



AUSTRALIAN PIPELINE LTD
 ACN 091 344 704

AUSTRALIAN PIPELINE TRUST
 ARSN 091 678 778

APT INVESTMENT TRUST
 ARSN 115 585 441

Dear Securityholders

I am pleased to report another solid result for APA for the six months to 31 December 2011. We have built on our platform of long-term, secure and profitable growth to provide value to you, our securityholders.

SOLID FINANCIAL PERFORMANCE

Everything we do at APA comes down to three strategic imperatives: optimising our energy infrastructure portfolio, maintaining secure operations and earnings, and remaining customer focused. This is reflected in APA's consistent and growing financial performance.

Earnings before interest, tax, depreciation and amortisation (EBITDA), before significant items, was up 14 per cent to \$289 million for the half year, mainly due to the revenue from our growth capital investments made over the last 18 months, such as the Young-Wagga looping project and the acquisition of the Amadeus Gas Pipeline and the Emu Downs wind farm.

Profit before significant items was up 21 per cent to \$76 million. A gain on the sale of the APA Gas Network (Allgas) in December, offset by associated transaction costs, resulted in a \$10.4 million reduction to EBITDA and net profit.

Operating cash flow was technically down 7.5 per cent to \$157 million. However, this was solely due to the receipt of a regular monthly payment that is usually paid on the last day of the month, being received on 3 January. This is a timing issue and will not affect APA's financial performance for the full year.

The interim distribution of 17 cents per security is an increase of 3 per cent on the previous corresponding period and, as has always been the case, distributions will be paid out of operating cash flows.

OPTIMISING OUR ASSET PORTFOLIO

We continue to expand and enhance our energy infrastructure portfolio to meet the increasing demand for natural gas. Our assets generally operate at full capacity, and we are increasing capacity on our pipelines and storage systems to satisfy the growing

demand from our customers for increased services. Current projects include the ongoing expansion work on the Roma to Brisbane and Moomba to Sydney Pipelines, capacity upgrade of the Victorian Transmission System and expansion of the Mondarra Gas Storage Facility in Western Australia.

Those projects, as well as the newly announced expansions on the Goldfields Gas Pipeline, are all underpinned by long-term contracts with highly credit worthy counterparties or are covered within current approved access arrangements.

The \$125 million of capital expenditure during the half year, together with over \$400 million of growth projects in progress, will contribute to APA's secure long-term returns.

In October 2011 we secured a long-term energy supply agreement with Mount Isa customers, ensuring the continuation of gas-fired electricity for the region. APA together with AGL Energy will develop the 242 megawatt gas-fired Diamantina Power Station which will be supplied by our Carpentaria Gas Pipeline under a new long-term gas transportation agreement.

In December we sold the APA Gas Network (Allgas) in Queensland into a joint venture, in which APA retains a 20 per cent equity interest, together with a long-term asset management and operating agreement. The net proceeds of the sale of \$478 million have been reinvested into the business.

APA's takeover offer for Hastings Diversified Utilities Fund (HDF) is in line with our strategy of enhancing our gas infrastructure portfolio. We already own 20.7 per cent of HDF, which owns three natural gas pipelines. These pipelines form a natural fit with our own gas pipeline portfolio and will enable APA to offer more flexible services to best meet our customers' needs and enhance competition between gas basins in eastern Australia. The takeover will benefit both APA and HDF Securityholders, who will become investors in a significantly larger and geographically diversified infrastructure business.

We are continuing to work through the conditions of the offer, including ACCC clearance. At the time of writing this newsletter, the ACCC was considering the matter. The offer is open until 31 March 2012 unless APA chooses to extend the offer period. I believe HDF is a good fit for our business, but only at the right price.

CAPITAL MANAGEMENT

During the period, APA completed a major debt refinancing program, raising \$1.9 billion in new debt facilities. These funds have been used to refinance debt maturing in 2012 and replace more expensive debt that was to mature in 2013, as well as providing funding for our ongoing capital projects. Our successful capital management initiatives confirm both our ability to raise debt – and raise it at competitive levels – as well as the high regard with which APA is held in the debt markets.

FULL YEAR OUTLOOK

Over the second half of 2012, we will continue to develop growth opportunities and progress the expansion works across our portfolio. Despite the sale of the APA Gas Network (Allgas), we still expect 2012 EBITDA to be within the range of \$530 to \$540 million and total distributions per security for this financial year to be at least equal to the total distributions for the 2011 financial year, that is, at least 34.4 cents per security.

The result for the half year and outlook for the full year demonstrate APA's sustainable long-term growth. We will continue to fully utilise our assets, execute our capital projects well, and manage costs and resources diligently.

I thank you for your continuing support and I look forward to reporting APA's full year results to you in August.

Mick McCormack
 APA Group Managing Director and
 Chief Executive Officer

PERFORMANCE HIGHLIGHTS

	1H12 \$ million	1H11 \$ million	Change
Revenue excluding pass-through ¹	400	370	8%
EBITDA before significant items ²	289	254	14%
Profit before significant items ²	76	63	21%
Operating cash flow ³	157	170	(8%)
Operating cash flow per security ³ (cents)	24.7	31.0	(20%)
Distribution per security (cents)	17.0	16.5	3%
Distribution payout ratio ³	69.2%	53.6%	
Net tangible asset per security	\$1.64	\$1.34	22%

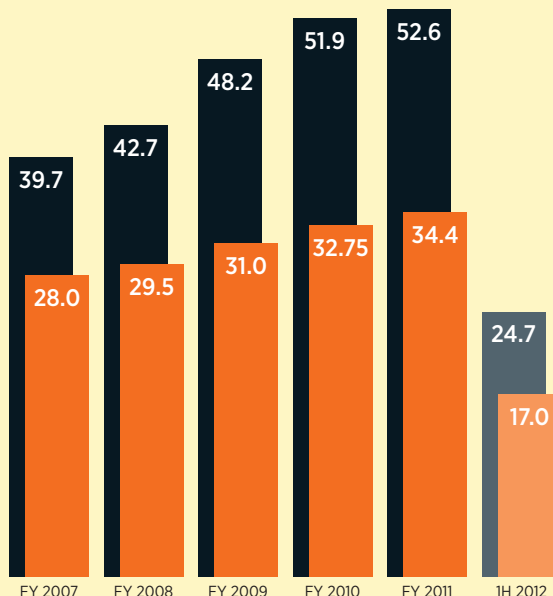
¹ Pass-through revenue is revenue on which no margin is earned

² Significant items – 1H12: Profit on the sale of APA Gas network less transaction costs
– 1H11: APA share of EII2 investment allowance benefit

³ Operating cash flow and associated metrics impacted by the receipt of a significant monthly payment, due on the last day of December 2011, on the first business day in January 2012, as 31 December fell on a weekend

FULLY COVERED DISTRIBUTIONS

■ Operating cash flow per security (cents)
■ Distributions per security (cents)



EXPANDING OUR ASSETS AND INVESTMENTS

GROWTH PROJECTS TOTALLING OVER \$400 MILLION ANNOUNCED OR IN PROGRESS



Complete Interim Financial Reports information including webcast of the Interim Results presentation is available under 'Investor Relations' on our website www.apa.com.au

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