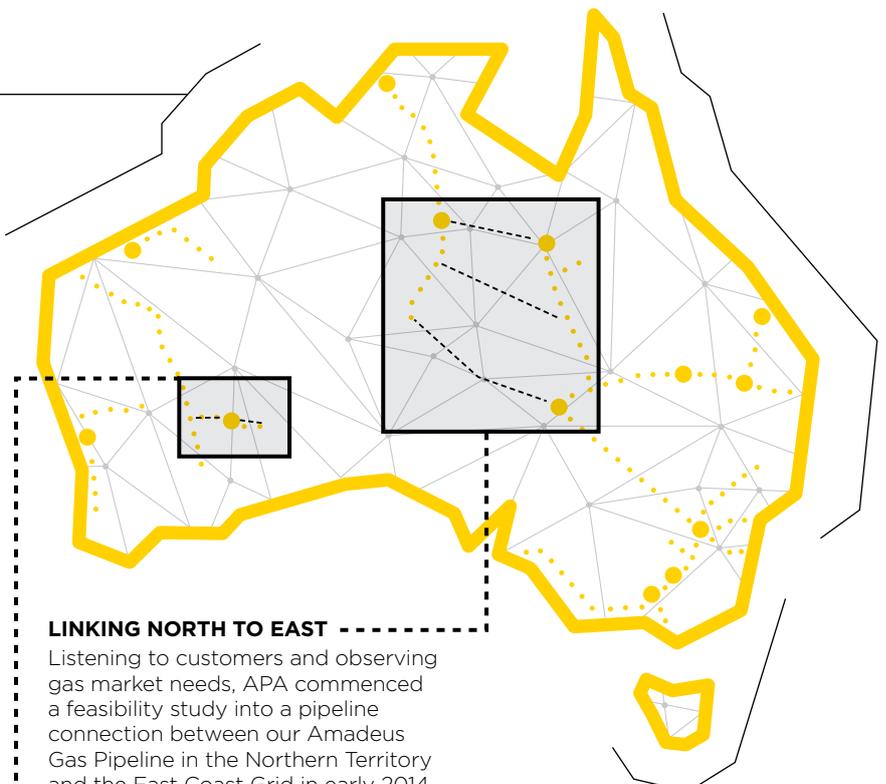
Ben Tibenszky, APA Project Engineer, with one of the flow redirection skids installed at Wallumbilla

WEST COAST GRID

A grid is roughly defined as a network of horizontal and perpendicular lines and the Goldfields Gas Pipeline in Western Australia with all its expansions over the years in response to mining customer requirements has certainly seen it emerge as a key asset of APA's West Coast Grid. Together with APA's other assets and investments notably the Pilbara Pipeline System, Telfer and Nifty Pipelines, the Parmelia Gas Pipeline, Mid-West Pipeline and the Mondarra Gas Storage Facility, Western Australia is becoming an interconnected gas market.

The latest adjunct to the Goldfields Gas Pipeline is the 293 kilometre Eastern Goldfields Pipeline, APA's latest greenfield project. In mid-2014, we were able to announce construction of the new pipeline on the back of two gas transportation agreements signed with AngloGold Ashanti, who took a long term view about energy supply and appreciated the reliability and cost stability that gas offered.

Once completed, APA will deliver gas from north-west of Western Australia to mines in the eastern Goldfields region via three of its interconnected pipelines spanning 1,500 kilometres – the Goldfields Gas Pipeline, the Murrin Murrin Lateral and the Eastern Goldfields Pipeline. Construction is expected to involve laying approximately 16,500 18-metre lengths of carbon steel pipe. The construction is well under way with completion prior to January 2016.



LINKING NORTH TO EAST

Listening to customers and observing gas market needs, APA commenced a feasibility study into a pipeline connection between our Amadeus Gas Pipeline in the Northern Territory and the East Coast Grid in early 2014 ("NT Link"). The study has been ongoing during this financial year.

APA has been short listed as one of four bidders to the Northern Territory Government's process, the North East Gas Interconnect ("NEGI"), which was launched in late 2014 with final bids due in September 2015. Our feasibility work has gone into formulating our bid for this process.

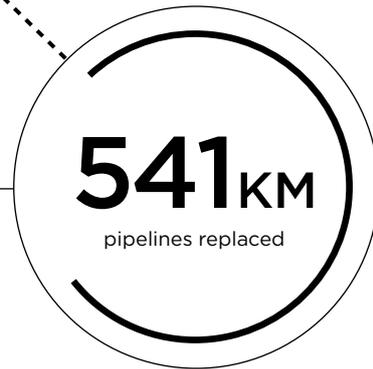
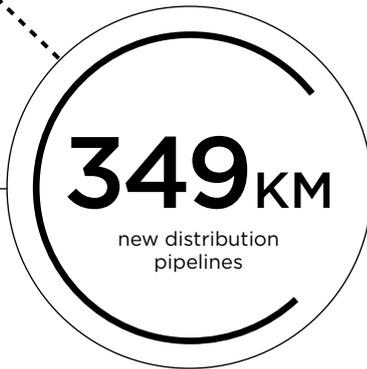
The genesis of the NT Link concept was to address the supply dynamics in the eastern Australia gas market, given the development of the LNG projects around Gladstone. By connecting the Northern Territory with the east coast, those markets will effectively have additional gas basins to source their gas from and, conversely, the gas fields will have new markets they can access. This is another example of APA connecting more resources with more markets.

293KM
new pipeline under construction in Western Australia



Jo Davis, APA's Health and Safety Advisor on the Eastern Goldfields Pipeline project

ASSET MANAGEMENT



At APA, the diversity and depth of our skills and thinking sets us apart from our peers and therefore our expertise is sought after by asset owners. Under long term agreements, APA provides asset management and operational services to the majority of its energy investments and to a number of third parties.

Our main customers are Australian Gas Networks Limited (“AGN”, formerly Envestra Limited), Ethane Pipeline Income Fund, Energy Infrastructure Investments and GDI (EII) Pty Ltd (“GDI”). In August 2014, APA sold its 33.05 per cent interest in AGN. APA retained its operation and management agreements with AGN which run to 2027. Contracts with other customers to provide operational, management and/or corporate support services range from 5 to 20 years.

GROWING OUR CUSTOMERS' BUSINESSES

It has been a busy year for APA's 550 Network employees and 950 contractors. A number of growth projects commenced or continued during FY2015 have required new connections for homes and businesses throughout eastern Australia. Currently,

the total new customer connection potential is almost 140,000 homes and businesses in future years. APA works closely with customers, developers and government bodies to promote natural gas as the preferred choice of energy, thereby increasing the utilisation of our customers' networks. In FY2015, over 28,000 new connections were added to existing networks.

Two of the most recent growth project approvals include North Harbour near Caboolture Queensland and McLaren Vale in South Australia. As capital cities become more crowded and expensive to live in, combined with improved transport links, high speed internet technology and flexible work options, new growth corridors centred around lifestyle, community and affordable housing are being developed, providing opportunities for APA to organically grow its business.

The North Harbour development located in the corridor between Brisbane and the Sunshine Coast includes a 2,200 residential lot housing estate and a marina with associated facilities, a neighbourhood shopping centre and lifestyle amenities. There are 400 residential lots for the development of apartments and townhouses and a 170 hectare business park development with a mix of industrial and commercial lots.

McLaren Vale, located 35 kilometres south of Adelaide, is an important centre for the tourism, wine and food production industries, that is very similar to Tanunda, also in South Australia, which APA connected to natural gas during the year. APA has commenced activities to construct the six kilometre high pressure gas supply main to bring reticulated natural gas to McLaren Vale, with an estimated 1,500 to 2,000 connections expected in future years.





MAKING IMPORTANT CONNECTIONS

During the financial year, APA also completed connecting natural gas to Adelaide's new state of the art Royal Adelaide Hospital, due to open in 2016. One of the design features is natural gas supply connections from two different locations on the gas network to mitigate the risk of interruption to the supply of gas which is an essential energy source for the functioning of the hospital.

We have also commenced the pre-work for providing connection facilities for the Parklands Project, which will be utilised as the Commonwealth Games Village during the Gold Coast 2018 Commonwealth Games. The redevelopment of the Parklands precinct in Southport is one of the largest urban renewal projects ever undertaken on the Gold Coast. Natural gas is being used to supply bulk hot water and cooking to apartments, pool heating and catering. Once the Commonwealth Games are finished, the site will form the key residential, commercial and retail sector of the Gold Coast Health and Knowledge Precinct.

NETWORK ASSETS OWNED AND/OR OPERATED BY APA

NETWORK STATS

Gas Consumers

New Connections	28,535
Total Connections	1,317,323

Natural Gas Distribution Networks:

New Pipelines	349km
Replacement Pipelines	541km
Total Pipelines Managed	28,413km
Gas Transported	120PJ

“On behalf of Australian Gas Networks, I would like to acknowledge APA for its excellent performance during the interruption to gas supplies in Port Pirie and Whyalla in April. The APA teams at Kidman Park and on site showed outstanding commitment and professionalism throughout the incident period and the efforts to keep the two hospitals supplied with compressed natural gas and LNG and to provide hot showers and food to the community are to be commended.”

BEN WILSON

Chief Executive Officer
Australian Gas Networks



RELIABLE SUPPLY

Maintaining a safe and reliable supply for customers is one of our key operational objectives. APA is able to access and utilise all of its business units and capabilities across Australia from transmission and network services, LNG supply and vapourisation plants, storage and compression capacity and compliance and communication specialists, which is particularly critical during emergency response events.

During the year, APA responded to a major disruption of gas supply to the cities of Port Pirie and Whyalla in South Australia caused by a rupture on the Moomba Adelaide transmission pipeline. APA operates and maintains the South Australian natural gas network, which is connected to this pipeline, on behalf of Australian Gas

Networks. With APA's experience and quick response, some gas was able to be preserved in the network to continue an emergency supply to both cities' hospitals. Furthermore, APA's Asset Management team was able to call on help from other APA teams to assist with managing the crisis. APA organised LNG supplies from its Dandenong storage facility to be transported across the border by tanker and injected into the network so that basic needs could be maintained for the communities during the week long disruption. APA transmission services also provided support to the operator of the Moomba Adelaide Pipeline, assisting with repairing the ruptured section. As a fully integrated business, we are able to add-value to the individual services we provide to customers.



Injecting LNG into the network during the Port Pirie and Whyalla gas disruption

ENERGY INVESTMENTS



The Coomandook compressor station on the SEA Gas Pipeline, South Australia

As Australia's largest energy infrastructure business, we also have an interest in a number of complementary energy investments across Australia, in addition to the assets we own.

These investments are diverse in both functionality and geographical spread which reduces risks, yet aggregated so that we can apply APA's considerable expertise in managing and operating energy assets.

In addition to ownership interests, APA also holds a number of roles in respect of our investment businesses be it operational, management and/or corporate services. All investments are equity accounted, with the exception of APA's interest in Ethane Pipeline Income Fund.

In August 2014, APA divested its 33.05 per cent interest in Australian Gas Networks Limited ("AGN", formerly Envestra Limited) receiving \$784 million in consideration in addition to \$21 million we received as a final dividend in July 2014. As a result of the divestment, there was no contribution from AGN to the FY2015 results, however APA retains the operations and management agreement on the AGN assets until 2027.

EBITDA from continuing investments increased by 20.9 per cent to \$21.8 million (2014: \$18.0 million), driven by increased contributions from GDI, EII2 and the SEA Gas Pipeline, in particular.

HARNESSING EXPERTISE

During the financial year, Diamantina and Leichhardt Power Stations (collectively "DPS") were completed and commenced operations contributing to approximately six months of the 2015 financial year. The greenfield joint venture project was announced in 2011 and construction commenced in early 2012.

As project partners, APA and AGL Energy harnessed the expertise of both companies to deliver a total energy solution for North West Queensland that will reliably supply the energy needs of this mineral rich area now and into the future. DPS consists of the 242 megawatt Diamantina combined cycle power station and the 60 megawatt open cycle Leichhardt power station. The site is adjacent to APA's Carpentaria Gas Pipeline and metering station which supplies gas to the power station precinct.

In line with our strategy, APA will continue to grow our ownership interests in energy infrastructure that complements our existing portfolio and leverages our operational and management capabilities.

ASSET

SEA GAS PIPELINE

ETHANE PIPELINE
INCOME FUND

EII2

GDI (EII)

DIAMANTINA
POWER STATION
JOINT VENTURE

ENERGY
INFRASTRUCTURE
INVESTMENTS



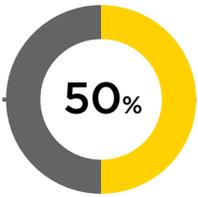
Diamantina Power Station commenced supplying gas-fired power to North west Queensland in FY2015

OWNERSHIP INTEREST

ASSET DETAILS

PARTNERS

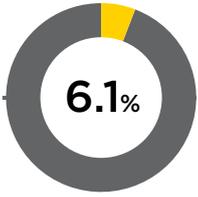
APA SERVICES



680 km gas pipeline from Iona and Port Campbell in Victoria to Adelaide

REST

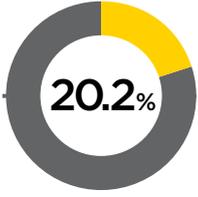
MAINTENANCE



1,375 km ethane pipeline from Moomba to Port Botany, Sydney

LISTED ENTITY "EPX"

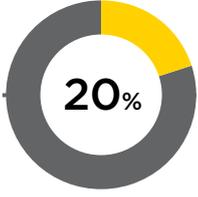
**OPERATIONAL MANAGEMENT
CORPORATE SUPPORT**



132 MW North Brown Hill wind farm in South Australia

**INFRASTRUCTURE CAPITAL GROUP
OSAKA GAS COMPANY LTD**

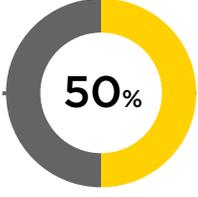
CORPORATE SUPPORT



3,214 km Allgas gas distribution network in Queensland with 96,045 connections

**MARUBENI CORPORATION
DEUTSCHE AWM**

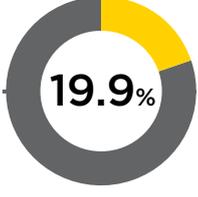
**OPERATIONAL MANAGEMENT
CORPORATE SUPPORT**



Two gas-fired power stations in Mount Isa with a combined gas fired power generation of 302 MW

AGL ENERGY LTD

CORPORATE SUPPORT



Gas-fired power generation 71 MW
Gas processing facilities 41 TJ/day
Electricity transmission cables 244 km
Three gas pipelines totaling 787 km

**MARUBENI CORPORATION
OSAKA GAS**

**OPERATIONAL MANAGEMENT
CORPORATE SUPPORT**

SUSTAINABILITY REPORT



Each year APA works hard to maintain our ranking as Australia's number one energy infrastructure business.

Whilst we own and/or operate thousands of kilometres of pipelines and hundreds of megawatts of power generation and other energy assets totalling \$19 billion, we believe how we conduct our operations is key to being a sustainable business.

For our five stakeholder groups – investors, customers, the environment, communities and employees – we create value and responsibly use resources available to us, without compromising the needs of future generations.

That's what sustainability means to APA.

During the financial year, the ASX Corporate Governance Council introduced a new Corporate Governance recommendation 7.4, regarding the expectation by listed companies to report on the way in which they manage material economic, environmental and social sustainability risks.

APA has an established and an effective risk management framework, whereby risks are measured against both probability of occurrence and severity of consequence. These are then captured in a centralised risk management application and are reviewed by APA management on an ongoing basis, with oversight by APA's Board Audit and Risk Management Committee. As part of our Sustainability Report, we have detailed key sustainability risks and our risk management strategies.

INVESTORS

We will continue to be a reliable and attractive investment which delivers superior returns for securityholders by:

- Achieving reliable and sustainable earnings growth by focusing on long-term revenue and reduced costs.
- Maintaining a strong and robust balance sheet.
- Identifying and evaluating additional attractive infrastructure style investments in related energy businesses.



2015 PERFORMANCE

- Total securityholder return of 30 per cent for FY2015.
- Maintained investment grade credit ratings (BBB/Baa2).
- Established a US\$4.1 billion two year syndicated bridge facility in preparation for purchase of the Wallumbilla Gladstone Pipeline. Following debt and equity raising as detailed below, the facility was no longer required and therefore cancelled.
- Successful debt and equity raising for the Wallumbilla Gladstone Pipeline acquisition via \$1.8 billion rights issue and US\$3.7 billion in the global debt markets.
- \$830 million new syndicated bank debt facility established (July 2015), replacing existing \$1.1 billion facility.
- Delivered investors a 4.8 per cent increase in distributions.
- \$343.1 million of organic growth capital expenditure.
- Market capitalisation increased by 59.5 per cent in FY2015.



ACTIONS FOR 2016

- Progress or complete current growth capital projects underway.
- Continue to evaluate and develop additional revenue streams in related energy businesses.
- Maintain investment grade credit rating levels.



KEY SUSTAINABILITY RISKS

- Debt and equity - Ensuring continued support from debt and equity markets for ongoing capital requirements. Inability to secure new debt facilities at appropriate quantum and price may adversely affect APA's operations and/or financial position and performance.



RISK MANAGEMENT

- APA's investment decisions are made and its balance sheet is utilised with a continuous focus on maintaining long term investment grade credit ratings.
- A diverse portfolio of long-life assets underpinned by regulated and long term bilateral agreements, underscores APA's ability to service debt and sustain steady equity distributions.
- Maintain diversified funding base and access to deep and liquid global debt capital and banking markets.
- Financial results and other salient developments are communicated regularly to investors.

As at 30 June 2015, APA had over 79,000 securityholders holding 1.1 billion securities, with the top 20 investors holding 61.1 per cent of securities. Currently, approximately 70 per cent of APA's investors are based in Australian and/or New Zealand.

APA issued a total of 278,556,562 new securities during December 2014 and January 2015 as a result of a 1 for 3 accelerated renounceable entitlement offer to existing securityholders, raising \$1.8 billion to help fund the Wallumbilla Gladstone Pipeline acquisition. The new securities were issued at \$6.60 per security in December 2014 and January 2015, with solid support from APA's existing securityholders. Furthermore in March 2015, APA raised US\$3.7 billion in the international debt capital markets, across three currencies and five tenors.

CUSTOMERS

We will deliver value to our customers and create responsive solutions to meet their needs by:

- Providing market-leading flexible solutions to meet our customer's changing requirements, including responding to critical events on assets we own and/or operate to enable customers to better manage their gas portfolios.
- Delivering value to customers by efficiently and reliably utilising the capacity of APA's infrastructure assets.
- Working with customers to provide optimal investment and energy market solutions.

Refer to pages 8-15 for a full report on APA's operations report and how we have supported and responded to our customers' needs.



2015 PERFORMANCE

- New agreement negotiated to support further capacity expansion of the Victoria - New South Wales Interconnect, the fourth expansion in two years. The new agreement was signed in July 2015 with the cost of the expansion approximately \$85 million, increasing capacity between Victoria and New South Wales by 30 TJ per day.
- APA is in the final bidding stage of the Northern Territory Government's competitive process to potentially construct the pipeline linking prospective gas reserves in the Northern Territory to east coast demand. During the year, we continued to progress our feasibility study on this potential link which we commenced in early 2014. This work has significantly contributed to our bid in the government process.
- Ongoing work on compression and pipeline projects to provide bi-directional gas transportation services on the East Coast Grid. This will enable APA to provide our customers with flexible services.
- Entered into a number of flexible agreements which incorporate multiple receipt and delivery points on the East Coast Grid.
- Continued to offer web-based capacity trading services to facilitate trades between sellers and buyers of capacity.
- Commissioned the Diamantina Power Station Project in Mount Isa which secures the power supply needs of North West Queensland.
- Continued to extend and develop flexible gas storage services utilising the Mondarra Gas Storage Facility.
- Signed two long term agreements with AngloGold Ashanti which have underwritten the construction of the new 293 kilometre Eastern Goldfields Pipeline (executed June 2015). Construction is well advanced on the new pipeline with commissioning on track for prior to January 2016.



ACTIONS FOR 2016

- Continue to offer flexible transportation and storage services and innovative solutions to meet our customers' requirements.
- Maximise use of existing assets and profitably continue to expand APA's asset portfolio in order to meet customers needs.
- Commence and progress the further expansion of the Victoria - New South Wales Interconnect.
- Complete construction of the 293 kilometre Eastern Goldfields Pipeline (completion expected December 2015).
- Complete construction of the new South Metro gate station off the Parmelia Gas Pipeline, enhancing gas security of supply for metropolitan Perth (completion expected December 2015).
- Complete migration of APA's gas transmission pipeline assets to the Integrated Operations Centre ("IOC"), to holistically manage day to day operations.



KEY SUSTAINABILITY RISKS



RISK MANAGEMENT

Demand for gas - The volume of gas that is transported by APA is dependent on end-user demand. The relative price of gas and its competitive position with other energy sources (such as electricity, coals, fuel oil, renewable sources) may change demand levels for services on APA's assets.

- Long-term agreements with strong counterparties underpin assets.
- Flexible customer solutions.
- Complementary investments in gas storage and power generation and continued evaluation of emerging fuels such as investment in wind farms.

Supply of gas - Availability of competitively priced gas is essential for ongoing use of gas infrastructure assets.

- Long term agreements with strong counterparties underpin assets.
- Connect more gas resources with more gas markets such as:
 - > East Coast Grid provides flexibility for customers to manage their gas portfolios.
 - > Expansion of interconnect between Victoria and New South Wales.
 - > Develop the business case for the Northern Territory Link.
 - > Working with new / emerging gas producers to bring new gas supply to market.

Counterparty - If a counterparty is unable to meet its commitments to APA, there is risk that future anticipated revenue would be reduced unless and until APA is able to secure an alternative customer.

- Creditworthiness test applied to new customers, and ongoing monitoring.
- Appropriate customer guarantees in place.

Operations - APA and our asset management customers are exposed to a number of operational risks such as equipment failures or breakdowns, rupture of pipelines and technological failures.

- APA operates assets in accordance with all relevant regulations and standards.
- In-house operating, maintenance and engineering expertise.

Economic regulation - APA may be negatively impacted as a result of a change in regulatory settings.

- Regulatory regime is well understood and encapsulated in national law.
- The reset dates of APA's price regulated assets are staggered, with on average one review each year.
- Composition of asset portfolio is optimised to manage exposure to regulator settings.

ENVIRONMENT

We will continue to deliver an environmentally responsible, safe and essential service by:

- Contributing to policy and responding to climate change initiatives to promote the use of gas as essential to a cleaner energy mix.
- Including the environment in all investment and procurement decision-making, complying with our emissions reporting obligations, and conserving and rehabilitating the natural state of the land we disturb.
- Evaluating complementary clean energy projects.
- Meeting or exceeding the Australian Pipelines and Gas Association (“APGA”) Code of Environmental Practice.



2015 PERFORMANCE

- Engaged with government to promote the role of gas in a carbon-constrained economy, directly and through industry associations.
- Participated for the fifth time in the Carbon Disclosure Project, a voluntary disclosure to investors on carbon emissions, liability, reduction activities, strategies and management. APA’s overall score of 79D ranked highest amongst its direct peers.
- Continued to develop the wind and solar renewable energy projects at Emu Downs Wind Farm, subject to customer demand.
- Applied effective environmental practices such as soil erosion control, revegetation of disturbed land, ecological assessments and environmental audits at operational and project sites, leading to zero regulatory breaches.
- Completed a full review and audit of APA’s current Environmental Management System and performance resulting in the development and approval of the APA Environmental Strategy and Improvement Plan, to commence implementation in FY2016.



ACTIONS FOR 2016

- Participate in policy discussions and promote the role of gas as an important contribution to reducing Australia’s emissions.
- Maintain carbon market expertise and knowledge should energy markets shift to clean fuels such as wind, solar and gas.
- Evaluate wind and solar generation opportunities now that there is greater certainty in the federal Renewable Energy Target policy.
- Continue to maintain and operate assets in accordance with environmental regulations.
- Commence implementation of APA’s Environmental Strategy and Improvement Plan.



KEY SUSTAINABILITY RISKS

Environmental risks - National, state and territory environmental laws and regulations affect the operations of APA Group’s assets.



RISK MANAGEMENT

- Within the Health, Safety and Environment framework, APA has a strategic plan to ensure environmental risks are identified and managed via appropriate controls.
- This strategy includes compliance with the necessary environmental regulations which apply to APA businesses and assets.
- In-house operating and maintenance expertise.



Mandy McLeod, one of APA’s Environment Officers reviewing a site in Young, New South Wales



In APA's view, gas-fired generation and renewable energy, predominately wind-powered generation and increasingly solar generation, are technologies that can meet significant emission reduction targets for Australia.

NATIONAL GREENHOUSE AND ENERGY REPORTING

APA has a relatively small carbon footprint in the overall energy chain. APA's emissions are mainly the result of the combustion of natural gas in compressor stations and from fugitive emissions within our networks. In financial year 2014, APA reported scope 1 emissions of 311,421 tonnes under National Greenhouse and Energy Reporting and on 31 October 2015, APA expects to report emissions for this financial year broadly in line with this number.

CARBON DISCLOSURE PROJECT

APA participated for the fifth time in the Carbon Disclosure Project, a voluntary disclosure to investors on carbon emissions, liability, reduction activities, strategies and management. APA's score of 79 is ranked in the highest band for disclosure (>70), which states that "Senior management understand the business issues related to climate change and are building climate related risks and opportunities into core business". APA's performance score of D ranked consistently with the rest of the Utilities sector. APA could improve its performance score by setting and achieving carbon emission reduction targets. However, because APA's reduction activities rely on a strong carbon price, management will wait for further certainty on carbon legislation before committing resources to these activities. APA's overall score of 79D ranked second in the Utilities sector and highest amongst its direct peers.

CLEAN ENERGY POLICY

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

APA continues to support reducing carbon emissions as a responsible risk mitigation response to climate change. APA has long supported the introduction of a price on carbon and certainty on carbon policy. However, the lack of effective domestic and international carbon policy has failed to provide the required certainty to shift large-scale coal generation to more carbon efficient gas-fired generation. In the longer term, as international and domestic carbon policy and markets mature, APA's assets will play an important role in meeting Australia's long-term emission reduction targets as energy consumption shifts from carbon intensive fuels, such as coal, to more carbon efficient fuels, such as natural gas.

APA supports the Renewable Energy Target ("RET") and was pleased to see bipartisan support for the amended Large-scale Renewable Energy Target ("LRET") to 33,000 GWhs per annum by 2020, providing greater certainty to investors in the energy market. APA advocates that any scheme beyond the amended LRET should include low-emission technologies.

EXPANDING OUR LOW EMISSION GENERATION PORTFOLIO

APA has interests in wind energy and low emission, state-of-the-art gas-fired generation. These investments provide solid returns and help lower carbon emissions in the Australian economy.

In FY2015, APA jointly commissioned with AGL Energy, the 242 megawatt Diamantina combined cycle gas power station which is a low emission and efficient gas generating asset.

Its carbon intensity is approximately 0.4 tonnes per megawatt hour, which is less than half the carbon intensity of the National Electricity Market. Now there is greater certainty in the RET, subject to customer demand, APA will progress the development of the 130 megawatt Badgingarra Wind Development Project adjacent to APA's Emu Downs Wind Farm, as well as the 20 megawatt Emu Downs Solar Project, a small expansion to the wind farm. Both projects are contingent on entering into a long-term off-take agreement and meeting APA's investment hurdles.

APA'S ENVIRONMENTAL STRATEGY AND IMPROVEMENT PLAN

At APA we aspire to provide a Zero Harm work environment which extends to people that work directly and indirectly for APA as well as the communities and environment where APA infrastructure operates. In FY2015, APA undertook an extensive review and audit of our current Environmental Management Systems as part of the Health, Safety and Environment Strategic Improvement Plan with the objective to standardise and enhance processes throughout our national operations. Our ultimate goal is the protection of the environment by reducing the impact of our operations to Zero Harm as we help to meet Australia's growing energy needs.

The audit resulted in the development of the APA Environmental Strategy and Improvement Plan consisting of 12 initiatives which will be rolled out over FY2016-FY2017. This environmental framework supports APA's Health, Safety and Environment Management System known as Safeguard. The initiatives include system reviews, improved training and standard procedures, control measures, environmental monitoring and a structured audit program.

COMMUNITY

We will positively engage the communities within which we operate by:

- Building long-term strategic community relationships to maintain support and goodwill for APA's activities.
- Increasing employee connections with local communities through sponsorships, employee volunteering and giving programs targeting vulnerable communities.

2015 PERFORMANCE

- Continued APA's Building Brighter Futures community investment program supporting the Fred Hollows Foundation, Exodus Foundation (for Darwin Literacy Centre), and Clontarf Foundation.
- Introduced APA employee involvement in Clontarf Foundation and Fred Hollows Foundation events.
- Employees across APA participated in four community fundraising events including Cancer Council (Australia's Biggest Morning Tea and Pink Ribbon Day), Black Dog Institute and Movember with their fundraising efforts matched by APA, up to \$10,000 per event.

ACTIONS FOR 2016

- Maintain support of our community investment program, Building Brighter Futures, by continuing our three headline partnerships. Employee involvement will also be continued to further support our partners' objectives.
- Continue financial support for community events of up to \$10,000 per event by matching employee fundraising for employee nominated causes.
- Continue to invest in causes that enhance our relationships with key community stakeholders and strengthen our brand.

KEY SUSTAINABILITY RISKS

Community relations - Maintaining community support and goodwill for APA's activities.

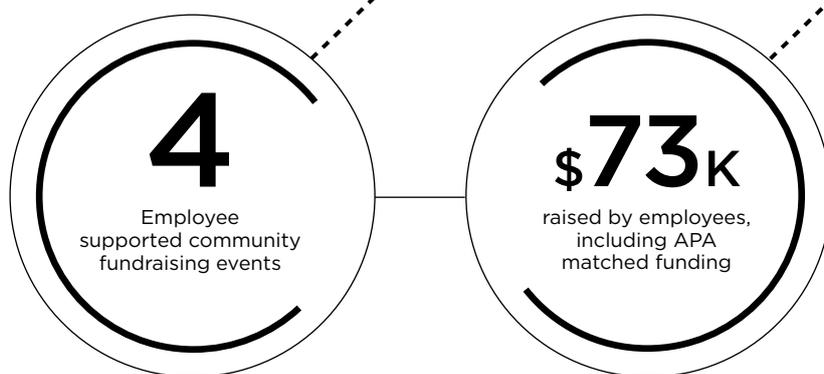
Encroachment - Urban encroachment around existing pipeline easements can increase the potential for damage. A change in pipeline location class may also increase compliance costs.

RISK MANAGEMENT

- Remain in touch with community interests and issues.
- APA actively engages with its communities through sponsorships.
- Construct and operate infrastructure using industry recognised standards or better.
- Education and communication around APA's activities.
- Landowner and community education and support of "Dial Before You Dig" service.
- Pipeline easement monitoring and surveillance.
- Liaise with council and planning authorities to effectively manage potential encroachment issues.



Students from the Clontarf Foundation Academy meet with APA Sydney employees



In FY2015 APA built on its 'Building Brighter Futures' community investment program, successfully introducing and implementing employee involvement in two of the program's headline partners' events.

Building Brighter Futures supports initiatives to improve the future prospects of vulnerable Australians. Established in late 2010, the program seeks to strengthen our company and employment brand and connect the APA business and people to the communities in which we live and work.

The program includes:

- Corporate partnerships with three selected charities focused on supporting disadvantaged young Indigenous Australians.
- An employee community event calendar, supporting up to four employee-nominated causes, with capped matching of funds raised.

HEADLINE PARTNERSHIPS

APA continues to support its three charity partners under three-year commitments that were renewed or established in March 2014.

The *Clontarf Foundation* works to improve the education, discipline, life skills, self-esteem and employment prospects of young Aboriginal men, through a network of football academies established in partnership with local schools. APA has been working with the Clontarf Foundation since 2011.

The *Exodus Foundation's Literacy Program* is an accelerated literacy program to support disadvantaged children with severely compromised reading ability. APA has funded three children per annum to participate in the Foundation's Darwin program since 2011.

In Australia, the *Fred Hollows Foundation* provides eye treatment and health programs for Indigenous communities in remote Australia. APA has been working with the Fred Hollows Foundation to deliver its Australian program since 2014.

In addition to direct financial support, APA introduced employee involvement in two of our three headline partners' events in FY2015. APA employee representatives participated in these events as part of their personal and career development and shared their experiences throughout APA with an article in APA's employee magazine as well as presenting at APA's annual Leadership Conference. The events attended were:

- Clontarf Foundation's Broome Leadership Academy: A three-day event where young Indigenous students are taught about leadership as part of building their skills for future work prospects.
- Fred Hollows Foundation's See Australia: A five-day trek across outback areas to participate in eye clinics and other health programs for the Indigenous Community.
- Fred Hollows Foundation's Barunga Festival involvement: A three-day festival hosted by the Barunga Aboriginal community in Western Australia for various remote Aboriginal communities in the Top End. The Foundation attended to educate the community about eye care and other basic health information.
- Clontarf Foundation's Jatbula Experience: A six-day hike (in June) through Nitmiluk National Park providing the opportunity to engage with students from the Katherine Clontarf Academy who guided the group on the 62 kilometre trail.

Two APA sites also hosted Clontarf Foundation Academy students during the year. Sydney and Perth employees engaged with the students to learn more about how the Foundation helps young Indigenous men.

Looking ahead, APA will support the Clontarf Foundation to implement a program to assist Academy students to be work-ready. The Clontarf Employment Pathways program will allow selected APA colleagues the opportunity to provide mentoring and guidance to Clontarf students during Clontarf Employment Forums and help develop their exposure to, and experiences in, the corporate environment.

CALENDAR OF EMPLOYEE EVENTS

Throughout the year, APA continued to support and promote employee events across multiple company sites and matched the funds raised by employees, to a capped amount per event. The events were selected based on an earlier survey of employees seeking their nominations of the four most worthy causes. The selected events/causes being:

- Pink Ribbon Day (Cancer Council)
- Movember (Movember Foundation)
- Black Dog Institute (Mental Health research)
- Australia's Biggest Morning Tea (Cancer Council)

SPONSORSHIP AND DONATIONS

In addition to its Building Brighter Futures program, APA continued to provide monetary and in-kind support to a number of groups or causes that achieve one or more of the following:

- Strengthen APA's reputation in the local community
- Enhance APA's relationships with key community stakeholders
- Increase community awareness and understanding of APA
- Provide positive networking opportunities with community stakeholders

The two major sponsorships in FY2015 were for Taronga Zoo Foundation and the Australian Brandenburg Orchestra.

EMPLOYEES

We will provide a stimulating and rewarding working environment that strives for Zero Harm and ensures:

- Commitment to a culture of Zero Harm by continually improving safety in the workplace.
- Fit for purpose learning and development programs to attract, retain and develop employees.
- We encourage and foster diversity of thought and inclusion.

2015 PERFORMANCE

- LTIFR¹ (employees and contractors) has shown continued improvement from 0.8 in FY2014 to 0.64 in FY2015 and below our 2015 LTIFR target of <1.0.
- Second year of APA's three year Health, Safety and Environment ("HSE") Strategic Improvement Plan, including refreshing the Leading Zero Harm behavioural safety program and a new contractor safety management program.
- Successful implementation of the company's online safety management system Safeguard+ improving discipline in investigating, reporting and appropriately actioning HSE issues.
- Continued sponsorship of health focused activities for employees including the Global Corporate Challenge in which 259 APA employees participated.
- Developed an inclusive leadership program for delivery to all leaders.
- Implemented an online recruitment system and other sourcing initiatives to dramatically improve time and quality of hiring.

ACTIONS FOR 2016

- Target an LTIFR of less than 1 (employees and contractors).
- Continue implementation of the HSE Strategic Improvement Plan initiatives.
- Commence a Safedrive+ and safe driving improvement program covering 12 key areas of activity.
- An independent third party audit will be conducted during the year of our HSE system.
- Roll-out the inclusive leadership program to leaders across the business.
- Continue the expansion and deployment of new technical, leadership and professional development programs.
- Review and deploy career transition to retirement program.
- Roll-out an employee survey that measures engagement, alignment and agility.
- Develop new entry programs for graduates and apprentices.

KEY SUSTAINABILITY RISKS

Safety – Failure to provide a safe workplace.

Employee capability, recruitment and engagement - Failure to develop, attract and retain talented employees.

RISK MANAGEMENT

- APA maintains a comprehensive workplace HSE Management system. It is predicated on the principles of hazard and risk identification, control measures and a robust assurance framework.
- HSE training, education and awareness is a cornerstone of the HSE management system.
- APA maintains a number of initiatives to ensure there is a pool of talent and internal capability for now and in the future.
- These include formal succession and talent management, a diversity and inclusion strategy, as well as technical, functional, business and leadership development.
- The business has introduced a strong internal recruitment capability to ensure we identify and secure external resources as and when needed.

APA WORKFORCE GENDER PROFILE 2015



1. Lost Time Injury Frequency Rate ("LTIFR").
 2. Leadership roles are defined in accordance with the Workplace Gender Equality Agency ("WGEA", Australia and New Zealand Standard Classification of Occupations) occupational categories and comprise all levels of management (i.e. general managers, key management personnel, manager roles) excluding team leader and supervisory roles. Figures above take into account the Board and Executive announcements 26 August 2015. APA's 2014-15 public report to the WGEA is available at www.apa.com.au

OUR PEOPLE

APA values inclusiveness and encourages a safe, high performance working culture, where the contributions of our people are harnessed and developed to achieve successful outcomes for the business. We are committed to building sustainable organisational capability that enables continued growth and development of our people and supports APA's strategic vision.

Since listing 15 years ago, our workforce has grown exponentially from six people to a team of over 1,600 skilled people located across mainland Australia. Throughout FY2015, we continued to challenge our organisation with regards to effective and efficient organisational design and made structural and work practice changes through people and systems to enhance our capability.

ATTRACTING TALENT

The skilled job market that APA operates in continues to be highly competitive and we realise more than ever the importance of attracting and retaining the very best people as our business continues to grow.

Talented and skilled employees are central to creating value for our stakeholders and the more diverse the thinking and skills we apply to our business, the more innovative we can be in creating value and return for them. To this end, in FY2015 we developed and implemented an E-recruitment platform through APA's website, complementing this with a profile on the business social media platform LinkedIn. As a result, both APA, as well as individual line managers seeking new employees, have benefited from a much more streamlined and efficient recruitment process, greater visibility, reduced costs and more targeted candidates for the advertised positions.

DEVELOPING POTENTIAL

We continue to focus on growing and developing our people, as we recognise this is critical to our success. During FY2015, we supported the development and training requirements of our people through a range of compliance, technical, leadership and professional development programs totalling 7,613 attendances.

Our annual succession and talent review process continues to be a successful means of identifying critical role and capability requirements, as well as providing a healthy talent pool.

DIVERSITY AND INCLUSION

During FY2015 we developed programs aligned to our three year Diversity and Inclusion Strategy which was developed in FY2014. These initiatives are aligned to the strategic focus areas of improving diversity of thought, diversity of gender and diversity of age at APA and will be rolled out from FY2016 and beyond. The programs cover a diverse range of topics, including acknowledging unconscious bias and establishing inclusive practices; career transition and knowledge transfer; women in leadership; and new entry programs for graduates and apprentices.



APA's Kerryanne Mallitt, General Manager of East Coast Field Services Transmission meets with QGC on-site at the Wallumbilla Gladstone Pipeline APA's latest acquisition

APA GROUP BOARD



The Board is accountable to Securityholders for the performance of APA. It endorses the strategic direction of the business, approves new projects within that strategy and monitors the management and performance of the business and the executive team. The Board operates in accordance with the APA Group Board Charter.

1 LEN BLEASEL AM

Chairman

Leonard (Len) was appointed Chairman in 2007. He has had a long career in the energy industry commencing his career with AGL in 1958 working in a variety of roles, culminating in the position of Managing Director and CEO from 1990 until his retirement from management in 2001. Len was awarded an AM in the General Division of the Order of Australia for services to the Australian gas and energy industries and the community.

2 MICK McCORMACK

Chief Executive Officer and Managing Director

Michael (Mick) has been Chief Executive Officer of APA since 1 July 2005 and Managing Director since 1 July 2006. Mick has over 30 years' experience in the gas infrastructure sector in Australia, and his career has encompassed all aspects of the sector, including commercial development, design, construction, operation and management of most of Australia's natural gas pipelines and gas distribution systems.

3 STEVE CRANE

Steven (Steve) joined the Board in 2011. His background is in investment banking and he has over 30 years' experience in the financial services industry having previously been Chief Executive Officer of ABN AMRO Australia and BZW Australia. Steve also has considerable experience as a non-executive Director of listed entities. Steve is a member of the Audit and Risk Management Committee and the Remuneration Committee.

4 JOHN FLETCHER

John joined the Board in 2008 and has over 35 years' experience in the energy industry, including Chief Financial Officer of AGL. He brings a wide commercial and financial practical knowledge to the Board. John was previously an AGL appointed Director of Australian Pipeline Limited from 2000 to 2005. John is Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee.

5 MICHAEL FRASER

Michael has more than 30 years' experience in the Australian energy industry. He has held various executive positions at AGL, culminating in his role as Managing Director and Chief Executive Officer until February 2015. Michael is a former Chairman of the Clean Energy Council, Elgas Limited and ActewAGL, and a former Director of Queensland Gas Company Limited. Michael is a member of the Remuneration Committee and the Health Safety and Environment Committee. Effective: 1 September 2015

6 DEBBIE GOODIN

Debra (Debbie) has considerable experience as a non-executive director. Debbie is currently a director of ASX-listed companies Senex Energy Limited, oOh!media Limited and Victorian government owned City West Water. Debbie also has extensive executive experience in operations and corporate development, including with engineering and professional services firms. Debbie is a member of the Audit and Risk Management Committee and the Health Safety and Environment Committee. Effective: 1 September 2015

7 RUSSELL HIGGINS AO

Russell joined the Board in 2004. He has extensive experience both locally and internationally in the energy sector and in economic and fiscal policy. He was Secretary and Chief Executive Officer of the Department of Industry, Science and Resources from 1997 to 2002 and Chairman of the Australian Government's Energy Task Force from 2003 to 2004. Russell is Chairman of the Health Safety and Environment Committee and a member of the Audit and Risk Management Committee.

8 PATRICIA MCKENZIE

Patricia joined the Board in 2011. She has considerable expertise and experience in energy market regulation having been Chief Executive Officer of Gas Market Company Limited and a former Director of Australian Energy Market Operator Limited. Patricia also has extensive corporate legal experience and is a qualified solicitor. Patricia is a member of the Health Safety and Environment Committee and the Remuneration Committee.

9 ROBERT WRIGHT

Robert joined the Board in 2000. He has over 30 years' financial management experience, having held a number of Chief Financial Officer positions, including Finance Director of David Jones Limited. He is currently Chairman of APA Ethane Limited, the responsible entity of Ethane Pipeline Income Fund. Robert is Chairman of the Audit and Risk Management Committee and a member of the Health Safety and Environment Committee. Retiring: 22 October 2015

SENIOR MANAGEMENT



APA is an internally managed and operated business overseen by an executive leadership team with extensive know-how and industry experience across all areas of operations. Our leadership team holds the business to account to ensure high standards are achieved.

1 ROSS GERSBACH

Chief Executive Strategy and Development

Responsible for complementary businesses that enhance APA's infrastructure portfolio, including power generation and APA's Energy Investments as well as group strategy, regulatory and government affairs, environmental development and mergers and acquisitions.

2 ROB WHEALS

Group Executive Transmission

Responsible for the commercial and operational performance of APA's gas transmission and gas storage assets.

3 JOHN FERGUSON

Group Executive Networks

Responsible for the management and operation of APA's minority owned gas distribution assets, and Australian Gas Networks assets.

4 KEVIN LESTER

Group Executive Infrastructure Development

Responsible for engineering services and the delivery of APA's infrastructure expansion projects, including asset management, project development and technical regulation of all pipeline and related assets.

5 PETER FREDRICSON

Chief Financial Officer

Responsible for all financial functions, including accounting and financial reporting, financial compliance and governance, taxation, treasury, balance sheet management and capital strategy, and insurance and risk. He is also responsible for investor relations and information technology.

6 PETER WALLACE

Group Executive Human Resources

Responsible for managing the human resources function, which covers strategy and activities relating to APA's employees, including providing a safe work environment for all employees.

Retiring: October 2015

7 ELISE MANNS

Group Executive Human Resources

Responsible for managing the human resources function, which covers strategy and activities relating to APA's employees, including providing a safe work environment for all employees.

8 NEVENKA CODEVELLE

Company Secretary and General Counsel

Responsible for the company secretariat and general counsel functions, including corporate governance and compliance, and legal advisory and support.

9 MARK KNAPMAN

Company Secretary

Responsible for the secretariat function, corporate governance, legal, internal audit and financial services compliance functions.

Retiring: October 2015



FIVE YEAR SUMMARY

FINANCIAL PERFORMANCE (STATUTORY)		2015	2014	2013 ⁶	2012	2011
Revenue	\$m	1,553.6	1,396.0	1,272.3	1,060.7	1,102.0
Revenue excluding pass-through ¹	\$m	1,119.2	992.5	919.5	758.0	720.3
EBITDA	\$m	1,269.5	747.3	763.6	525.8	492.1
Depreciation and amortisation expense	\$m	(208.2)	(156.2)	(130.5)	(110.4)	(100.4)
EBIT	\$m	1,061.3	591.1	633.2	415.4	391.8
Interest expense	\$m	(324.2)	(325.1)	(290.9)	(234.3)	(247.1)
Tax (expense)/benefit	\$m	(177.2)	77.7	(49.9)	(50.4)	(35.9)
Non-controlling interests	\$m	(1.0)	(1.0)	2.8	—	(0.3)
Profit after tax and non-controlling interests including significant items	\$m	559.9	343.7	295.1	130.7	108.5
Significant items — after income tax	\$m	356.0	144.1	120.0	(9.7)	(0.4)
Profit after tax and minorities, excluding significant items	\$m	203.9	199.6	175.1	140.3	108.9
FINANCIAL POSITION						
Total assets	\$m	14,652.9	7,972.5	7,698.9	5,496.1	5,427.6
Total drawn debt ²	\$m	8,642.8	4,789.4	4,412.0	3,223.6	3,239.9
Total equity	\$m	4,382.7	2,496.5	2,513.9	1,614.0	1,667.8
CASH FLOW AND CAPITAL EXPENDITURE						
Operating cash flow ³	\$m	562.2	431.5	374.4	335.6	290.0
Capital expenditure	\$m	2,814.6	446.8	397.4	249.1	173.4
Investments and acquisitions	\$m	17.4	—	330.8	46.4	342.7
KEY FINANCIAL RATIOS						
Earnings per security ⁴	cents	56.3	39.7	38.2	20.4	19.7
Operating cash flow per security ⁴	cents	56.5	49.8	48.5	52.5	52.6
Distribution per security	cents	38.0	36.3	35.5	35.0	34.4
Gearing (net debt to net debt plus equity)	%	63.4	64.2	62.8	65.0	66.2
Interest cover ratio	times	2.6	2.3	2.3	2.5	2.0
Weighted average number of securities ⁴	m	995.2	866.0	772.3	639.7	551.2
EBITDA BY SEGMENT (EXCLUDING SIGNIFICANT ITEMS)						
EBITDA (Continuing Business)						
Energy Infrastructure						
East Coast Grid: Queensland	\$m	340.1	234.5	180.7	91.0	82.0
New South Wales	\$m	120.8	115.6	120.2	122.8	111.8
Victoria	\$m	130.2	127.6	136.9	138.3	128.8
South Australia	\$m	1.9	2.4	2.4	2.1	2.1
Western Australia	\$m	212.6	189.0	149.4	133.9	108.1
Northern Territory	\$m	18.0	15.2	13.5	10.6	5.6
Asset Management	\$m	49.5	67.6	51.6	35.6	42.5
Energy Investments	\$m	21.8	18.0	15.6	9.6	3.2
Divested businesses ⁵	\$m	1.0	50.1	56.2	55.2	64.3

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. APA's liability to repay debt at relevant due dates of the drawn facilities. This amount represents current and non-current borrowings as per balance sheet and is adjusted for deferred borrowing costs, the effect of unwinding of discount, unrealised foreign exchange differences reported in equity and deducting other financial liabilities that are reported as part of borrowings in the balance sheet.

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

4. Between 23 December 2014 and 28 January 2015, APA issued a total of 278,556,562 new ordinary securities resulting in total securities on issue as at 30 June 2015 of 1,114,307,369. The issue was offered at \$6.60 per security, a discount to APA's closing market price of \$7.67 per security on 9 December 2014, the last trading day before the record date of the entitlement offer of 15 December 2014. The weighted average number of securities for the current and prior period (FY2014) has been adjusted in accordance with the accounting principles of AASB 133: 'Earnings per Share', for the discounted rights issue.

5. Australian Gas Networks Limited sold in August 2014, Moomba Adelaide Pipeline System sold in FY2013, APA Gas Network Queensland (Allgas) was sold into GDI (EII) Pty Ltd in FY2012, with APA retaining a 20 per cent interest in GDI (EII) Pty Ltd and operates the assets under a long term asset management agreement.

6. The balances for June 2013 have been restated for the effect of applying AASB: 119 'Employee Benefits'.

INVESTOR INFORMATION

ONLINE INTERACTIVE REPORTS

APA.COM.AU

ANNUAL MEETING

10:30AM, THURSDAY
22 OCTOBER 2015
ANGEL PLACE,
SYDNEY NSW

CALENDAR OF EVENTS

Final distribution FY2015 record date	30 June 2015
Final distribution FY2015 payment date	16 September 2015
Annual meeting	22 October 2015
Interim result announcement	24 February 2016 ¹
Interim distribution FY2016 record date	31 December 2015 ¹
Interim distribution FY2016 payment date	16 March 2016 ¹

1. Subject to change

ANNUAL MEETING DETAILS

Date: Thursday, 22 October 2015

Venue: City Recital Hall,
Angel Place, Sydney NSW

Time: 10.30am
Registration commences
at 10.00am

ASX LISTING

An APA Group security comprises a unit in Australian Pipeline Trust and a unit in APT Investment Trust. These units are stapled together to form a stapled security which is listed on the ASX (ASX Code: APA). Australian Pipeline Limited is the Responsible Entity of those trusts.

APA GROUP RESPONSIBLE ENTITY AND REGISTERED OFFICE

Australian Pipeline Limited
ACN 091 344 704

Level 19, 580 George Street,
Sydney NSW 2000

PO Box R41,
Royal Exchange NSW 1225

Telephone: +61 2 9693 0000

Facsimile: +61 2 9693 0093

Website: apa.com.au

APA GROUP REGISTRY

Link Market Services Limited
Level 12, 680 George Street,
Sydney NSW 2000

Locked Bag A14,
Sydney South NSW 1235

Telephone: +61 1800 992 312

Facsimile: +61 2 9287 0303

Email: apagroup@linkmarketservices.com.au

Website: linkmarketservices.com.au

SECURITYHOLDER DETAILS

It is important that Securityholders notify the APA Group registry immediately if there is a change to their address or banking arrangements. Securityholders with enquiries should also contact the APA Group registry.

DISTRIBUTION PAYMENTS

Distributions will be paid semi-annually in March and September. Securityholders will receive annual tax statements with the final distribution in September. Payment to Securityholders residing in Australia and New Zealand will be made only by direct credit into an Australian or New Zealand bank account. Securityholders with enquires should contact the APA Group registry.

ONLINE INTERACTIVE REPORTS

APA Group's 2015 Annual Report, Annual Review and Sustainability Report are available in an easy to view interactive format at apa.com.au.

ONLINE INFORMATION

Further information on APA is available at apa.com.au, including:

- Results, market releases and news
- Asset and business information
- Corporate responsibility and sustainability reporting
- Securityholder information such as the current APA security price, distribution and tax information.

ELECTRONIC COMMUNICATION

Securityholders can elect to receive communication from APA electronically by registering their email address with the APA Group registry. Electing to receive annual reports electronically will reduce the adverse impact we have on the environment.

DISCLAIMER: APA Group comprises two registered investment schemes, Australian Pipeline Trust (ARSN 091 678 778) and APT Investment Trust (ARSN 115 585 441), the securities of which are stapled together. Australian Pipeline Limited (ACN 091 344 704) is the responsible entity of Australian Pipeline Trust and APT Investment Trust. Please note that Australian Pipeline Limited is not licensed to provide financial product advice in relation to securities in APA Group. This publication does not constitute financial product advice and has been prepared without taking into account your objectives, financial situation or particular needs. Before relying on any statements contained in this publication, including forecasts and projections, you should consider the appropriateness of the information, having regard to your own objectives, financial situations and needs and consult an investment adviser if necessary. Whilst due care and attention have been used in preparing this publication, certain forward looking statements are made in this publication which are not based on historical fact and necessarily involve assumptions as to future events and analysis, which may or may not be correct. These forward looking statements should not be relied upon as an indication or guarantee of future performance.

OUR FOOTPRINT AND KEY 2015 ACTIVITIES

~\$19B

of energy infrastructure owned and/or operated across Australia

~14,700KM

transmission gas pipelines owned and/or operated by APA

NT LINK

Continued the feasibility study committed to in FY2014. APA is 1 of 4 shortlisted bidders by the Northern Territory Government.

[READ MORE P11](#)

GOLDFIELDS GAS PIPELINE EXPANSION

Commenced in 2012, the final phase in this project was completed during the first half of FY2015 with commencement of operations at the new dual unit Turee Creek compressor. Pipeline capacity has increased a total of 28% with the expansion works undertaken on behalf of mining operations in the Pilbara.

EASTERN GOLDFIELDS EXPANSION

Commenced construction of the new 293 km transmission pipeline and associated delivery and meter stations. Gas will be transported 1,500 km along 3 APA interconnected pipelines. Commencement date for services is 1 January 2016.

[READ MORE P11](#)

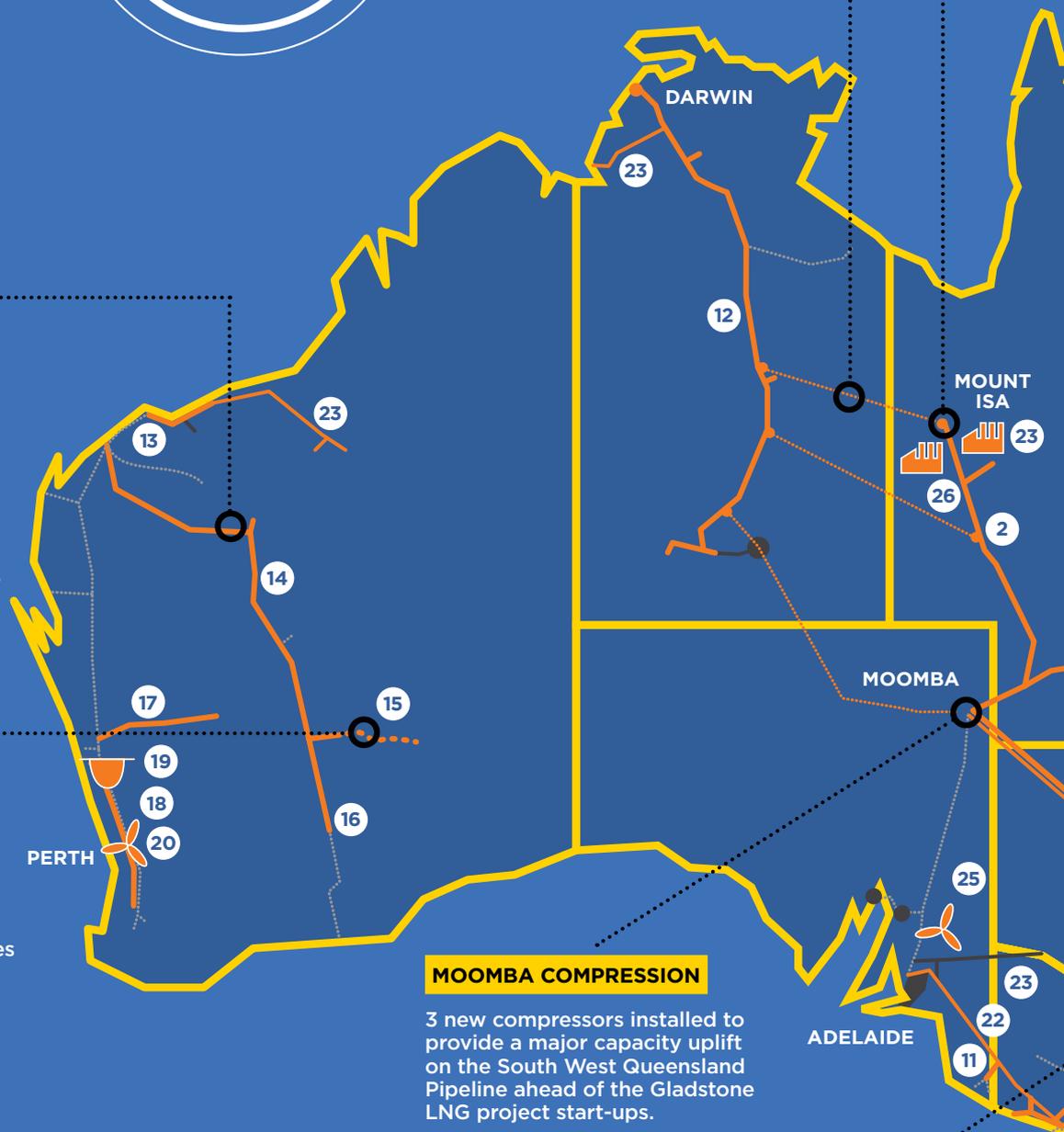
MOOMBA COMPRESSION

3 new compressors installed to provide a major capacity uplift on the South West Queensland Pipeline ahead of the Gladstone LNG project start-ups.

VICTORIAN NORTHERN INTERCONNECT (VNI) EXPANSION

Enhanced capacity by looping 162 km of the VNI. A fourth multi-service agreement was announced in July 2015 which will require further expansion of the VNI.

[READ MORE P10](#)



- APA Group assets and investments
- - - Under construction
- · - · - Potential pipeline link
- - - - - Assets operated by APA (not owned)
- - - - - Other pipelines

NETWORK OPERATIONS

28,535

new gas connections added.

541 kms

of network mains replaced.

349 kms

of gas pipeline added to distribution networks.

READ MORE P12

DIAMANTINA AND LEICHHARDT POWER STATIONS

Completed construction of both power stations which are now fully operational.

READ MORE P14

WALLUMBILLA GLADSTONE PIPELINE

\$6 billion acquisition completed and contributing EBITDA.

READ MORE P9

BERWYNDALE WALLUMBILLA PIPELINE

Completed bi-directional capability.

WALLUMBILLA COMPRESSION

3 new compressors added.

SOUTH WEST QUEENSLAND PIPELINE

Completed bi-directional capability.

Expansion projects support the burgeoning LNG market.

READ MORE P10

ROMA BRISBANE PIPELINE

Bi-directional capability due for completion 1Q FY2016.

INTEGRATED OPERATIONS CENTRE (IOC)

Opened the national IOC, centralising APA's commercial, technical and operational resources.

MOOMBA SYDNEY PIPELINE

Bi-directional capability due for completion 1Q FY2016 and in-pipe storage services will provide flexibility to customers.

MOOMBA SYDNEY PIPELINE SOUTHERN LATERAL

Completed installation of a third compressor at Culcairn to increase capacity.

VICTORIAN TRANSMISSION SYSTEM

Various capex projects as prescribed by access arrangements.
Constructed a new compressor station at Winchelsea on APA's South West Pipeline.

ENERGY INFRASTRUCTURE

Queensland

1. Roma Brisbane Pipeline
2. Carpentaria Gas Pipeline
3. Berwyndale Wallumbilla Pipeline
4. South West Queensland Pipeline
5. Wallumbilla Gladstone Pipeline

New South Wales

6. Moomba Sydney Pipeline
7. Central West Pipeline
8. Central Ranges Pipeline

Victoria

9. Victorian Transmission System
10. Dandenong LNG facility

South Australia

11. SESA Pipeline

Northern Territory

12. Amadeus Gas Pipeline

Western Australia

13. Pilbara Pipeline System
14. Goldfields Gas Pipeline (88.2%)
15. Eastern Goldfields Pipeline (under construction)
16. Kalgoorlie Kambalda Pipeline
17. Mid West Pipeline (50%)
18. Parmelia Gas Pipeline
19. Mondarra Gas Storage Facility
20. Emu Downs Wind Farm

ENERGY INVESTMENTS

21. GDI (EII) Pty Ltd (20%) Allgas Gas distribution network in Queensland
22. SEA Gas Pipeline (50%)
23. Energy Infrastructure Investments (19.9%) Gas pipelines, electricity transmission, gas-fired power stations and gas processing plants
24. Ethane Pipeline Income Fund (6.1%)
25. EII2 (20.2%) North Brown Hill Wind Farm
26. Diamantina and Leichhardt Power Stations (50%)

ASSET MANAGEMENT

Commercial and/or operational services to:

- Australian Gas Networks (formerly Envestra)
- GDI (EII) - Allgas (20%)
- Energy Infrastructure Investments (19.9%)
- Ethane Pipeline Income Fund (6.1%)
- SEA Gas Pipeline (50%)
- EII2 (20.2%)
- other third parties

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