

Dear Unitholder,

Greetings and welcome to the second edition of our newsletter "In the Pipeline". In this newsletter we discuss the full year results, introduce you to our newest member of staff, Kevin Dixon, talk about what we are doing to help Australia's native bilby and advise you of the proposed general meeting on 24 October 2001.

FULL YEAR RESULTS REPORT FROM THE CHAIRMAN, GEORGE BENNETT

The inaugural Financial Report of Australian Pipeline Trust (APA) reflects the results of the Group in respect of its financial year, being the period 17th March 2000 through 30th June 2001. This financial report will detail the trading results of the Group since it acquired the pipeline assets from The Australian Gas Light Company on 13th June 2000. Accordingly this newsletter will refer to the aggregate of the results as detailed in the Appendix 4B – Preliminary Final Report for 30th June 2000 and the Appendix 4B – Preliminary Final Report for 30th June 2001.

APA has announced its first full year profit after tax and minorities for the period ending 30 June 2001 of \$33.0 million. The Directors are pleased with this result, which exceeds prospectus forecast by \$7.5 million or 29%. This result confirms APA as the pre-eminent gas transmission pipeline company in Australia. In delivering this result, APA has met or exceeded the targets set in the offer document and current trading continues to perform to expectations.

Our Chief Executive Officer, Jim McDonald commented that "Since its listing, APA has performed well and this is reflected in higher revenues on our major asset, the Moomba to Sydney pipeline (during the early part of the financial year), as well as the Roma to Brisbane and Carpentaria pipelines in Queensland."

Details of the results are contained in our first annual report. If you have elected to receive a copy of the annual report, it should be accompanying this newsletter. If you have not elected to receive an annual report or a concise annual report, our website - www.pipelinetrust.com.au will have a downloadable version by the end of September, together with a copy of the ASX release and the Appendix 4B.

The Distribution in respect of the quarter ended 30 June 2001 will be 6.0 cents per unit, comprising an unfranked income component of 5.0 cents per unit and a capital component of 1.0 cent per unit. This exceeds the Offer Document forecast distributions in respect of the period ended 30 June 2001 by 0.5 cents per unit. It is not expected that APA will generate significant franking credits until at least 2004.

Results for the period are summarised below:-

RESULTS IN SUMMARY		
Pipeline Revenue including SCP distribution	\$247.9 million	
Total Revenue	\$263.2 million	
Earnings before Interest, Tax, Depreciation and Amortisation	\$134.5 million	
Earnings Before Interest and Tax	\$109.4 million	
Pre Tax Profit	\$57.0 million	
Less: Tax	\$23.8 million	
Profit after Tax	\$33.2 million	
Less: Minority Interests	\$0.2 million	
Operating Profit after Tax and minorities	\$33.0 million	
Earnings per Unit	13.5 cents	
Net Asset Backing per unit (after capital distributions)	\$1.86	
Operating Cash Flow per Unit – excluding interest	62.1 cents	
Interest Cover Ratio	2.1	
Gearing Ratio	61.9%	
Total Distribution paid /payable in respect of the period to 30 June 2001 per unit	Income Distribution	12.9 cents
	Capital Distribution	9.1cents

HIGHLIGHTS OF THE PERIOD

The main highlights of the period were:-

- ⌚ Acquisition of the 15% minority holding in the Roma to Brisbane (RBP) pipeline
- ⌚ Completion of 110 km Peat Lateral pipeline, which provides coal seam methane to the BP Bulwer Island Clean Fuels facility on the Brisbane River.
- ⌚ New lateral and looping on the RBP pipeline to supply gas to CS Energy Ltd at Swanbank, near Brisbane. This project, which is presently under construction, is expected to be completed in late calendar 2001.
- ⌚ Completion of 15 km lateral to the Midwest Pipeline in Western Australia to connect to a gas fired power station supplying electricity near Mt. Magnet.

REGULATORY MATTERS

Discussions and submissions to Governments and Regulators regarding the impact of the regulation of gas transmission pipelines continues to have a significant impact on all of APA's resources.

East Australian Pipeline Limited (a wholly owned subsidiary of APA) has decided to pursue revocation of regulatory coverage over the Moomba to Sydney pipeline system following the Competition Tribunal decision to revoke regulatory coverage over the competing Eastern Gas Pipeline, owned by Duke Energy.

A review of the impact of regulation on the Pipeline Industry will commence following the current review of Part III A of the Trade Practices Act, and APA will contribute to that review.

OUTLOOK

"Our business is performing consistently, and APA has established its position in the industry," Mr Bennett said. "Over the next year, we expect many challenges and opportunities. The Natural Gas Industry in Australia has entered a new and exciting phase of its history. New gas supplies need to be provided to the major markets of Southern and Eastern Australia by the middle of this decade. Significant investment decisions will be made in the next few years regarding gas reserves in the Timor Sea, Papua New Guinea, the Otway Basin, Coal Seam Methane deposits, and perhaps yet undiscovered gas. APA intends to position itself to be the preferred transporter of natural gas to market, irrespective of the source of gas. Our National footprint ensures that APA is well positioned to participate in, and benefit from, any natural gas projects."

GENERAL MEETING

APA will hold its first general meeting on 24 October 2001 at 10.30am at the Hotel Intercontinental, Macquarie Street, Sydney.

A number of unitholders have asked how APA is different from a publicly listed company. In the main, APA operates no differently from a public company however, because APA is a listed investment trust rather than a listed public company, different Corporations Act provisions apply to determine the rules for holding meetings.

Those rules are contained under Part 2G.4 of the Corporations Act, 2001 dealing with meetings of members of registered managed investment schemes (MIS) and under the Constitution of APA.

In summary, APA is not obliged to hold an annual meeting. The constitution of APA does not require an annual general meeting to be held, but allows the Trustee (responsible entity) to convene a meeting at any time. The Board of Australian Pipeline Limited as responsible entity, has stated in the Offer Document that at least one meeting would be held annually. A quorum of at least 10 members is required for any Meeting.

No resolutions will be put to the meeting. The annual financial accounts for year ended 30 June 2001 will be presented for discussion and questions may be asked from the floor, however under the MIS rules there is no requirement to have the financial accounts or other matters accepted by the members.

Again, as a MIS, APA is not required to declare a final dividend. Instead, its distribution policy is set out in the Australian Pipeline Trust constitution, which requires it to distribute quarterly. Details of the final distribution for the year ended 30 June 2001, accompany this newsletter.

Unitholders should note that tax is payable upon receipt of the distribution rather than upon entitlement. Therefore, if you have a tax year ending 30 June, you will return this distribution as income in your tax return for the period ending 30 June 2002.

NEW SENIOR OFFICER AT APA

We are pleased to announce that Kevin Dixon has started work at APA as General Manager Strategic Planning. Kevin has significant experience in the energy sector having worked for over 20 years with Esso Australia Limited. His most recent assignments include Coal Marketing and Corporate Affairs with Exxon Coal and Minerals Australia Pty Limited. Kevin is a Fellow of the Institution of Engineers, Australia and has had various management and board roles in the energy industry.

Kevin is responsible for developing medium and long term strategies of the Trust to ensure it remains the leading natural gas transmission business in Australia.

HELPING THE BILBY

As many of you will know, APA has long maintained a soft spot for the Australian bilby. APA has had significant experience in ensuring the survival of the bilby during the building of pipelines through the environmentally sensitive areas in Queensland.

As part of its ongoing commitment, APA has provided funds to the Save the Bilby Fund. These funds will assist in the Fund's efforts to construct a 20 km predator proof enclosure to protect a re-introduced population of bilbies and will help ensure that the bilby will be around for many generations to come.

IN THE PIPELINE

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Australian
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THE AUSTRALIAN BRANDENBURG ORCHESTRA

APA has made a contribution to Australian cultural activities with the significant underwriting of the costs of bringing this internationally acclaimed orchestra to Darwin on 7 November 2001 and Perth on 10 November 2001.

APA is proud to be associated with this highly accomplished group of Australian musicians.

We look forward to a long association with you and hope to see you at the general meeting in October.

J K McDonald
Chief Executive Officer