more than...

pipelines: redefining our potential

SEPTEMBER 2012

APA Group
2012 Annual Results
Summary

AUSTRALIAN PIPELINE LTD
ACN 091 344 704

AUSTRALIAN PIPELINE TRUST
ARSN 091 678 778

APT INVESTMENT TRUST
ARSN 115 585 441

Dear Securityholders

Consistent strong business performance is a hallmark of APA and for the 2012 financial year, I am pleased to report that APA has achieved another solid result. We have delivered business growth and enhanced the value of our asset portfolio, whilst maintaining efficient operations.

SOLID RESULTS
Our business is in very good health – it's stable, secure and has the capacity to fund our plans for continued growth. Testament to this is APA's FY2012 performance, notably:

— an increase in operating cash flow of 16 per cent to $336 million;

— an increase in earnings before interest, tax, depreciation and amortisation (EBITDA) of 7 per cent to $526 million; and

— an increase in profit after tax of 29 per cent to $131 million.

Earnings growth was bolstered by the sale of additional capacity in our continually expanding pipelines, such as the Young Wagga lateral and Moomba to Sydney pipeline in New South Wales, and by acquisitions, including the Amadeus Gas Pipeline in the Northern Territory and the Emu Downs wind farm in Western Australia. The scale and diversity of APA's assets and operations provides both revenue security and a platform for continued future growth.

DISTRIBUTION TRACK RECORD
Delivering securityholder value is of upmost importance to us and I am proud of our record that in 12 years since listing on the ASX, we have never reduced distributions nor traded below our listing price. The final distribution of 18 cents per security combined with the 17 cents interim distribution paid in March of this year, gives securityholders a total distribution of 35 cents for FY2012 – an increase of 1.7% over the previous year. As in past years, distribution payments were well covered by operating cash flow.

The launch in August of APA's Subordinated Notes provides further equity support to our growth going forward without the dilution effect of issuing further equity. I am pleased to see that many of our securityholders have taken up the Notes offer.

STRATEGIC AND OPERATIONAL HIGHLIGHTS
It's been a very busy year both operationally and strategically. The map overleaf highlights the key operational initiatives undertaken and/or completed during FY2012. Over the last five years, we have spent more than $1.2 billion extending and enhancing our energy infrastructure footprint and investments across Australia, including $271 million of investment and growth capital expenditure this year. At the same time, we've continued to streamline and enhance our processes and systems, to improve our services to customers, and make APA a safer and better place to work.

"$271 million of investment and growth capital expenditure this year."

In December 2011 we sold the Allgas gas distribution network in southern Queensland into the GDI (EII) joint venture. We've maintained a 20 per cent interest in GDI and will continue to manage and operate the Allgas network under a long term arrangement. The net sale proceeds of $477 million were initially used to reduce outstanding debt and will be used to fund APA's growth going forward.

At the same time we announced an off-market takeover for Hastings Diversified Utilities Fund (HDF) which we see as a strong strategic fit for APA. The combination of APA's and HDF's gas pipelines will provide our customers with more flexible and tailored services as well as enhancing the value of our existing assets. At the time of writing this newsletter, we feel confident that HDF security holders will accept our offer and become investors in APA going forward.

Capital management continues to be a significant focus at APA and during the year all debt due for repayment up until July 2013 was successfully refinanced. We raised $1.9 billion in new bank facilities and also issued $416 million in Medium Term Notes through the programs that we have in place. We continue to maintain our investment grade credit ratings with Standard & Poor's and Moody's. It is gratifying to see the strong support that lenders and debt investors continue to show for APA, especially in light of the volatility that exists in debt capital markets globally.

OUTLOOK
Looking ahead, the FY2012 performance has put us in a good position to pursue our strategy of achieving profitable growth into the future. Barring unforeseen circumstances, we expect our EBITDA for FY2013 to be in the range of $540 million to $550 million, not taking into consideration our potential acquisition of HDF, and total distributions for the year to be at least 35 cents per security. We expect distribution guidance to remain unchanged if APA is successful in acquiring HDF.

It is the 'golden age of gas' and we see a wealth of opportunity for growth at APA. With our management, operating, engineering and construction capability, we will continue to optimise the use of our assets and deliver innovative services to the benefit of both our customers and you, our securityholders.

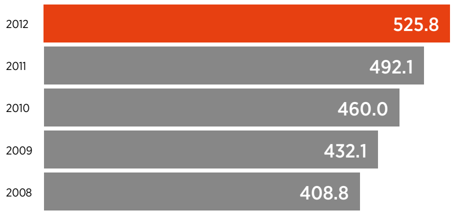
Len Bleasel AM
APA Group Chairman

Performance highlights

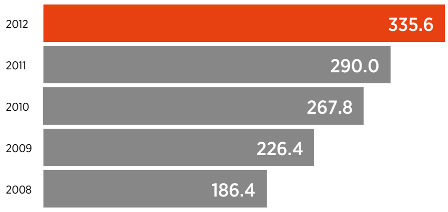
	2012 $ million	2011 $ million	Change %
FINANCIAL RESULTS			
Revenue	**1,060.7**	1,102.0	(3.8)
Revenue excluding pass-through[1]	**758.0**	720.3	5.2
EBITDA including significant items	**525.8**	492.1	6.9
Profit after tax and minorities, including significant items	**130.7**	108.5	20.4
Operating cash flow	**335.6**	290.0	15.7
FINANCIAL POSITION			
Total assets	**5,496**	5,428	1.3
Debt	**3,224**	3,240	(0.5)
Securityholders' equity	**1,614**	1,668	(3.2)
FINANCIAL RATIOS			
Operating cash flow per security (cents)	**52.5**	52.6	(0.2)
Earnings per security (cents)	**20.4**	19.7	3.6
Distribution per security (cents)	**35.0**	34.4	1.7
Distribution payout ratio	**67.0%**	65.7%	
Gearing (net debt to net debt plus equity)	**65.0%**	66.2%	
Interest cover ratio (times)	**2.48**	2.03	

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

EBITDA ($M)



OPERATING CASH FLOW ($M)



OPERATING CASH FLOW PER SECURITY (CENTS)

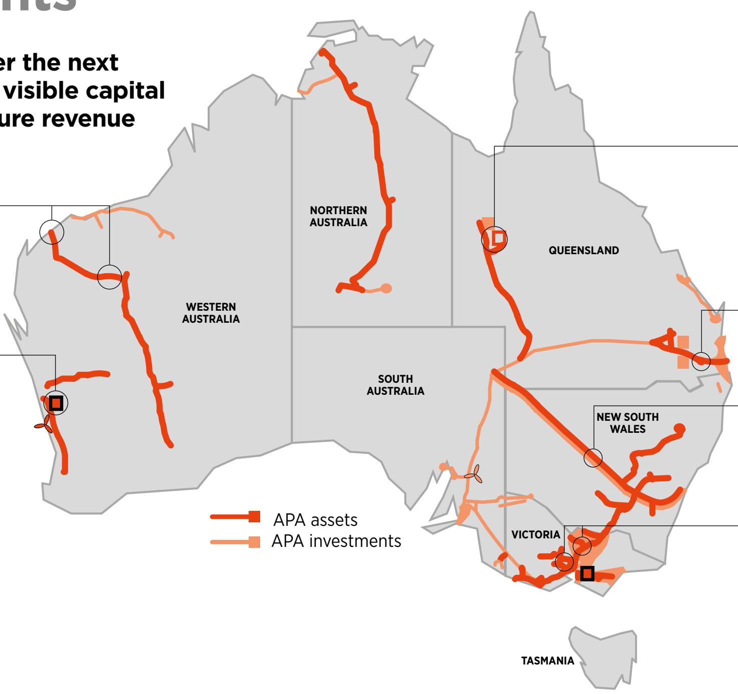
DISTRIBUTIONS PER SECURITY (CENTS)

Expanding our assets and investments

~ $300 million per annum over the next two years for committed and visible capital projects, underpinned by secure revenue

GOLDFIELDS GAS PIPELINE
2 capacity expansions – compressor stations and compressor upgrades;
20-year and 15-year contracts

MONDARRA GAS STORAGE FACILITY
Capacity expansion; 20-year contract



DIAMANTINA POWER STATION
Joint development (APA/AGL)
242 MW gas-fired generation;
17-year contract

CARPENTARIA GAS PIPELINE
10-year contract

ROMA BRISBANE PIPELINE
Capacity expansion completed;
2 contracts up to 15 years

MOOMBA SYDNEY PIPELINE
Mainline capacity expansion
Young compressor upgrade;
Various contracts up to 10 years

VICTORIAN TRANSMISSION SYSTEM
Sunbury looping project and
Euroa compressor station;
Regulated revenue

APA 2012 Annual Report and Annual Review and Sustainability Report are available on our website apa.com.au

APA Group