



GAS FACILITIES UPDATE

Tipton West

In early November, APA Group finalised an agreement with Arrow Energy and Beach Petroleum to build and operate a \$31 million coal seam gas processing facility at Tipton West, west of Brisbane.

Construction of the facility is complete with commissioning under way.

The facility will operate for 15 years and is expected to generate cash flows of around \$6.5 million per year.

Mt Isa Mines

In late November, APA Group entered into a 15 year agreement with Xstrata to build, own and maintain a \$30 million gas fired power station at Mt Isa in north western Queensland.

The 30MW Xstrata Power Station is expected to be completed by late 2007.

The power station will be fuelled by natural gas transported on the Carpentaria Gas Pipeline to Mt Isa and then to the Xstrata mine through the Mt Isa Town Lateral Pipeline, both of which are 100% owned by APA Group.

CORPORATE ACTIVITY UPDATE

APA Group is still awaiting judgment from the Federal Court appeals in relation to Alinta's acquisition of units in APA.

Alinta is still running an action in the Federal Court relating to the issue of shares in APL (the responsible entity of APA) to an APA subsidiary. This has been set down for hearing from 17 April.

DISTRIBUTION CHEQUES

Our registry, Link Market Services Limited (Link), has advised that there are a number of investors who have not yet presented their distribution cheque/s. We encourage you to bank your distribution cheque/s as soon as possible. If you have lost or misplaced your distribution cheque/s please contact Link on (02) 8280 7132 to arrange replacement/s.

We encourage all investors to receive distributions by direct credit as a way of ensuring receipt of your distribution, enhancing the security of payment and lowering our costs which benefit all of us.

Notify us of the Australian bank account, building society or credit union into which you would like your payments to be made by visiting the Link website www.linkmarketservices.com.au, downloading a form and mailing it to Link at Locked Bag A14, SYDNEY SOUTH NSW 1235.

DISTRIBUTION REINVESTMENT PLAN

A reminder to securityholders that the Distribution Reinvestment Plan (DRP) is now available to holders of Stapled Securities in APA Group and allows those holders to reinvest their distribution entitlement in additional stapled securities.

Securities may be issued at a discount to the market price, as set by the Responsible Entity from time to time, with the market price being calculated as the weighted average price of trading in securities for the 5 days up to and including the relevant record date and the 5 days after the relevant record date.

YEAR END TIMETABLE

Event	Date
Interim distribution payment – period ended 31 Dec 2006	30 Mar 2007
Record date of interim distribution period ended 31 Mar 2006	9 Jun 2007
Interim distribution payment – period ended 31 March 2007	29 Jun 2007
Full year results announced Sydney (also Webcast and Podcast)	29 Aug 2007
Record date of interim distribution period ended 30 June 2007	7 Sept 2007
Interim distribution payment – period ended 30 June 2007	28 Sept 2007
Annual Meeting	30 Oct 2007

Fresh on the heels of an eventful 2006, the APA Group has had a busy and productive start to 2007 with the settlement on the Directlink acquisition and bedding down the acquisitions of the Allgas and GasNet businesses.

We proactively pursued strategic growth opportunities in 2006 and will continue to do so in 2007, but again, only when these opportunities meet our strict investment criteria.

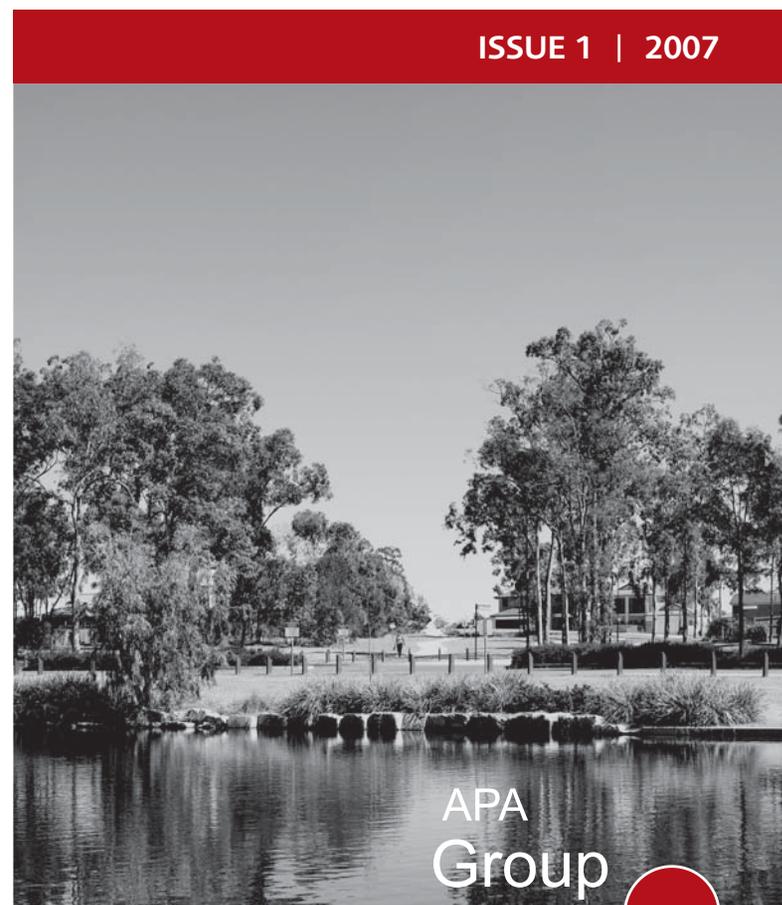
Whatever opportunities arise, the APA Group and Management remains committed to enhancing and growing your investment over the long term.

Mick McCormack
Managing Director
23 March 2007



In the Pipeline

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APA
Group

APA Group comprises of
AUSTRALIAN PIPELINE LTD ACN 091 344 704
AUSTRALIAN PIPELINE TRUST ARSN 091 678 778
APT INVESTMENT TRUST ARSN 115 585 441

Welcome to the first issue of "In the Pipeline" for 2007.

There has been much activity at APA Group since our last newsletter. Firstly, you will note that we are now known as APA Group. This change follows the stapling of units of Australian Pipeline Trust (APT) to APT Investment Trust (APTIT), providing you, as a securityholder, with access to tax deferred distributions. Our code on the Australian Securities Exchange remains unchanged as APA.

APA Group has continued to deliver on its strategy of targeting core and complementary assets with the acquisition of electricity transmission asset Directlink (announced in December 2006) and the completion of the acquisition of the GasNet gas businesses.

APA Group also continued to deliver organic growth on its existing assets with gas pipelines in Queensland and Western Australia helping to deliver a strong result for the six months to 31 December 2006.

Importantly for securityholders, APA Group declared an interim dividend of 7 cents per security in February, taking distributions for the six month period to 14 cents - up 16.7% from the previous corresponding period. Details of the components of your distribution will be set out on the distribution statement.

Looking ahead, the fundamentals of the business are solid and the appropriate strategies are in place to deliver continued long-term growth.

In this issue of "In the Pipeline", we will summarise the key milestones since our last issue in mid December. I hope you find the newsletter interesting and informative. If you would like more detailed information, please visit our website – www.pipelinetrust.com.au

FINANCIAL HIGHLIGHTS

Half-year results for the six months ended 31 December 2006

\$million	6 months to 31 Dec 2006	6 months to 31 Dec 2005	Change (%)
Revenue	243.3	186.7	30.3%
EBITDA*	134.9	100.1	34.8%
NPAT*	32.6	31.2	4.4%
Free cash flow per security (cents)*	19.8c	18.1c	9.0

* Before significant items

In February, APA Group announced a 4.4% increase in net profit before significant items to \$32.6 million for the six months ended 31 December 2006.

The result included a full, six-month contribution from the Murraylink electricity transmission business, which we acquired in March last year,

and part-year contributions from the Allgas and GasNet businesses acquired during the half-year.

Total revenues increased 30.3% to \$243.3 million reflecting a 28.9% increase in pipeline transportation revenue. A fall in transportation revenue on the Moomba to Sydney Pipeline has been largely mitigated by additional revenue from other customers, as well as the contribution from new acquisitions.

As previously announced, during the half-year, APA Group raised a total equity of \$598 million through a private placement, rights issue, security purchase plan and the dividend reinvestment plan to partly pay down acquisition bridge finance and to reduce gearing.

OPERATIONAL HIGHLIGHTS

During the half-year, APA Group made a number of acquisitions in line with its strategy of acquiring complementary assets which fit its investment criteria.

The most recent was the acquisition announced on 20 December 2006 of the Directlink electricity transmission assets for \$170 million. That deal was completed on 28 February 2007.

Directlink, which connects the New South Wales and Queensland power grids, enhances APA Group's presence in electricity transmission, following the acquisition of the Murraylink electricity assets in March 2006.

The Directlink assets are recently built, long-lasting with low staff and maintenance requirements. APA Group will use the skills and synergies gained from managing Murraylink to achieve cost savings.

The acquisition is expected to be distribution per unit accretive in its first full year based on APA Group's expected distribution payment of 28 cents for the 2007 financial year.

As previously advised the fixed payments under the Gas Transportation Deed with AGL, expired on 1 January 2007 and negotiations with AGL for services after that date are continuing. AGL has notified a non-tariff dispute to the ACCC, seeking arbitration of the matter.

A brief re-cap of other acquisitions and initiatives undertaken during the half-year to 31 December 2006:

- The acquisition of GasNet Australia for \$446 million cash (including acquisition costs), effective October 2006.
- Acquisition of the Allgas Energy distribution business in south east Queensland and northern New South Wales, via competitive tender for \$538 million (including acquisition costs) on 1 November 2006.
- Heads of Agreement signed between Epic Energy (Epic) and APA Group on 10 November 2006 to begin Front End Engineering and Design (FEED) of the North Gas Link (a pipeline to connect Qld gas system to NSW, SA and Vic).

Through the acquisition and operation of core and complementary energy transmission assets with diversified risk profiles APA Group should be able to increase distributions to securityholders annually by at least CPI.

LOOKING AHEAD

APA Group is pleased with the performance of the business and initial contributions from its new acquisitions. Barring unforeseen circumstances, APA Group expects to be able to maintain the current level of cash distributions for the remainder of the current financial year, resulting in a 2007 full year distribution of 28 cents per security, an increase of 16.7% on the prior year.

Net profit after tax guidance (excluding significant items) for the full year ending 30 June, 2007 is in a range of \$58-61 million.

Consolidation is still occurring in the energy transportation sector and APA Group is well positioned to shape and direct that consolidation. We continue to look for opportunities in complementary businesses where we can utilise our skill sets.

Future gas supply is a matter of vital importance to Australia and APA Group over the next decade, particularly in light of growing concerns about global warming. We believe gas should be accepted as a fuel of transition which will lead to a reduction in carbon emissions.

APA Group is well positioned to assist in the future delivery of gas but we do need additional sources.

It was recently announced that work on the PNG to Australia pipeline project had been suspended while other gas development options were being evaluated.

While the deferral is disappointing, APA Group believes the impact of deferral may lead to higher gas prices in south east Australian markets and therefore greater incentives for further on-shore exploration. This is likely to lead to a reassessment of the PNG or other northern gas supply options.

APA Group believes that there are currently adequate gas supplies to meet demand in eastern Australia in the short to medium term, as well as alternative supplies for the future including Coal Seam Gas (CSG).

The fast-developing CSG industry is expected to play an increasing role in the energy market over the medium term. APA Group recently announced the joint investigation with Epic Energy of the North Gas Link which will allow us to bring Queensland's large CSG gas reserves into south east Australia.

In the longer term, a northern gas solution will be vital to meet the supply demands of eastern Australia and APA Group will continue to advocate options such as PNG, Timor Sea or North West Shelf gas sources.