



APA 2015 Annual Report and Annual Review and Sustainability Report are available on our website at apa.com.au

DEAR SECURITYHOLDERS

The 2015 financial year was a year of accomplishments for APA, delivering solid results and positioning our business for continued growth. Our business is about connecting gas resources to gas markets. This year saw exceptional levels of activity in the completion and commissioning of various projects and our largest acquisition to date – the Wallumbilla Gladstone Pipeline¹.

DELIVERING RESULTS

We extended our track record of delivering strong and predictable earnings growth, which validates the strength and value of APA's portfolio of interconnected assets and service offerings and APA's business strategy.

On a statutory basis, earnings before interest, tax, depreciation and amortisation ("EBITDA") was up 69.9 per cent to \$1,269.5 million; net profit after tax was up 62.9 per cent to \$559.9 million; and operating cashflow increased by 30.3 per cent to \$562.2 million. Excluding significant items which mainly related to profit booked on the sale of our investment in Australian Gas Networks (formerly Envestra) during the 2015 financial year, APA's normalised results were also strong, reflecting solid organic growth across the business – EBITDA on a continuing basis was up 17.8 per cent to \$821.3 million; net profit after tax was \$203.9 million, up 2.1 per cent; and operating cashflow increased 23.9 per cent to \$545.0 million.

The Board declared a final distribution of 20.5 cents per security for the 2015 financial year, in line with previous guidance. This brought total distributions for the year to 38.0 cents per security, an increase of 4.8 per cent on the previous year. Consistent with our policy, the distributions are fully funded by normalised operating cash flow with a payout ratio for the period of 68.8 per cent. APA's long-standing and demonstrated reliable business model is designed to provide a safe investment without giving up growth and strong returns.

This reliability and predictability has translated directly into consistent and superior returns for our Securityholders regardless of market cycles. Since listing in 2000, APA has delivered a compound total securityholder return of 19.2 per cent per annum.

POSITIONED FOR GROWTH

We now own and/or operate around \$19 billion of midstream energy assets, and we continue to leverage this unparalleled infrastructure footprint to seek attractive capital investment opportunities to further grow the business through organic expansion and acquisitions. A key element of our strategy is to grow sustainably whilst maintaining our balance sheet strength, and therefore long term contracts with creditworthy customers underpin our projects.

A highlight of the year was the US\$4.6 billion acquisition of the Wallumbilla Gladstone Pipeline ("WGP"), completed in June 2015. Not only does the 556 kilometre pipeline significantly enhance APA's total portfolio giving APA access to the growing LNG export market in Gladstone, it also extends the reach of APA's gas superhighway, the East Coast Grid to over 7,500 kilometres.

In addition, APA also spent close to \$400 million on capital expenditure projects that included expansions in New South Wales, Victoria, Queensland and Western Australia. The Eastern Goldfields Pipeline, APA's newest greenfield pipeline project, is well underway in Western Australia. The 293 kilometre pipeline will connect with two other APA pipelines and commissioning is scheduled prior to January 2016. Further underwritten expansion of the Victorian-New South Wales Interconnect will be completed by the middle of calendar year 2016 and, combined with recent expansions on this pipeline, will result in trebling the capacity over three years.

We're often asked – "What's next for APA and how can we keep growing?" We've always taken a long term view of our business, planting seeds along the way for future growth, either from organic growth projects such as the

pipeline expansions I've referred to or from mergers and acquisitions such as the WGP. Another opportunity is the NT Link, the potential link between APA's pipeline in the Northern Territory with our East Coast Grid. We commenced a feasibility study in early 2014, prior to the Northern Territory Government announcing its own competitive process. APA is one of four shortlisted bidders in the government process with an outcome expected to be announced later this year.

FINANCIAL STRENGTH AND FLEXIBILITY

Our balance sheet remains strong and we continue to maintain our two investment credit ratings which are integral to our strategy of accessing a broad range of global debt capital markets. To help fund the WGP acquisition, during the financial year we raised US\$3.7 billion of overseas debt and \$1.8 billion of equity through the accelerated renounceable entitlement offer, issuing a total of 278,556,562 new securities. We are particularly grateful to APA Securityholders for their confidence in the acquisition, demonstrated through your strong support for this offer. APA remains well positioned to fund its planned organic growth activities from available cash and committed resources.

OUTLOOK

There's a lot to be excited about at APA. We're well positioned for continued growth and, on a continuing business basis, we expect EBITDA for financial year 2016 to be within the range of \$1,275 million to \$1,310 million including a full year contribution from the WGP. The distribution per security is expected to be at least equal to the 38.0 cents per security paid in the 2015 financial year.

Thank you for your ongoing support. I look forward to reporting the half year results to you in March 2016.

Len Bleasel AM
APA Group Chairman

1. Formerly named QCLNG Pipeline and renamed by APA on acquisition.

FINANCIAL RESULTS	2015 Normalised¹ \$ 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 ²	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 ⁴	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 (%) ⁶	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				



Wallumbilla Gas Pipeline delivery station into QGC's Curtis Island LNG facility

KEY 2015 ACTIVITIES

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.

NT LINK

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

DIAMANTINA AND LEICHHARDT POWER STATIONS

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

WALLUMBILLA GLADSTONE PIPELINE

\$6 billion acquisition completed and contributing EBITDA.

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.

INTEGRATED OPERATIONS CENTRE (IOC)

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

ROMA BRISBANE PIPELINE

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

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

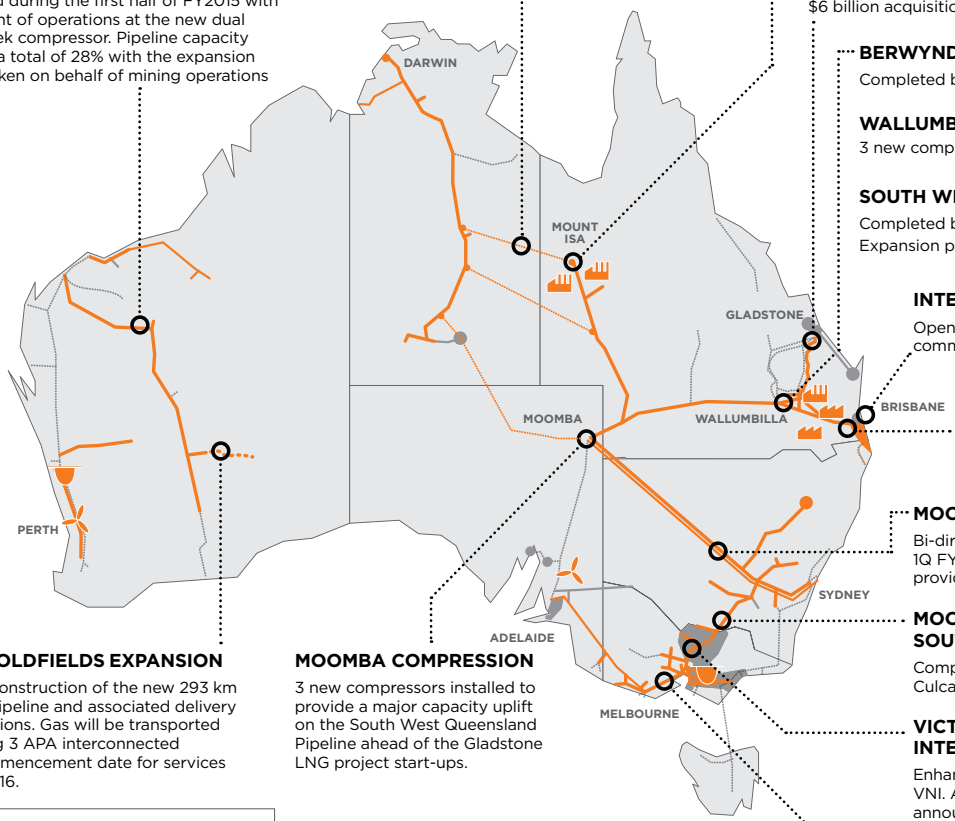
Completed installation of a third compressor at Culcairn to increase capacity.

VICTORIAN 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.

VICTORIAN TRANSMISSION SYSTEM

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



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

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

1. Normalised financial results exclude significant items.
2. Pass-through revenue is revenue on which no margin is earned. Pass-through revenue arises in the asset management operations in respect of costs incurred in, and passed on to Australian Gas Networks Limited ("AGN", formerly Envestra Limited) and GDI in respect of, the operation of the AGN and GDI assets respectively.
3. Operating cash flow = net cash from operations after interest and tax payments.
4. 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.
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. Distribution payout ratio = total distribution payments as a percentage of normalised operating cash flow.

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 those trusts. The registered office is HSBC building, Level 19, 580 George Street, Sydney NSW 2000. Australian Pipeline Limited is not licensed to provide financial product advice in relation to securities in APA Group and this publication does not constitute such advice. Before relying on any statements in this publication, you should consider the appropriateness of the information, having regard to your own objectives, financial situation and needs, and consult an investment adviser if necessary. Certain forward looking statements made in this publication are not based on historical fact and necessarily involve assumptions as to future events and analysis, which may or may not be correct. Such statements should not be relied on as an indication or guarantee of future performance.