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APA Group

Australian Pipeline Ltd
ACN 091 344 704

Australian Pipeline Trust
ARSN 091 678 778

APT Investment Trust
ARSN 115 585 441

ASX ANNOUNCEMENT

20 February 2013

APA Group (ASX: APA)
(also for release to APT Pipelines Limited (ASX: AQH))

INTERIM FINANCIAL REPORTS

The following announcements are attached for release to the market:

- Australian Pipeline Trust Appendix 4D
- Australian Pipeline Trust Interim Financial Report
- APT Investment Trust Interim Financial Report

Mark Knapman
Company Secretary
Australian Pipeline Limited

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About APA Group (APA)

APA is Australia's largest natural gas infrastructure business, owning and/or operating $12 billion of energy assets. Its gas transmission pipelines span every state and territory on mainland Australia, delivering approximately half of the nation's gas usage. Unique amongst its peers, APA has direct management and operational control over its assets and the majority of its investments. APA also holds minority interests in energy infrastructure enterprises including Envestra, SEA Gas Pipeline, Energy Infrastructure Investments and GDI.

APT Pipelines Limited is a fully owned subsidiary of Australian Pipeline Trust and is the borrowing entity of APA Group.

For more information visit APA's website, www.apa.com.au

Results For Announcement To The Market
For the Half Year Ended 31 December 2012
Appendix 4D

Statutory Results

		Percentage Change %		Amount $'000
Revenue including significant items	up	17.8	to	624,688
EBITDA including significant items	up	51.9	to	423,675
EBIT including significant items	up	61.7	to	359,892
Operating profit after tax and minorities including significant items	up	221.1	to	211,976
Operating cash flow including significant items	down	8.5	to	143,712
Operating cash flow per security including significant items	down	4.5c	to	20.2c
Earnings per security including significant items	up	19.3c	to	29.7c

EBIT = Earnings before interest and tax

EBITDA = EBIT before depreciation and amortisation

Results For Announcement To The Market
For the Half Year Ended 31 December 2012
Appendix 4D

Dividends (Distributions)

Distributions paid and proposed in relation to the half year ended 31 December 2012 – Australian Pipeline Trust:	**Amount per security**	**Franked Amount per security**
Distributions paid in relation to the half year ended 31 December 2012	-	-
Interim distributions proposed[a]		
- profit distribution	14.74¢	-
- capital distribution	-	-
Total distributions proposed - APT	14.74¢	-
Distributions paid and proposed in relation to the half year ended 31 December 2012 – APT Investment Trust:		
Distributions paid in relation to the half year ended 31 December 2012	-	-
Interim distributions proposed[a]		
- profit distribution	2.26¢	-
- capital distribution	-	-
Total distributions proposed - APTIT	2.26¢	-
Total APA Group distributions in relation to the half year ended 31 December 2012	17.00¢	-

[a] *The interim distributions have not been recorded in the financial report as required by AASB 137 "Provisions, Contingent Liabilities and Contingent Assets".*

Record date for determining entitlements to the unrecognised interim distribution in respect of the year ended 30 June 2013

- interim distribution — 31 December 2012

Distribution information is presented on an accounting classification basis. The APA Group Annual Tax Statement and Annual Tax Return Guide (released in September) provide the classification of distribution components for the purposes of preparation of securityholder income tax returns.

Brief Explanation of Revenue, Net Profit/(Loss) and Dividends (Distributions)

Refer Directors' Report.
The Directors have proposed an interim distribution of 14.74 cents per unit, unfranked, to be paid on 13 March 2013.

Results For Announcement To The Market
For the Half Year Ended 31 December 2012
Appendix 4D

The Directors also note that APT Investment Trust has proposed an interim distribution of 2.26 cents per unit (refer above), also to be paid on 13 March 2013.
Total distribution for the APA Group stapled security for the December 2012 half year is 17.0 cents per stapled security.

Reporting Period

Current Reporting Period:	Half year ended 31 December 2012
Previous Corresponding Period:	Half year ended 31 December 2011

Distribution Reinvestment Plan

The dividend or distribution plans shown below are in operation.

The distribution reinvestment plan that is in operation is the Australian Pipeline Trust Distribution Reinvestment Plan. The plan became effective on 15 August 2003.

The last date(s) for receipt of election notices for the dividend or distribution reinvestment plans	31 December 2012

Details of Businesses Over Which Control Has Been Gained or Lost

During the period APA completed the acquisition of 100% of the Hastings Diversified Utilities Fund ("HDF"). APA held an interest of 20.7% in HDF at 30 June 2012. The remaining interest was acquired over the period from 9 October 2012 to 24 December 2012 when compulsory acquisition was completed. Total consideration paid during the period amounted to $1,233.8 million, comprised of $349.1 million in cash and $884.7 million of securities issued.

Net Tangible Assets Per Security

	2012	2011
	$	$
Net tangible assets per security	**1.40**	1.64

Results For Announcement To The Market
For the Half Year Ended 31 December 2012
Appendix 4D

Compliance Statement

Information on Audit or Review

(a) The half year report is based on accounts to which one of the following applies.

☐	The accounts have been audited.	☒	The accounts have been subject to review.
☐	The accounts are in the process of being audited or subject to review.	☐	The accounts have not yet been audited or reviewed.

(b) Description of likely dispute or qualification if the accounts have not yet been audited or subject to review or are in the process of being audited or subjected to review.

- N/A -

(c) Description of dispute or qualification if the accounts have been audited or subjected to review.

- N/A -

(d) The entity has a formally constituted audit committee.

Sign here: ______________________ 20 February 2013

Chairman Date

Print name: Leonard Bleasel AM

APA Group

Australian Pipeline Trust

ARSN 091 678 778

Interim Financial Report

For the Half Year ended

31 December 2012

Delivering Australia's Energy

The directors of Australian Pipeline Limited ("Responsible Entity") submit their interim financial report in respect of Australian Pipeline Trust ("APT") and its controlled entities (together "APA" or "Consolidated Entity") for the half year ended 31 December 2012 ("current period"). This report refers to the consolidated results of APT and APT Investment Trust ("APTIT").

Directors

The names of the directors of the Responsible Entity during and since the current period are:

Leonard Bleasel AM	Chairman
Michael McCormack	Chief Executive Officer and Managing Director
Steven Crane	
John Fletcher	
Russell Higgins AO	
Patricia McKenzie	
Muri Muhammad (retired 24 October 2012)	
Robert Wright	

Company Secretary

Mark Knapman

Principal activities

The principal activities of APA during the course of the current period were the ownership and operation of energy infrastructure assets and businesses, including:

- Energy infrastructure, primarily gas transmission businesses located across Australia, and the Emu Downs wind farm in Western Australia;
- Asset management and operations services for the majority of APA's energy investments and for third parties; and
- Energy investments in listed and unlisted entities.

Financial and operational review

The following table provides a summary of key financial data for the current period:

Half year ended	31 Dec 2012	31 Dec 2011	Changes	
	$000	$000	$000	%
Total revenue excluding pass-through (1)	452,079	399,579	52,500	13.1
Total revenue	624,688	530,452	94,236	17.8
EBITDA	423,675	278,892	144,783	51.9
Depreciation and amortisation expense	(63,783)	(56,265)	(7,518)	(13.4)
EBIT	359,892	222,627	137,265	61.7
Net interest expense	(131,450)	(131,701)	251	0.2
Pre-tax profit	228,442	90,926	137,515	151.2
Income tax expense	(19,230)	(24,906)	5,676	22.8
Minorities	2,764	(3)	2,768	NM
Profit after income tax and minorities, including significant items	**211,976**	**66,017**	**145,959**	**221.1**
Significant items after income tax (2)	113,707	(10,435)	124,142	-
Profit after income tax and minorities, excluding significant items	**98,269**	**76,452**	**21,817**	**28.5**
Operating cash flow (3)	143,712	157,107	(13,395)	(8.5)
Operating cash flow per security (cents)	20.2	24.7	(4.5)	(18.3)
Normalised operating cash flow(4)	212,537	157,107	55,431	35.3
Normalised operating cash flow per security (cents)(4)	29.8	24.7	5.1	20.9
Earnings per security – reported (cents)	29.7	10.4	19.3	186.9
Earnings per security – normalised (cents)(5)	13.8	12.0	1.8	14.8
Distribution per security (cents)	17.0	17.0	-	-
Distribution payout ratio (6)	66.2%	69.2%		
Net Tangible Asset per security	1.40	1.64	(0.24)	(14.3)
Weighted average number of securities (000)	713,152	637,151		

(1) 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 Envestra in respect of, the operation of the Envestra assets.

(2) Significant items –see summary table (page 3).

(3) Operating cash flow = net cash from operations after interest and tax payments.

(4) Normalised operating cash flow excludes significant items.

(5) Normalised earnings per security excludes significant items.

(6) Distribution payout ratio = total distribution payments as a percentage of normalised operating cash flow.

APA reported an interim profit after tax and minorities and including significant items of $212.0 million, an increase of 221% compared with $66.0 million reported in the previous corresponding period. APA's profit includes three months earnings of Hastings Diversified Utilities Fund (HDF) which was acquired during the period and consolidated from 9 October 2012.

APA's profit contained a number of significant items (tabled below) relating to APA's acquisition of HDF, fees paid by HDF to Hastings Funds Management and the reversal of costs booked against the sale of the Allgas gas distribution network (December 2011), with a net positive after tax impact of $113.7 million.

Significant items	31 Dec 2012	31 Dec 2011
	$000	$000
Significant items impacting EBITDA		
Write back of transaction costs in respect of Allgas sale [1]	18,588	(10,435)
Gain on APA's previously held interest in HDF	142,333	
Transaction costs on acquisition of HDF	(14,036)	
Integration costs on acquisition of HDF	(5,343)	
Significant items incurred by APA Group	**141,542**	**(10,435)**
Management and Performance Fees charged to HDF by Hastings Funds Management	(35,438)	
Takeover response costs incurred by HDF Group	(6,913)	
Significant items incurred by HDF Group	**(42,351)**	**0**
Total significant items impacting EBITDA	**99,191**	**(10,435)**
Significant items impacting Finance Costs		
Gain on settlement of HDF interest rate swaps	8,713	
Total significant items before tax	**107,904**	**(10,435)**
Income tax related to significant items	5,803	
Total significant items after tax	**113,707**	**(10,435)**

(1) Prior year significant item reflects profit on Allgas sale less transaction costs

Interim net profit after tax (excluding the significant items) of $98.3 million was up 28.5% on the previous corresponding period ($76.5 million).

Revenue (excluding pass-through) increased by $52.5 million to $452.1 million, an increase of 13.1% on the previous corresponding period. Earnings before interest, tax, depreciation and amortisation ("EBITDA") increased by $144.8 million to $423.7 million, an increase of 51.9%.

The main factors driving the increase in normalised (i.e. excluding significant items) profit ($98.3 million) and EBITDA ($324.5 million, an increase of 12.2% on the previous corresponding period) include:

- the additional earnings from the new expansion on the Roma Brisbane Pipeline (commissioned September 2012);
- increased volumes and/or tariffs across all pipelines;
- increased performance of investments, in particular Envestra; and
- the contribution of the Epic Energy pipeline assets since 9 October 2012, totalling $31.6 million.

The increase was partially offset by the removal of contributions from Allgas.

Operating cash flow decreased by 8.5% to $143.7 million (previous corresponding period: $157.1 million), and operating cash flow per security decreased by 18.3% or 4.5 cents to 20.2 cents per security (previous corresponding period: 24.7 cents per security). This decrease is primarily due to the inclusion of operating cash flows from HDF for the period from 9 October 2012 which included some $68.8 million of fees paid by HDF to Hastings Funds Management and HDF's advisers in respect of the takeover by APA.

Operating cash flow excluding the HDF significant one off payments of $68.8 million was up by 35.3% on the previous corresponding period to $212.5 million and corresponding operating cash flow per security was up 20.9% or 5.1 cents to 29.8 cents per security.

APA's interim distribution is 17.0 cents per security, equivalent to the previous corresponding period interim distribution. The distribution payout ratio for the current period was 66.2% based on normalised operating cash flow, compared to 69.2% for the previous corresponding period due to the increased securities on issue. APA continues to fully fund its distributions out of operating cash flows.

Capital management

APA issued a total of 182,864,742 securities during the period, an increase of 28.4% of securities on issue since 30 June 2012. The increase comprised of:

- 7,147,485 new securities issued under the APA Distribution Reinvestment Plan on 14 September 2012, at $4.69 per security, raising $33.5 million;
- 175,717,257 new securities as part of the offer consideration for HDF, issued between 9 October and 24 December 2012 inclusively, at an average weighted cost per security of $5.035.

At 31 December 2012, there were 827,350,325 APA securities on issue (30 June 2012: 644,485,583).

During the current period APA completed the following financings:-

- On 18 September 2012, APA completed an offer of long-dated, unsecured, subordinated and cumulative notes ("Notes"), raising $515 million. The Notes have a face value of $100 per Note, with a first call date of 31 March 2018 and final maturity date of 30 September 2072. Note holders receive floating rate, cumulative interest payments quarterly in arrears; interest is the sum of the 90 day Bank Bill Rate plus the 4.5% margin. The Notes provide 50% equity credit from Standard & Poor's and Moody's and are not convertible into stapled securities or any other securities. The Notes began trading on the ASX under the code "AQHHA" on 19 September 2012;
- On 11 October 2012, APA issued US$750 million (A$735 million) of 3.875% senior guaranteed notes into the United States 144A debt capital markets, maturing October 2022. The principal and interest obligations have been hedged into A$ obligations under the terms of cross-currency interest rate swap transactions, with quarterly A$ payments set at an average fixed rate of 6.68% per annum;
- On 26 November 2012, APA issued GBP 350 million (A$536 million) of 12-year fixed rate Medium Term Notes utilising documentation in place under its established European MTN program. The MTNs have a fixed annual GBP coupon of 4.25% per annum and will mature on 26 November 2024. The principal and interest obligations have been hedged into A$ obligations under the terms of cross-currency interest rate swap transactions, with quarterly A$ payments set at an average fixed rate of 7.36% per annum.

The proceeds from the Notes and debt facilities were used largely to assist in the acquisition of HDF, the repayment of HDF's short term bank debt and for general corporate purposes.

- Between 20 December and 24 December 2012 APA effected the full repayment and cancellation of all of HDF's (Epic Energy's) debt facilities, totalling $1,325 million and terminated all interest rate swaps associated with those facilities.

At 31 December 2012, APA's debt portfolio has a broad spread of maturities extending out to 2024, with an average maturity of senior facilities of 6.5 years. APA's gearing[1] of 64.2% at 31 December 2012 was down from 65.0% at 30 June 2012.

[1] Gearing ratio determined in accordance with covenants in certain senior debt facilities as net debt to net debt plus book equity.

At 31 December 2012, APA had $712 million in cash and committed undrawn facilities available to meet the continued capital growth needs of the business.

APA has a prudent treasury policy which requires conservative levels of hedging of interest rate exposures to minimise the potential impacts from adverse movements in interest rates. All interest rate and foreign currency exposures on debt raised in foreign currencies have been hedged. APA also enters into interest rate hedges for a proportion of the interest rate exposure on its floating rate borrowings. As at 31 December 2012, 80.1% of interest obligations on gross borrowings were either hedged or issued at fixed interest rates for varying periods extending out almost 12 years.

Borrowings and finance costs

As at 31 December 2012, APA had borrowings of $4,705 million ($3,224 million at 30 June 2012), principally from syndicated bank debt facilities, bilateral debt facilities, US Private Placement notes, European Medium Term Notes in several currencies, Australian Medium Term Notes, United States 144A Notes and APA Group Subordinated Notes.

The increase in borrowings since 30 June 2012 is primarily related to the takeover of HDF, including the repayment of HDF's debt facilities and payment of the cash component of the takeover offer.

Net underlying finance costs decreased by $0.2 million, or 0.2%, to $131.5 million (previous corresponding period: $131.7 million), notwithstanding the increased headroom carried by APA for much of the period in order to fully fund the HDF acquisition and debt repayment and the extra cost of HDF debt consolidated into the APA profit and loss from 9 October 2012. The average interest rate (including credit margins) applying to drawn debt was 7.46 % for the current period (previous corresponding period: 7.34%).

APA's interest cover ratio for the current period increased to 2.41 times from 2.19 times in the previous corresponding period, remaining well in excess of its debt covenant default ratio of 1.1 times, and distribution lock up ratio of 1.3 times. The calculation of interest cover does not include the significant items in EBITDA (numerator).

Credit ratings

APT Pipelines Limited, the borrowing entity of APA, maintained its two investment grade credit ratings:

- BBB long term corporate credit rating (outlook Stable) assigned by Standard & Poor's in June 2009, and
- Baa2 long term corporate credit rating (outlook Stable) assigned by Moody's Investors Service in April 2010.

Income tax

The effective income tax rate is 8.4%, lower than 27.4% in the previous corresponding period. This was primarily due to a number of significant items being capital in nature and therefore having little or no tax effect applying to them. The effective income tax rate before significant items is 20.8%, compared with 24.6% in the previous corresponding period.

Capital and investment expenditure

Capital and investment expenditure[2] for the period totalled $459.5 million.

APA growth projects totalled $167.3 million and included pipeline capacity expansion in Queensland, New South Wales, Victoria and Western Australia, and the expansion of the Mondarra Gas Storage

[2] Capital expenditure represents actual cash payments as disclosed in the cash flow statement; it excludes accruals brought forward from the prior period and carried forward to the next period.

Facility in Western Australia. HDF growth capital expenditure from 9 October 2012 of $10.6 million was concentrated on the South West Queensland Pipeline and additional compression facilities at Moomba.

Growth capital expenditure was generally either fully underwritten through long-term gas transportation arrangements or has had regulatory approval through the relevant access arrangement.

Acquisitions and investments totalled $271.7 million, with the majority relating to the acquisition of HDF. Net cash consideration for the acquisition of HDF was $248.2 million. APA increased its interest in Envestra to 33.9% for $15.3 million, by participating in Envestra's distribution reinvestment plan.

Distributions

On 20 February 2013, the directors declared an interim distribution for APA for the current period of 17.0 cents per security, equivalent to the previous corresponding period. This includes an APT distribution of 14.74 cents per security comprising a 14.74 cent unfranked profit distribution, and an APTIT distribution of 2.26 cents per security comprising a 2.26 cent unfranked profit distribution. There are no capital distributions included in this interim distribution.

The directors have again determined to offer investors the chance to participate in the Distribution Reinvestment Plan in respect of this distribution. The interim distribution is payable on 13 March 2012.

Significant changes in state of affairs

On 24 December 2012 APA completed the takeover of Hastings Diversified Utilities Fund. HDF was an Australian Securities Exchange (ASX) listed investment vehicle whose assets comprised of Epic Energy's three natural gas transmission pipeline systems, and was managed by Hastings Funds Management Limited. Further details of this transaction are found on page 11 of this report.

Business segment performance

Statutory reported revenue and EBITDA performance of APA's business segments is tabled below.

Half year ended	31 Dec 2012	31 Dec 2011	Changes	
	$000	$000	$000	%
Revenue				
Energy Infrastructure				
Queensland [(1)]	*86,718*	*55,470*	*31,248*	*56.3*
New South Wales	*71,068*	*71,902*	*(834)*	*(1.2)*
Victoria	*94,714*	*84,320*	*10,394*	*12.3*
South Australia [(2)]	*13,696*	*1,036*	*12,660*	*1222.0*
Western Australia [(3)]	*95,697*	*85,907*	*9,790*	*11.4*
Northern Territory	*11,277*	*10,765*	*512*	*4.8*
Energy Infrastructure total	373,170	309,400	63,770	20.6
Asset Management	37,680	34,245	3,484	10.0
Energy Investments	30,723	22,793	7,930	34.8
Total segment revenue	**441,573**	**366,438**	**75,135**	**20.5**
Divested business (Allgas) [(4)]	-	30,695	(30,695)	
Pass-through revenue	172,609	130,873	41,736	31.9
Unallocated revenue [(5)]	10,506	2,446	8,060	329.5
Total revenue	**624,688**	**530,452**	**94,236**	**17.8**
EBITDA				
Energy Infrastructure				
Queensland [(1)]	*64,286*	*41,664*	*22,622*	*54.3*
New South Wales	*58,756*	*60,168*	*(1,412)*	*(2.3)*
Victoria	*74,677*	*66,083*	*8,594*	*13.0*
South Australia [(2)]	*7,575*	*691*	*6,884*	*996.2*
Western Australia [(3)]	*66,009*	*60,341*	*5,668*	*9.4*
Northern Territory	*5,265*	*4,189*	*1,076*	*25.7*
Energy Infrastructure total	276,568	233,136	43,432	18.6
Asset Management	17,195	14,051	3,144	22.4
Energy Investments	30,721	22,798	7,924	34.8
Total segment EBITDA	**324,484**	**269,985**	**54,500**	**20.2**
Divested business (Allgas)	-	19,342	(19,342)	NM
Sale of Allgas [(6)]	18,588	(10,435)	28,023	NM
APA significant items related to HDF [(7)]	122,954	-	122,954	NM
HDF incurred significant items [(8)]	(42,351)	-	(42,351)	NM
Total EBITDA	**423,675**	**278,892**	**144,783**	**51.9**

(1) Includes the South West Queensland Pipeline – revenue and EBITDA contributions from 9 October 2012.
(2) Includes the Moomba Adelaide Pipeline System – revenue and EBITDA contributions from 9 October 2012.
(3) Includes the Pilbara Pipeline System – revenue and EBITDA contributions from 9 October 2012.
(4) Allgas business was sold to GDI (EII) on 16 December 2011. APA retains a 20% interest in GDI (EII) and operates the assets under a long term asset management agreement.
(5) Interest income.
(6) Profit on the sale of APA Gas Network business (Allgas) less transaction costs.
(7) Includes accounting gain on APA's 20.7% interest in HDF, transaction costs and integration costs.
(8) Includes HDF management and performance fees and cost of takeover defence – from 9 October 2012.

APA's operations and financial result in the period reflects growth across all business segments and includes three months of HDF earnings from 9 October 2012. The table below provides additional information with respect to EBITDA performance of APA's continuing business prior to HDF consolidation.

Half year ended	**31 Dec 2012**	**31 Dec 2011**	**Changes**	
	$000	**$000**	**$000**	**%**
EBITDA				
APA continuing business	292,919	269,985	22,935	8.5
HDF (since consolidation)	31,565	-	31,565	NM
Continuing business EBITDA	**324,484**	**269,985**	**54,500**	**20.2**
Divested business (Allgas)	-	19,342	(19,342)	NM
Significant items	99,191	(10,435)	109,626	NM
Total EBITDA	**423,675**	**278,892**	**144,783**	**51.9**

EBITDA in APA's continuing business – excluding the divested business (Allgas) and HDF – increased by 8.5% to $292.9 million.

Energy Infrastructure

The Energy Infrastructure segment contributed 85% of EBITDA before significant items. Revenue (excluding pass-through revenue) was $373.2 million, an increase of 20.6% on the previous corresponding period of $309.4 million. EBITDA increased by 18.6% to $276.6 million on the previous corresponding period of $233.1 million.

The following key factors contributed to this result:

- Three months' contribution of the increased Roma Brisbane Pipeline capacity;
- Pipeline volume and tariff increases from the majority of pipelines; and
- Three months' contribution from the HDF (Epic Energy) pipeline assets – this made up half of the segments' increase in the period.

New South Wales revenue and EBITDA in the current period was lower than in the previous corresponding period predominantly due to the expiry of a gas transportation agreement, which partly offset the impact of tariff increases. As at the end of the current period, this capacity has been recontracted.

APA continues to focus on the operation, development and enhancement of its gas transmission and distribution assets across mainland Australia.

Queensland

- Roma Brisbane Pipeline
  APA commissioned the expansion of the pipeline in September 2012, increasing capacity by approximately 10%. The project included additional compression, pipeline pressure upgrades and augmentation of the pipeline in the Brisbane metropolitan area. The additional capacity has been substantially contracted under long term transportation agreements with an energy retailer and a major industrial gas user.

- South West Queensland Pipeline
  APA's acquisition of HDF includes the South West Queensland Pipeline. The 937 km pipeline connects Wallumbilla (Roma) in Queensland with Moomba in South Australia. The pipeline has long term gas transportation agreements for both western haul and eastern haul services.

APA has commenced integration of the pipeline's commercial and field operations into APA's east coast transmission pipeline business. South West Queensland Pipeline revenue and EBITDA contributions for the current period is from the date of consolidation of HDF (see page 11).

- Wallumbilla compression facilities
  In December 2012 APA announced it will proceed with the development of expanded compression capacity and associated services at Wallumbilla in Queensland. The capital investment of up to $200 million over the next two years is underpinned by a 15-year agreement, with a further 5 to 10 year option.

  The capital works will increase compression capacity at Wallumbilla and provide the option for further compression services in the future. Design and procurement activities have commenced, with the compression and associated services to be available at the start of 2015.

New South Wales

- Moomba Sydney Pipeline
  Work continued on the $100 million five-year capacity expansion program of the Moomba Sydney Pipeline. Capital expenditure for the period was $13 million, bringing the total spent thus far to $84 million. The project is expected to be completed in 2013.

Victoria

- Victorian Transmission System
  Total gas volume transported through the Victorian Transmission System was 128.7 PJ, up 2.9% on the previous corresponding period (125.1 PJ) due to colder weather and more gas exported into New South Wales. However this was partially offset by lower industrial demand and lower gas demand for power generation. Peak day volume of 1,151 TJ was the same as the previous corresponding period.

  APA continued work on capital projects which provide both additional capacity and security of supply for the Victorian Gas Transmission System. These projects include installation of additional compression at Euroa, part of the northern augmentation project, and looping of the Sunbury lateral, both of which were completed in the period, with funding approved within the system's current (2008-2013) regulatory arrangements.

  During the period APA has submitted its access arrangement proposal for the Victorian Gas Transmission System for the period 2013 to 2017 to the AER. See 'Regulatory matters' on page 12 for further details.

South Australia

- Moomba Adelaide Pipeline System
  APA's acquisition of HDF includes the Moomba Adelaide Pipeline System. The system is a 1,184 kilometre pipeline, with the mainline running from Moomba to Adelaide, and two major lateral pipes, the Port Pirie/Whyalla lateral and the Angaston lateral, connected to the mainline.

  APA commenced the separation of the pipeline business in preparations for its sale – the sale process has also commenced. The Moomba Adelaide Pipeline System revenue and EBITDA contributions from for the current period is from the date of consolidation of HDF (see page 11).

Western Australia

- Goldfields Gas Pipeline
  In December 2011 and January 2012, APA announced two new capacity expansions on the pipeline totalling 44 TJ/day, an increase of 28% of the pipeline's capacity. These expansions are

underpinned by a new 20-year gas transportation agreement with Rio Tinto and a new 15-year gas transportation agreement with the Mount Newman Joint Venture (85% BHP Billiton) respectively.

Construction work is underway on several of the compressor station expansion sites and on the metering and off-take facilities. The expansion projects are on schedule to meet gas delivery commitments in FY2014.The total project cost is approximately $150 million. APA is managing the construction project on behalf of the Goldfields Gas Transmission Joint Venture through which APA owns 88.2% of the Goldfields Gas Pipeline.

- Mondarra Gas Storage Facility
  APA is expanding its Mondarra Gas Storage Facility following execution of a 20-year foundation contract for storage capacity with Verve Energy in May 2011. Major construction work on the surface facilities, which includes pipeline interconnects and treatment plants, was completed in February 2013.

  Pre-commissioning work has commenced with completion of the expanded gas storage facility scheduled for operation in mid-2013. The facility is continuing to operate its existing contracted storage services during this expansion period.

  The expansion will provide APA's customers with supply options and flexibility to better manage their gas supply and demand portfolios.

- Pilbara Pipeline System
  APA's acquisition of HDF includes the Pilbara Pipeline System. The system comprises four connected pipelines: the main line is the Pilbara Energy Pipeline, a 219 km pipeline that runs from the Burrup Extension Pipeline, outside Karratha, to outside Port Hedland, connecting to the Port Hedland power station and separately to the Telfer Gas Pipeline (owned by EII). The remaining pipelines, totalling 109 km run from the mainline to Woodside's North West Shelf processing plant at Dampier, the Talison tantalum mine at Wodgina and the Horizon Energy power station at Karratha.

  APA has commenced integration of the pipeline's commercial and field operations into APA's Western Australian transmission pipeline business. The Pilbara Pipeline System revenue and EBITDA contributions for the current period is from the date of consolidation of HDF (see page 11).

Asset Management

APA provides asset management and operational services to the majority of its energy investments and a number of third parties. Its main customers are Envestra, Ethane Pipeline Income Fund, SEA Gas Pipeline, Energy Infrastructure Investments and GDI (EII). Asset management services are provided to these customers under long term contracts.

Revenue (excluding pass-through revenue) from such services increased by 10.0% to $37.7 million (previous corresponding period: $34.2 million) and EBITDA increased by 22.4% to $17.2 million (previous corresponding period: $14.1 million), mainly due to increased income for services provided to Envestra, the addition of services to GDI (EII) and third party work across most states.

Energy Investments

APA has an interest in a number of energy investments across Australia, including Envestra Limited, SEA Gas Pipeline, Energy Infrastructure Investments, Ethane Pipeline Income Fund, EII2 (investment in the North Brown Hill wind farm) and GDI (EII) which owns the Allgas gas distribution network. HDF distributions contributed to Energy Investments until 9 October 2012, when APA's interest exceeded 50%. Since that date, HDF's assets form part of the Energy Infrastructure segment – see Energy Infrastructure (above).

APA holds a number of roles in respect of the majority of these investments, in addition to its ownership interest.

All investments are equity accounted, with the exception of APA's interests in Ethane Pipeline Income Fund and Hastings Diversified Utilities Fund (up to 9 October 2012).

EBITDA increased by 34.8% to $30.7 million, up from $22.8 million in the previous corresponding period, mainly due to an increase in Envestra's profitability, as well as increases across all APA's investments, partially offset by the reduced distributions received from HDF (one quarter's distributions in the current period compared with two quarter's in the previous corresponding period).

APA participated in Envestra's Distribution Reinvestment Plan in October 2012, with the total value of distributions reinvested of $15.3 million. APA's interest in Envestra is 33.9%.

Project under development – Diamantina Power Station

APA and AGL Energy are jointly developing the Diamantina and Leichardt power stations at Mount Isa, Queensland through a 50:50 owned joint venture (Diamantina Power Station Pty Limited). The Diamantina Power Station is a 242 MW combine cycle gas-fired power station while the adjacent Leichhardt Power Station is 60 MW open-cycle gas-fired power station which will provide back-up generation for Mount Isa. The power stations will be supplied with gas via the Carpentaria Gas Pipeline.

The power stations are underpinned by 17-year energy supply agreements with Mount Isa Mines Limited, a wholly owned subsidiary of Xstrata, and Ergon Energy, the State owned regional electricity supplier. Under the arrangements, AGL has contracted transportation capacity in the Carpentaria Gas Pipeline for an initial ten year period.

On 20 December 2012 APA and AGL Energy completed limited-recourse project financing for the Diamantina and Leichhardt Power Stations. The total capital expenditure, including the back-up generation, is expected to cost approximately $570 million (before financing costs). APA's equity contribution is expected to be about $100 million and will be funded from available cash and committed facilities.

The power stations are being constructed under a turn-key contract with Forge Group Power Pty Limited and are expected to be fully operational in the first half of calendar 2014.

Acquisition of Hastings Diversified Utilities Fund (HDF)

In December 2012 APA completed the takeover of Hastings Diversified Utilities Fund. HDF was an ASX listed investment vehicle whose assets included Epic Energy's three natural gas transmission pipeline systems – the South West Queensland Pipeline, the Moomba Adelaide Pipeline System and the Pilbara Pipeline System – and was managed by Hastings Funds Management Limited.

On 14 December 2011, APA announced an off-market takeover offer for HDF through APT Pipelines Limited for all the HDF securities which APA did not then own. At that time APA owned 20.7% per cent of HDF securities.

On 9 October 2012 APA declared its offer unconditional, at the time that APA's interest in HDF exceeded 50%. On 16 November APA announced its interest in HDF exceeded 90% and it would proceed to compulsorily acquire the remaining HDF securities. Compulsory acquisition of the remaining securities in HDF was completed on 24 December 2012.

The takeover consideration, consisting of $0.775 cash and 0.39 APA securities for each HDF security which APA did not own, totalled $1,234 million (the value of the scrip component is based on the market price of APA at the time new securities were issued). APA arranged for the repayment of all HDF debt facilities totalling $1,325 million on or before 24 December 2012.

On 19 July 2012, the Australian Competition and Consumer Commission announced that it would not oppose the proposed acquisition by APA of HDF on the basis of an undertaking from APA to divest Epic Energy's Moomba Adelaide Pipeline System following APA obtaining effective control of HDF. Australian Pipeline Limited, the responsible entity of APA, became the responsible entity of HDF on 17 December 2012. APA has subsequently commenced the process for the sale of the Moomba Adelaide Pipeline System.

Regulatory matters

Key regulatory matters addressed during the current period included:

Roma Brisbane Pipeline access arrangement

On 12 October 2011, APA submitted a revised access arrangement proposal for the Roma Brisbane Pipeline for the period September 2012 to June 2017 to the Australian Energy Regulator ("AER"). The AER issued its final decision on 10 August 2012 in which it determined to approve and publish its own access arrangement for the pipeline.

The AER's decision provides for an initial 8.75% increase in the reference tariff followed by annual increases thereafter. This decision has minimal impact on APA's revenue. The majority of APA's Roma Brisbane Pipeline revenue is derived from haulage contracts which have set terms, including pricing for the life of the contract, and therefore is not impacted by the AER's final decision.

Victorian Transmission System access arrangement

In April 2012 APA submitted a revised access arrangement proposal for the Victorian Gas Transmission System for the period 2013 to 2017 to the AER. The AER issued its draft decision in September 2012 which did not fully accept APA's proposed capital program, proposed rate of return or proposal to not index the regulatory asset base. In November 2012 APA submitted a revised proposal with a modified capital program; a revised rate of return and expert evidence supporting APA's position that indexing of the capital is not required by the National Gas Law. The AER is expected to make a final decision by the end of March 2013 with revised tariffs to take effect at a later date.

Proposed changes to the National Gas Rules

In October 2011 the AER proposed amendments to the National Gas Rules that would change the process and methodology to determine the allowed rate of return. APA, together with other industry participants opposed the proposed amendments. The Australian Energy Market Commission, the rule making authority, undertook an extensive review of the proposed amendments prior to making a final determination in November 2012. The Australian Energy Market Commission rejected the AER's proposal and made its own preferred rule amendments. In summary, the new Rules require the AER to assess the rate of return by having regard to the cost of capital in the marketplace, rather than mere application of the Capital Asset Pricing Model. The AER must publish a cost of capital guideline every three years outlining how it proposes to assess the rate of return. This guideline is not binding and service providers in their access arrangements proposals to the AER can argue for departure from the guideline. The AER has commenced the consultative process as an initial step in developing its guideline.

Environmental reporting

In October 2012, APA complied with Australia's National Greenhouse and Energy Reporting obligations for the 2012 financial year.

APA's performance on two key measures is set out in the following table:

Financial year	2012	2011	Change	
Scope 1 CO2 emissions (tonnes)	327,239	297,099	30,140	10.1%
Energy consumption (GJ)	3,675,398	3,361,679	313,719	9.3%

Carbon legislation

A major element of the Clean Energy Act 2011, passed by the Senate on 8 November 2011, is the introduction of legislation to reduce carbon emissions. The legislation put a price on carbon from 1 July 2012. It is intended that this carbon price mechanism will eventually act as an incentive for major emitters to switch to less carbon intensive ways of doing business, such as switching from coal-fired generation to gas-fired and renewable generation.

APA's main source of emissions are from the combustion of natural gas in compressor stations and from fugitive emissions associated with natural gas pipelines. APA compiles National Greenhouse and Energy Reporting Scheme compliance reporting for assets under its operational control which includes the following assets impacted by the new carbon legislation: Roma Brisbane Pipeline, Moomba Sydney Pipeline, Goldfields Gas Pipeline (88.2 per cent ownership), the Victorian Transmission System and the Allgas gas distribution network (20 per cent equity ownership).

APA's carbon costs exposure is immaterial. APA expects to recover all carbon related costs from its regulated assets under the access arrangement review process. For non-regulated assets, APA has implemented changes to its contracts with carbon pass-through clauses included in all new contracts. APA has also implemented changes to systems and processes across the business to meet the requirements of the new legislation.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on page 34.

Rounding of amounts

APA is an entity of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to section 306(3) of the Corporations Act 2001.

On behalf of the directors

Leonard Bleasel AM	Robert Wright
Chairman	**Director**

SYDNEY, 20 February 2013

Australian Pipeline Trust

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2012

	Note	31 Dec 2012 $000	31 Dec 2011 $000
Continuing operations			
Revenue	3	**598,432**	514,112
Share of net profits of associates and jointly controlled entities accounted for using the equity method	3	**26,256**	16,340
		624,688	530,452
Gain on previously held interest in HDF on obtaining control		**142,333**	-
Asset operation and management expenses		**(73,525)**	(50,323)
Depreciation and amortisation expense	4	**(63,783)**	(56,265)
Other operating costs - pass-through	4	**(172,609)**	(130,873)
Finance costs	4	**(141,956)**	(134,147)
Employee benefit expense		**(82,594)**	(61,800)
Other expenses		**(4,112)**	(6,118)
Profit before tax		**228,442**	90,926
Income tax expense		**(19,230)**	(24,906)
Profit for the period		**209,212**	66,020
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain/(loss) on defined benefit plan		**4,041**	(17,409)
Income tax relating to items that will not be reclassified subsequently		**(1,213)**	5,223
		2,828	(12,186)
Items that may be reclassified subsequently to profit or loss:			
Gain on available-for-sale investments taken to equity		**25,667**	52,115
Gain on available-for-sale investment reclassified to profit or loss		**(142,333)**	-
Transfer of loss on cash flow hedges to profit or loss		**40,370**	23,409
Loss on cash flow hedges taken to equity		**(90,582)**	(57,312)
Gain/(loss) on associate hedges taken to equity		**2,549**	(9,570)
Income tax relating to items that may be reclassified subsequently		**49,019**	(2,537)
		(115,310)	6,105
Other comprehensive income for the period (net of tax)		**(112,482)**	(6,081)
Total comprehensive income for the period		**96,730**	59,939
Profit attributable to:			
Securityholders of the parent		**193,257**	41,220
Non-controlling interest - APT Investment Trust equityholders		**18,719**	24,797
APA stapled securityholders		**211,976**	66,017
Non-controlling interest - other		**(2,764)**	3
		209,212	66,020
Total comprehensive income attributable to:			
Securityholders of the parent		**81,709**	34,956
Non-controlling interest - APT Investment Trust equityholders		**17,785**	24,980
APA stapled securityholders		**99,494**	59,936
Non-controlling interest - other		**(2,764)**	3
		96,730	59,939
Earnings per security			
Basic and diluted (cents per security)	12	**29.7**	10.4

Diluted earnings per security is exactly the same as basic earnings per security.

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Australian Pipeline Trust
Condensed Consolidated Statement of Financial Position
As at 31 December 2012

	Note	31 Dec 2012 $000	30 Jun 2012 $000
Current assets			
Cash and cash equivalents		**114,671**	329,934
Trade and other receivables		**136,922**	238,519
Other financial assets		**1,282**	420
Inventories		**12,461**	11,504
Other		**10,819**	4,134
		276,155	584,511
Assets classified as held for sale	7	**356,566**	-
Total current assets		**632,721**	584,511
Non-current assets			
Receivables		**36,537**	22,244
Other financial assets		**35,523**	299,070
Investments accounted for using the equity method		**533,421**	512,948
Property, plant and equipment		**5,148,612**	3,472,198
Goodwill	6	**1,162,558**	411,883
Other intangible assets		**180,061**	183,659
Other		**14,944**	9,541
Total non-current assets		**7,111,656**	4,911,543
Total assets		**7,744,377**	5,496,054
Current liabilities			
Trade and other payables		**168,634**	175,145
Borrowings		**71,195**	-
Other financial liabilities		**137,675**	59,307
Provisions		**73,583**	65,766
Other		**3,668**	761
		454,755	300,979
Liabilities directly associated with assets classified as held for sale	7	**2,692**	-
Total current liabilities		**457,447**	300,979
Non-current liabilities			
Trade and other Payables		**3,009**	1,068
Borrowings		**4,274,144**	2,905,946
Other financial liabilities		**292,171**	286,592
Deferred tax liabilities		**151,433**	319,282
Provisions		**56,826**	64,067
Other		**4,360**	4,078
Total non-current liabilities		**4,781,943**	3,581,033
Total liabilities		**5,239,390**	3,882,012
Net assets		**2,504,987**	1,614,042

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Australian Pipeline Trust
Condensed Consolidated Statement of Financial Position (continued)
As at 31 December 2012

	Note	**31 Dec 2012 $000**	30 Jun 2012 $000
<u>Equity</u>			
Australian Pipeline Trust equity:			
Issued capital	10	**1,783,089**	1,138,205
Reserves		**(58,223)**	56,153
Retained earnings		**193,319**	32,785
Equity attributable to securityholders of the parent		**1,918,185**	1,227,143
Non-controlling interests:			
APT Investment Trust:			
Issued capital	10	**567,343**	364,066
Reserves		**690**	1,624
Retained earnings		**18,719**	21,160
Equity attributable to securityholders of APT Investment Trust		**586,752**	386,850
Other non-controlling interest		**50**	49
Total non-controlling interests		**586,802**	386,899
Total equity		**2,504,987**	1,614,042

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Australian Pipeline Trust
Condensed Consolidated Statement of Changes in Equity
For the half year ended 31 December 2012

	Consolidated															
	Australian Pipeline Trust							APT Investment Trust				Other non-controlling interest				Total
	Issued Capital $000	Asset Revaluation Reserve $000	Available-For-Sale Investment Revaluation Reserve $000	Hedging Reserve $000	Other Reserves $000	Retained earnings $000	Attributable to owner of the parent $000	Issued Capital $000	Available-For-Sale Investment Revaluation Reserve $000	Retained earnings $000	APT Investment Trust $000	Issued Capital $000	Other $000	Retained earnings $000	Other non-controlling Interest $000	$000
Balance at 1 July 2011	1,192,779	8,669	18,227	28,003	-	19,054	1,266,732	382,001	534	18,295	400,830	4	1	278	283	1,667,845
Profit for the period	-	-	-	-	-	41,220	41,220	-	-	24,797	24,797	-	-	3	3	66,020
Other comprehensive income (net of tax)	-	-	36,353	(30,431)		(12,186)	(6,264)	-	183	-	183	-	-	-	-	(6,081)
Total comprehensive income for the period	-	-	36,353	(30,431)		29,034	34,956	-	183	24,797	24,980	-	-	3	3	59,939
Payment of distributions	-	-	-	-	-	(19,054)	(19,054)	-	-	(18,295)	(18,295)	-	-	(190)	(190)	(37,539)
Issued under distribution reinvestment plan	15,381	-	-	-	-	-	15,381	4,866	-	-	4,866	-	-	-	-	20,247
Issue cost of securities	(46)	-	-	-	-	-	(46)	(16)	-	-	(16)	-	-	-	-	(62)
Capital return to shareholders	(46,761)	-	-	-	-	-	(46,761)	(15,449)	-	-	(15,449)	-	-	-	-	(62,210)
Balance at 31 December 2011	1,161,353	8,669	54,580	(2,428)	-	29,034	1,251,208	371,402	717	24,797	396,916	4	1	91	96	1,648,220
Balance at 1 July 2012	1,138,205	8,669	82,696	(35,212)	-	32,785	1,227,143	364,066	1,624	21,160	386,850	4	1	44	49	1,614,042
Profit/(loss) for the period	-	-	-	-		193,257	193,257	-	-	18,719	18,719	-	-	(2,764)	(2,764)	209,212
Other comprehensive income (net of tax)	-	-	(81,012)	(33,364)		2,828	(111,548)	-	(934)	-	(934)	-	-	-	-	(112,482)
Total comprehensive income for the period	-	-	(81,012)	(33,364)		196,085	81,709	-	(934)	18,719	17,785	-	-	(2,764)	(2,764)	96,730
Non-controlling interest on obtaining control of HDF	-	-	-	-	-	-	-	-	-	-	-	713,069	-	-	713,069	713,069
Acquisition of non-controlling interest	-	-	-	-	(2,765)	-	(2,765)	-	-	-	-	(713,069)	-	2,765	(710,304)	(713,069)
Transfer to retained earnings	-	-	-	-	2,765	(2,765)	-	-	-	-	-	-	-	-	-	-
Payment of distributions	-	-	-	-	-	(32,786)	(32,786)	-	-	(21,160)	(21,160)	-	-	-	-	(53,946)
Issued under Distribution Reinvestment Plan	25,486	-	-	-	-	-	25,486	8,034	-	-	8,034	-	-	-	-	33,520
Issue of securities in business combination	672,630	-	-	-	-	-	672,630	212,035	-	-	212,035	-	-	-	-	884,665
Issue cost of securities	(6,066)	-	-	-	-	-	(6,066)	(1,913)	-	-	(1,913)	-	-	-	-	(7,979)
Tax relating to security issue costs	16	-	-	-	-	-	16	-	-	-	-	-	-	-	-	16
Capital return to shareholders	(47,182)	-	-	-	-	-	(47,182)	(14,879)	-	-	(14,879)	-	-	-	-	(62,061)
Balance at 31 December 2012	1,783,089	8,669	1,684	(68,576)	-	193,319	1,918,185	567,343	690	18,719	586,752	4	1	45	50	2,504,987

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Australian Pipeline Trust
Condensed Consolidated Statement of Cash Flows
For the half year ended 31 December 2012

	Note	**31 Dec 2012 $000**	31 Dec 2011 $000
<u>Cash flows from operating activities</u>			
Receipts from customers		**669,823**	550,715
Payments to suppliers and employees		**(372,499)**	(301,540)
Payments by HDF to Hastings Funds Management for management and performance fees		**(40,238)**	-
Payments by HDF for takeover defence costs		**(28,587)**	-
Dividends received		**29,429**	22,588
Proceeds from repayment of finance leases		**2,168**	1,464
Interest received		**14,926**	2,871
Interest and other costs of finance paid		**(131,310)**	(118,991)
Net cash provided by operating activities		**143,712**	157,107
<u>Cash flows from investing activities</u>			
Payments for property, plant and equipment		**(187,766)**	(93,138)
Proceeds from sale of property, plant and equipment		**335**	360
Payments for available-for-sale investments		**-**	(11,669)
Payments for equity accounted investments		**(15,250)**	(14,052)
Payments for controlled entities (net of cash acquired)	11	**(256,434)**	(5,679)
Payments for intangible assets		**(365)**	-
Proceeds from sale of businesses		**19,638**	478,276
Net cash (used in)/provided by investing activities		**(439,842)**	354,098
<u>Cash flows from financing activities</u>			
Proceeds from borrowings		**2,587,243**	1,309,873
Repayments of borrowings		**(2,343,667)**	(1,460,500)
Proceeds from issue of securities		**33,520**	20,247
Payment of debt issue costs		**(24,312)**	(11,408)
Payments of security issue costs		**(7,742)**	(61)
Payments for early settlement of loans and derivatives		**(34,919)**	-
Distributions paid to:			
Securityholders of APT		**(79,968)**	(65,815)
Securityholders of non-controlling interests - APTIT		**(36,039)**	(33,744)
Securityholders of other non-controlling interests		**(13,249)**	(190)
Net cash provided by/(used in) financing activities		**80,867**	(241,598)
Net (decrease)/increase in cash and cash equivalents		**(215,263)**	269,607
Cash and cash equivalents at beginning of financial period		**329,934**	95,368
Cash and cash equivalents at end of financial period	9	**114,671**	364,975

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. Significant accounting policies

Reporting Entities

In accordance with Interpretation 1002 'Post-Date-of-Transaction Stapling Arrangements', APT and APTIT are required to identify one of them as the acquirer and the parent under the stapling arrangements. APT is the acquirer and the parent. Accordingly for accounting purposes the interests of APTIT securityholders are treated as minority interests in APA.

Statement of compliance

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 ‘Interim Financial Reporting’. The half year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The consolidated entity is an entity of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998 and in accordance with that Class Order amounts in the Directors' report and the half year financial report are rounded to the nearest thousand dollars ($000) unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the entity’s 2012 annual financial report for the financial year ended 30 June 2012, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Adoption of new and revised Accounting Standards

In the current period, the consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current reporting periods.

New and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the consolidated entity include:

- Amendments to AASB 1, 5, 7, 101, 112, 120, 121, 132, 133 and 134 as a consequence of AASB 2011-9 'Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income'

The adoption of these amendments has not resulted in any changes to the consolidated entity's accounting policies and has no effect on the amounts reported for the current or prior periods. However, the application of AASB 2011-9 has resulted in changes to the consolidated entity's presentation of, or disclosure in, its half-year financial statements.

AASB 2011-9 introduces new terminology for the statement of comprehensive income and income statement. Under the amendments of AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

1. Significant accounting policies

Critical accounting judgements and key sources of estimation uncertainty

In the application of the consolidated entity's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment of assets

Determining whether property, plant and equipment, identifiable intangible assets, equity accounted investments and goodwill is impaired requires an estimation of the value-in-use of the cash-generating units. The value-in-use calculation requires the Consolidated Entity to estimate the future cash flows expected to arise from cash-generating units and suitable discount rates in order to calculate the present value of cash-generating units.

Estimates and assumptions used are reviewed on an ongoing basis.

Determining whether available-for-sale investments are impaired requires an assessment as to whether declines in value are significant or prolonged. Management has taken into account a number of qualitative and quantitative factors in making this assessment. An assessment that the decline in value represented an impairment would result in the transfer of the decrement from reserves to profit or loss.

Useful lives of non-current assets

The Consolidated Entity reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. Any reassessment of useful lives in a particular year will affect the depreciation or amortisation expense.

Comparative figures

Where necessary to facilitate comparison, comparative figures have been adjusted to conform with changes in presentation in the current period.

2. Segment information

The Consolidated Entity operates in one geographical segment, being Australia.

(a) Description of reportable segments

The Consolidated Entity comprises the following reportable segments:

- energy infrastructure;
- asset management; and
- energy investments.

(b) Reportable segments

Half year ended 31 December 2012	Energy Infrastructure $000	Asset management $000	Energy investments $000	Consolidated $000
Segment revenue [(a)]				
External sales revenue	**371,422**	**37,680**	**-**	**409,102**
Equity accounted net profits	**-**	**-**	**26,256**	**26,256**
Pass-through revenue	**4,553**	**168,056**	**-**	**172,609**
Finance lease and investment interest income	**1,748**	**-**	**1,519**	**3,267**
Distributions - other entities	**-**	**-**	**2,948**	**2,948**
Total segment revenue	**377,723**	**205,736**	**30,723**	**614,182**
Other interest income				**10,506**
Consolidated revenue				**624,688**
Segment result				
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	**231,677**	**17,195**	**145,280**	**394,152**
Share of net profits of associates and jointly controlled entities accounted for using the equity method	**-**	**-**	**26,256**	**26,256**
Finance lease and investment interest income	**1,748**	**-**	**1,519**	**3,267**
Total EBITDA	**233,425**	**17,195**	**173,055**	**423,675**
Depreciation and amortisation	**(61,285)**	**(2,498)**	**-**	**(63,783)**
Earnings before interest and tax ("EBIT")	**172,140**	**14,697**	**173,055**	**359,892**
Net finance costs [(b)]				**(131,450)**
Profit before tax				**228,442**
Income tax expense				**(19,230)**
Profit for the period				**209,212**
Segment assets as at 31 December 2012				
Segment assets	**6,828,811**	**230,306**	**35,690**	**7,094,807**
Carrying value of investments accounted for using the equity method	**-**	**-**	**533,421**	**533,421**
Unallocated assets [(c)]				**116,149**
Total assets as 31 December 2012				**7,744,377**

(a) The revenue reported above represents revenue generated from external customers, any intersegment sales were immaterial.

(b) Excluding finance lease income and any gains or losses on revaluation of derivatives which have been included as part of EBIT for segment reporting purposes.

(c) Unallocated assets consist of cash and cash equivalents, current tax assets, and fair value of interest rate swaps, foreign exchange contracts and equity forwards.

2. Segment information

Half year ended 31 December 2011	Energy Infrastructure [a] $000	Asset management $000	Energy investments $000	Consolidated $000
Segment revenue [b]				
External sales revenue	338,649	34,245	-	372,894
Equity accounted net profits	-	-	16,340	16,340
Pass-through revenue	2,400	128,473	-	130,873
Finance lease and investment interest income	1,446	-	882	2,328
Distributions - other entities	-	-	5,571	5,571
Total segment revenue	342,495	162,718	22,793	528,006
Other interest income				2,446
Consolidated revenue				530,452
Segment result				
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	240,597	14,051	5,576	260,224
Share of net profits of associates and jointly controlled entities accounted for using the equity method	-	-	16,340	16,340
Finance lease and investment interest income	1,446	-	882	2,328
Total EBITDA	242,043	14,051	22,798	278,892
Depreciation and amortisation	(53,875)	(2,390)	-	(56,265)
Earnings before interest and tax ("EBIT")	188,168	11,661	22,798	222,627
Net finance costs [c]				(131,701)
Profit before tax				90,926
Income tax expense				(24,906)
Profit for the period				66,020
Segment assets as at 30 June 2012				
Segment assets	4,016,715	244,106	391,737	4,652,558
Carrying value of investments accounted for using the equity method	-	-	512,948	512,948
Unallocated assets [d]				330,548
Total assets as at 30 June 2012				5,496,054

(a) Revenue of $29.8 million, expenses of $10.5 million, profit before income tax of $13.4 million, profit after income tax of $9.5 million are attributable to the Allgas business which was divested into the APA minority owned unlisted investment vehicle GDI (EII) Pty Ltd in December 2011. Within Asset operation and management expenses a significant item of $10.4 million results from transaction costs incurred on the divestment of the APA Gas Networks business of $22.5 million offsetting a gain on sale of $12.1 million.

(b) The revenue reported above represents revenue generated from external customers, any intersegment sales were immaterial.

(c) Excluding finance lease income and any gains or losses on revaluation of derivatives which have been included as part of EBIT for segment reporting purposes.

(d) Unallocated assets consist of cash and cash equivalents, current tax assets and fair value of interest rate swaps, foreign exchange contracts and equity forwards.

Australian Pipeline Trust
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2012

3. Revenue

An analysis of the Consolidated Entity's revenue for the period is as follows:

Continuing operations

	31 Dec 2012 $000	31 Dec 2011 $000
Operating revenue		
Energy infrastructure revenue:		
• Energy infrastructure revenue	**371,154**	338,384
• pass-through revenue	**4,553**	2,400
	375,707	340,784
Asset management revenue:		
• asset management revenue	**37,680**	34,245
• pass-through revenue	**168,056**	128,473
	205,736	162,718
	581,443	503,502
Finance income		
Interest	**10,506**	2,446
Redeemable ordinary shares (EII) interest income and redeemable preference shares (GDI) interest income	**1,519**	882
Finance lease income	**1,748**	1,446
	13,773	4,774
Dividends		
External entities	**2,948**	5,571
Other income		
Rental income	**268**	265
	598,432	514,112
Share of net profits of associates and jointly controlled entities accounted for using the equity method	**26,256**	16,340
	624,688	530,452

Australian Pipeline Trust
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2012

4. Expenses

Profit before tax includes the following expenses:	**31 Dec 2012 $000**	31 Dec 2011 $000
Depreciation and amortisation expense		
Depreciation of non-current assets	**60,878**	53,437
Amortisation of non-current assets	**2,905**	2,828
	63,783	56,265
Other operating costs - pass-through		
Gas pipeline costs	**4,553**	2,400
Management, operating and maintenance costs	**168,056**	128,473
	172,609	130,873
Finance costs		
Interest on bank overdrafts and borrowings	**149,814**	118,852
Amortisation of deferred borrowing costs	**5,254**	13,161
Other finance costs	**5,332**	5,257
	160,400	137,270
Less: amounts included in the cost of qualifying assets	**(10,398)**	(3,719)
	150,002	133,551
(Gain)/loss on derivatives	**(8,410)**	263
Unwinding of discount on non-current provisions	**364**	333
	141,956	134,147

5. Significant items

Individually significant items included in profit after income tax expense are as follows:

	31 Dec 2012 $000	31 Dec 2011 $000
Significant items		
Significant items impacting EBITDA		
Profit on sale of Allgas Distribution Network before transaction costs	**-**	12,085
Write back/(transaction costs) on sale of Allgas Distribution Network	**18,588**	(22,520)
Gain on previously held interest in HDF on obtaining control	**142,333**	-
Transaction costs on acquisition of HDF	**(14,036)**	-
Integration costs on acquisition of HDF	**(5,343)**	-
Significant items incurred by APA Group	**141,542**	(10,435)
Management and performance fees charged to HDF by Hastings Funds Management	**(35,438)**	-
Takeover response costs incurred by HDF	**(6,913)**	-
Significant items incurred by HDF	**(42,351)**	**-**
Total significant items impacting EBITDA	**99,191**	(10,435)
Significant items impacting finance costs		
Gain on settlement of HDF interest rate swaps	**8,713**	-
Profit/(loss) from significant items before income tax	**107,904**	(10,435)
Income tax related to significant items above	**(1,011)**	**-**
Overprovision for income tax	**6,814**	**-**
Profit/(loss) from significant items after income tax	**113,707**	(10,435)

6. Goodwill

	31 Dec 2012 $000	31 Dec 2011 $000
Gross carrying value		
Balance at beginning of period	**411,883**	515,344
Additional amount recognised from business combinations during the period (Note 11)	**750,675**	-
Derecognised on disposal of a subsidiary	**-**	(104,263)
Balance at end of period	**1,162,558**	411,081

7. Disposal group held for sale

The disposal group consists of the Moomba to Adelaide Pipeline System ("MAPS") a 1,184 kilometre gas transmission pipeline (including laterals). MAPS was acquired as part of APA's takeover of the Hastings Diversified Utilities Fund, during the period. APA has provided the Australian Competition and Consumer Commission ("ACCC") with an undertaking to divest MAPS under conditions agreed to with the ACCC, which include a designated time frame. APA has commenced the sale process and expects to complete the divestment within the agreed time frame.

At 31 December 2012 the MAPS group comprised of the following assets and liabilities:

	$000
Assets classified as held for sale	
Property, plant and equipment	**348,168**
Trade and other receivables	**4,916**
Inventories	**1,504**
Other assets	**1,978**
	356,566

Liabilities directly associated with assets classified as held for sale	
Trade and other payables	**1,711**
Provisions	**1,401**
Deferred tax assets	**(420)**
	2,692

8. Distributions

Recognised amounts	31 Dec 2012 cents per security	31 Dec 2012 Total $000	31 Dec 2011 cents per security	31 Dec 2011 Total $000
Final distribution paid on 14 September 2012				
(2011: 15 September 2011)				
Profit distribution - APT[(a)]	**5.1**	**32,786**	3.4	19,054
Profit distribution - APTIT[(a)]	**3.3**	**21,160**	3.4	18,295
Capital distribution - APT	**7.3**	**47,182**	8.4	46,761
Capital distribution - APTIT	**2.3**	**14,879**	2.7	15,449
	18.0	**116,007**	17.9	99,559

Unrecognised amounts

Interim distribution payable on 13 March 2013				
(2011: 15 March 2012)				
Profit distribution - APT[(a)]	**14.74**	**121,930**	4.54	29,034
Profit distribution - APTIT[(a)]	**2.26**	**18,719**	3.88	24,797
Capital distribution - APT	**-**	**-**	6.52	41,655
Capital distribution - APTIT	**-**	**-**	2.06	13,201
	17.00	**140,649**	17.0	108,687

(a) Profit distributions were unfranked (2011: unfranked).

The interim distribution in respect of the financial year ending 30 June 2013 has not been recognised in the half year as the distribution was not declared, determined or publicly recommended prior to 31 December 2012.

9. Notes to the cash flow statement

Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial period as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	31 Dec 2012 $000	31 Dec 2011 $000
Cash at bank and on hand [(a)]	**113,163**	48,439
Short-term deposits	**1,508**	316,536
	114,671	364,975

Restricted cash

(a) As at 31 December 2012, Australian Pipeline Limited held $5.0 million (2011: $5.0 million) on deposit to meet its financial requirements as the holder of an Australian Financial Services Licence.

Australian Pipeline Trust
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2012

10. Issued capital

	31 Dec 2012 $000	30 Jun 2012 $000
APT securities, fully paid [(a)]	**1,783,089**	1,138,205

	31 Dec 2012 No. of securities 000	31 Dec 2012 $000
Movements		
Balance at 1 July 2012	**644,486**	**1,138,205**
Issue of securities under Distribution Reinvestment Plan	**7,147**	**25,486**
Issue of securities in business combination	**175,717**	**672,630**
Issue cost of securities	**-**	**(6,066)**
Tax relating to security issue costs	**-**	**16**
Capital return to shareholders	**-**	**(47,182)**
Balance at 31 December 2012	**827,350**	**1,783,089**

(a) Fully paid securities carry one vote per security and carry the right to distributions.

	31 Dec 2012 $000	30 Jun 2012 $000
APT Investment Trust securities, fully paid [(a)]	**567,343**	364,066

	31 Dec 2012 No. of securities 000	31 Dec 2012 $000
Movements		
Balance at 1 July 2012	**644,486**	**364,066**
Issue of securities under Distribution Reinvestment Plan	**7,147**	**8,034**
Issue of securities in business combination	**175,717**	**212,035**
Issue cost of securities	**-**	**(1,913)**
Capital return to shareholders	**-**	**(14,879)**
Balance at 31 December 2012	**827,350**	**567,343**

(a) Fully paid securities carry one vote per security and carry the right to distributions.

10. Issued capital

	31 Dec 2011 $000	30 Jun 2011 $000
APT securities, fully paid [(a)]	**1,161,353**	1,192,779

	31 Dec 2011 No. of securities 000	31 Dec 2011 $000
Balance at 1 July 2011	634,116	1,192,779
Issue of securities under Distribution Reinvestment Plan	5,219	15,381
Issue cost of securities	-	(46)
Capital return to shareholders	-	(46,761)
Balance at 31 December 2011	639,335	1,161,353

(a) Fully paid securities carry one vote per security and carry the right to distributions.

	31 Dec 2011 $000	30 Jun 2011 $000
APT Investment Trust securities, fully paid [(a)]	**371,402**	382,001

	31 Dec 2011 No. of securities 000	31 Dec 2011 $000
Movements		
Balance at 1 July 2011	634,116	382,001
Issue of securities under Distribution Reinvestment Plan	5,219	4,866
Issue cost of securities	-	(16)
Capital return to securityholders	-	(15,449)
Balance at 31 December 2011	639,335	371,402

(a) Fully paid securities carry one vote per security and carry the right to distributions.

11. Acquisition of businesses

On 9 October 2012, APA obtained control of the Hastings Diversified Utilities Fund (HDF) when the takeover offer was declared unconditional. APA held a controlling interest of 54.94% on the acquisition date resulting in a non-controlling interest of 45.06%. Compulsory acquisition was completed on 24 December 2012 and accordingly APA acquired the remaining non-controlling interest.

The acquisition was paid for by cash and securities issued. Acquisition-related costs of $21,945,000 were incurred during the period of which $14,036,000 of the costs have been recognised as an expense and $7,909,000 of the costs have been recognised in equity relating to the securities issued.

Revenue for the half year includes $47,716,000 in respect of HDF. Included in profit before non-controlling interests for the half-year is a loss of $32,679,000 attributable to HDF, as below:

	$000
EBITDA from HDF's Epic Energy pipeline assets	**31,565**
Management and performance fees charged by Hastings Funds Management	(35,438)
Takeover response costs paid by HDF	(6,913)
Integration costs on acquisition	(5,343)
EBITDA (loss) for HDF Group	**(16,129)**
HDF Depreciation	(10,008)
HDF Net finance costs	(10,111)
HDF Income tax benefit	3,569
Net loss after tax attributable to HDF Group	**(32,679)**

Due to the impact of a number of one-off items in the half-year (including takeover defence costs, debt facility refinancing costs and swap break costs), implementation of an internalised management model following the change of responsible entity, and current divestment process for the Moomba-Adelaide Pipeline System, it is not practical to present meaningful pro-forma results reflecting HDF as if it had been acquired on 1 July 2012.

The accounting for the acquisition of HDF has been provisionally determined at reporting date.

11. Acquisition of businesses

Names of business acquired	Principal activity	Date of acquisition	Proportion acquired %	Cost of acquisition $000
During the half year ended 31 December 2012				
Hastings Diversified Utilities Fund (HDF)	Gas Transmission	9 October 2012	100	1,233,847

Hastings Diversified Utilities Fund	Provisional fair value on acquisition $000
Net assets acquired	
Current assets	
Cash and cash equivalents	104,501
Trade and other receivables	23,964
Other financial assets	79
Inventories	1,929
Deferred tax assets	139,872
Other	1,728
Non-current assets	
Receivables	15,278
Property, plant and equipment	1,911,440
Goodwill	750,675
Other	8,091
Current liabilities	
Trade and other payables	(42,940)
Current borrowings	(1,325,000)
Other financial liabilities	(43,898)
Provisions	(19,043)
Other	(644)
Non-current liabilities	
Provisions	(1,203)
Fair value of net assets acquired	**1,524,829**
Previously held interest	(290,982)
Cost of acquisition	**1,233,847**
Cash balances acquired	(104,501)
Securities issued as part consideration	(884,665)
Transaction costs paid	3,494
Net cash outflow on acquisition - current period	**248,175**
Prior year transaction costs paid	**8,259**
Total cash outflow on acquisition	**256,434**

12. Earnings per security

	31 Dec 2012	31 Dec 2011
Basic and diluted earnings per security (cents)	**29.7**	10.4

The earnings and weighted average number of ordinary securities used in the calculation of basic and diluted earnings per security are as follows:

Net profit attributable to securityholders for calculating basic and diluted earnings per security ($000)	**211,976**	66,017
	No. of securities	
Adjusted weighted average number of ordinary securities used in the calculation of basic and diluted earnings per security (000)	**713,152**	637,151

13. Contingencies

	31 Dec 2012 $000	30 Jun 2012 $000
Contingent liabilities		
Bank guarantees	**158,968**	31,632

14. Events occurring after reporting date

On 20 February 2013, the Directors declared an interim distribution of 17 cents per security ($140.6 million) for the APA Group (comprising a distribution of 14.74 cents per security from APT and a distribution of 2.26 cents per security from APTIT), made up of 17 cents per security profit distribution (unfranked) and nil cents per security capital distribution. The distribution will be paid on 13 March 2013.

Australian Pipeline Trust
Declaration by the Directors of Australian Pipeline Limited
For the half year ended 31 December 2012

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that Australian Pipeline Trust will be able to pay its debts as and when they become due and payable; and

(b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Accounting Standards and give a true and fair view of the financial position and performance of Australian Pipeline Trust and its controlled entities.

Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors

Leonard Bleasel AM
Chairman

Robert Wright
Director

SYDNEY, 20 February 2013

Deloitte Touche Tohmatsu
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The Directors
Australian Pipeline Limited as responsible entity for
Australian Pipeline Trust
HSBC Building
Level 19, 580 George Street
Sydney NSW 2000

20 February 2013

Dear Directors

Auditors Independence Declaration to Australian Pipeline Limited as responsible entity for Australian Pipeline Trust

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Australian Pipeline Limited as responsible entity for Australian Pipeline Trust.

As lead audit partner for the review of the financial statements of Australian Pipeline Trust for the half year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

G. Couttas

G Couttas
Partner
Chartered Accountants

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Independent Auditor's Review Report to the Unitholders of Australian Pipeline Trust

We have reviewed the accompanying half-year financial report of Australian Pipeline Trust, which comprises the condensed consolidated statement of financial position as at 31 December 2012, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the Trust and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 15 to 33.

Directors' Responsibility for the Half-Year Financial Report

The directors of Australian Pipeline Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Australian Pipeline Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Australian Pipeline Limited as responsible entity for Australian Pipeline Trust, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Australian Pipeline Trust is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

G. Couttas

G Couttas
Partner
Chartered Accountants
Sydney, 20 February 2013

APA Group

APT Investment Trust

ARSN 115 585 441

Interim Financial Report

For the Half Year ended 31 December 2012

Delivering Australia's Energy

The directors of Australian Pipeline Limited ("Responsible Entity") submit their interim financial report in respect of APT Investment Trust ("APTIT" or "Trust") and its controlled entities (together "Consolidated Entity") for the half year ended 31 December 2012 ("current period"). This report and the financial statements attached refer to the consolidated results of APTIT, one of the two stapled entities of APA Group, with the other stapled entity being Australian Pipeline Trust (together "APA").

Directors

The names of the directors of the Responsible Entity during and since the current period are:

Leonard Bleasel AM	Chairman
Michael McCormack	Chief Executive Officer and Managing Director
Steven Crane	
John Fletcher	
Russell Higgins AO	
Patricia McKenzie	
Muri Muhammad (retired 24 October 2012)	
Robert Wright	

Company Secretary

Mark Knapman

Principal activities

APTIT operates as an investment and financing entity within the Australian Pipeline Trust stapled group.

Significant changes in state of affairs

In the opinion of the Directors of the Responsible Entity, no significant changes in the state of affairs of APTIT occurred during the year.

Distributions

On 20 February 2013, the directors declared an interim distribution of 2.26 cents per security ($18.7 million). The distribution comprises comprising a 2.26 cent unfranked profit distribution. There is no capital distribution included in this interim distribution. The distribution is payable on 13 March 2013.

Financial and operational review

APTIT reported net profit after tax of $18.7 million (2011: $24.8 million) for the half year ended 31 December 2012 on total revenue of $18.7 million (2011: $24.8 million).

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporation Act 2001 is included on page 13.

Rounding of amounts

APTIT is an entity of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half year financial report are rounded to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors

Leonard Bleasel AM	Robert Wright
Chairman	**Director**

SYDNEY, 20 February 2013

APT Investment Trust

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2012

	Note	**31 Dec 2012 $000**	31 Dec 2011 $000
Continuing operations			
Revenue	2	**18,719**	24,797
Profit before tax		**18,719**	24,797
Income tax expense		**-**	-
Profit for the period		**18,719**	24,797
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
(Loss)/gain on available-for-sale investments taken to equity		**(934)**	183
Other comprehensive income for the period (net of tax)		**(934)**	183
Total comprehensive income for the period		**17,785**	24,980
Profit attributable to:			
Equity holders of the parent		**18,719**	24,797
		18,719	24,797
Total comprehensive income attributable to:			
Equity holders of the parent		**17,785**	24,980
		17,785	24,980
Earnings per security			
Basic and diluted earnings per security (cents)	5	**2.6**	3.9

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

APT Investment Trust
Condensed Consolidated Statement of Financial Position
As at 31 December 2012

	Note	31 Dec 2012 $000	30 Jun 2012 $000
Current assets			
Receivables		**626**	755
Non-current assets			
Receivables		**11,569**	11,869
Other financial assets		**574,625**	374,236
Total non-current assets		**586,194**	386,105
Total assets		**586,820**	386,860
Current liabilities			
Trade and other payables		**68**	10
Total liabilities		**68**	10
Net assets		**586,752**	386,850
Equity			
Issued capital	4	**567,343**	364,066
Reserves		**690**	1,624
Retained earnings		**18,719**	21,160
Total equity		**586,752**	386,850

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

APT Investment Trust
Condensed Consolidated Statement of Changes in Equity
For the half year ended 31 December 2012

	Issued capital $000	Available for sale reserves $000	Retained earnings $000	Total $000
Balance at 1 July 2011	382,001	534	18,295	400,830
Profit for the period	-	-	24,797	24,797
Other comprehensive income for the period (net of tax)	-	183	-	183
Total comprehensive income for the period	-	183	24,797	24,980
Distributions	(15,449)	-	(18,295)	(33,744)
Issue of capital (net of issue costs)	4,850	-	-	4,850
Balance at 31 December 2011	371,402	717	24,797	396,916
Balance at 1 July 2012	**364,066**	**1,624**	**21,160**	**386,850**
Profit for the period	**-**	**-**	**18,719**	**18,719**
Other comprehensive income for the period (net of tax)	**-**	**(934)**	**-**	**(934)**
Total comprehensive income for the period	**-**	**(934)**	**18,719**	**17,785**
Distributions	**(14,879)**	-	**(21,160)**	**(36,039)**
Issue of capital (net of issue costs)	**218,156**	-	-	**218,156**
Balance at 31 December 2012	**567,343**	**690**	**18,719**	**586,752**

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

APT Investment Trust
Condensed Consolidated Statement of Cash Flows
For the half year ended 31 December 2012

	31 Dec 2012 $000	31 Dec 2011 $000
Cash flows from operating activities		
Trust distribution	**13,320**	16,449
Capital distribution received - external	**271**	256
Dividends received	**87**	68
Interest received - related parties	**5,269**	5,307
Finance lease receivable repayments	**584**	584
Receipts from customers	**83**	76
Net cash provided by operating activities	**19,614**	22,740
Cash flows from investing activities		
Repayment received from related parties	**10,246**	6,154
Net cash provided by investing activities	**10,246**	6,154
Cash flows from financing activities		
Proceeds from issue of securities	**8,034**	4,866
Payments of security issue costs	**(1,855)**	(16)
Distribution to security holders	**(36,039)**	(33,744)
Net cash used in financing activities	**(29,860)**	(28,894)
Net increase in cash and cash equivalents	**-**	-
Cash and cash equivalents at beginning of financial period	**-**	-
Cash and cash equivalents at end of financial period	**-**	-

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

APT Investment Trust
Notes to the condensed consolidated financial statements
For the half year ended 31 December 2012

1. Significant accounting policies

Statement of compliance

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

APTIT is an entity of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998 and in accordance with that Class Order amounts in the Directors' report and the half year financial report are rounded to the nearest thousand dollars ($000) unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the entity's 2012 annual financial report for the financial year ended 30 June 2012.

Adoption of new and revised Accounting Standards

In the current year, the consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant for the group include:

- Amendments to AASB 1, 5, 7, 101, 112, 120, 121, 132, 133 and 134 as a consequence of AASB 2011-9 'Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income'

The adoption of these amendments has not resulted in any changes to the consolidated entity's accounting policies and has no effect on the amounts reported for the current or prior periods. However, the application of AASB 2011-9 has resulted in changes to the consolidated entity's presentation of, or disclosure in, its half-year financial statements.

AASB 2011-9 introduces new terminology for the statement of comprehensive income and income statement. Under the amendments of AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

2. Revenue

Profit before income tax includes the following items of income:

	31 Dec 2012 $000	31 Dec 2011 $000
Revenue		
Distributions		
Trust distribution - related party	**13,320**	16,449
Other entities	**67**	83
	13,387	16,532
Finance income		
Interest - related parties	**5,705**	5,748
(Loss)/gain on financial asset held at fair value through profit and loss	**(753)**	2,131
Finance lease income - related party	**297**	311
	5,249	8,190
Other revenue		
Other	**83**	75
Total revenue	**18,719**	24,797

3. Distributions

	31 Dec 2012 cents per security	31 Dec 2012 Total $000	31 Dec 2011 cents per security	31 Dec 2011 Total $000
Recognised amounts:				
Final distribution paid on 14 September 2012				
(2011: 15 September 2011)				
Profit distribution [(a)]	**3.28**	**21,160**	3.41	18,295
Capital distribution	**2.31**	**14,879**	2.66	15,449
	5.59	**36,039**	6.07	33,744
Unrecognised amounts:				
Interim distribution payable on 13 March 2013				
(2011: 15 March 2012)				
Profit distribution [(a)]	**2.26**	**18,719**	3.88	24,797
Capital distribution	**-**	**-**	2.06	13,201
	2.26	**18,719**	5.94	37,998

(a) Profit distributions unfranked (2011: unfranked).

The interim distribution in respect of the financial year ending 30 June 2013 has not been recognised in the half year as the distribution was not declared, determined or publicly confirmed prior to 31 December 2012.

APT Investment Trust
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2012

4. Issued capital

	31 Dec 2012 $000	30 Jun 2012 $000
Securities, fully paid [a]	**567,343**	364,066

	31 Dec 2012 No. of units 000	**31 Dec 2012** $000
Movements		
Balance at beginning of financial period	644,486	364,066
Issue of securities under Distribution Reinvestment Plan	7,147	8,034
Issue of securities as consideration for related party acquisition [b]	175,717	212,035
Issue cost of securities	-	(1,913)
Capital distributions paid	-	(14,879)
Balance at end of financial period	**827,350**	**567,343**

(a) Fully paid securities carry one vote per security and carry the right to distributions.

(b) APTIT issued securities as part consideration for APT Pipelines Ltd's acquisition of the Hastings Diversified Utilities Fund during the period.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to issued capital from 1 July 1998. Therefore, the Trust does not have a limited amount of authorised capital and issued securities do not have a par value.

	31 Dec 2011 $000	30 Jun 2011 $000
Securities, fully paid [a]	371,402	382,001

	31 Dec 2011 No. of units 000	31 Dec 2011 $000
Movements		
Balance at beginning of financial period	634,116	382,001
Issue of securities under Distribution Reinvestment Plan	5,219	4,866
Issue cost of securities	-	(16)
Capital distributions paid	-	(15,449)
Balance at end of financial period	639,335	371,402

(a) Fully paid securities carry one vote per security and carry the right to distributions.

5. Earnings per security

	31 Dec 2012	31 Dec 2011
Basic and diluted earnings per security (cents)	**2.6**	3.9

The earnings and weighted average number of ordinary securities used in the calculation of basic and diluted earnings per security are as follows:

Net profit attributable to securityholders for calculating basic and diluted earnings per security ($000)	**18,719**	24,797
	No. of securities	
Weighted average number of ordinary securities on issue used in the calculation (000)	**713,152**	637,151

6. Contingent liabilities and contingent assets

At 31 December 2012, there are no material contingent liabilities or contingent assets (2011: $nil).

7. Subsequent events

On 20 February 2013, the Directors declared an interim distribution for the 2013 financial year, of 2.26 cents per security ($18.7 million). The distribution represents a 2.26 cents per security unfranked profit distribution and nil cents per security capital distribution. The distribution will be paid on 13 March 2013.

APT Investment Trust

Declaration by the Directors of Australian Pipeline Limited

For the half year ended 31 December 2012

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that APT Investment Trust will be able to pay its debts as and when they become due and payable; and

(b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Accounting Standards and give a true and fair view of the financial position and performance of APT Investment Trust and its controlled entities.

Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors

Leonard Bleasel AM
Chairman

Robert Wright
Director

SYDNEY, 20 February 2013

Deloitte.

Deloitte Touche Tohmatsu
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The Directors
Australian Pipeline Limited as responsible entity for
APT Investment Trust
HSBC Building
Level 19, 580 George Street
Sydney NSW 2000

20 February 2013

Dear Directors

Auditors Independence Declaration to Australian Pipeline Limited as responsible entity for APT Investment Trust

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Australian Pipeline Limited as responsible entity for APT Investment Trust.

As lead audit partner for the review of the financial statements of APT Investment Trust for the half year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

G Couttas
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
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Independent Auditor's Review Report to the Unitholders of APT Investment Trust

We have reviewed the accompanying half-year financial report of APT Investment Trust, which comprises the condensed consolidated statement of financial position as at 31 December 2012, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the Trust and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 3 to 12.

Directors' Responsibility for the Half-Year Financial Report

The directors of Australian Pipeline Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of APT Investment Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Australian Pipeline Limited as responsible entity for APT Investment Trust, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of APT Investment Trust is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

G. Couttas

G Couttas
Partner
Chartered Accountants
Sydney, 20 February 2013