

Australian Pipeline Trust

Results For Announcement To The Market For the Half Year Ended 31 December 2010 Appendix 4D

		Percentage Change %	Amount \$'000
Statutory Results			
Revenue before significant items	up	9.9	to 544,869
EBITDA before significant items	up	4.0	to 254,031
EBIT before significant items	up	5.9	to 209,151
Operating profit after tax and minorities before significant items	down	0.5	to 63,291
Profit after tax and significant items attributable to members	up	10.4	to 70,178
Operating cash flow before significant items	up	6.4	to 169,811
Operating cash flow per security before significant items	down	2.0	to 31.0c
Earnings per security before significant items	down	1.0c	to 11.6c
Earnings per security after significant items	up	0.2c	to 12.8c

EBIT = Earnings before interest and tax

EBITDA = EBIT before depreciation and amortisation

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Dividends (Distributions)

Distributions paid and proposed in relation to the half year ended	Amount per security	Franked Amount per security
31 December 2010 – Australian Pipeline Trust:		
Distributions paid in relation to the half year ended 31 December 2010	-	-
Interim distributions proposed ^a		
- profit distribution	9.55¢	-
- capital distribution	2.46¢	-
Total distributions proposed - APT	12.01¢	-
Distributions paid and proposed in relation to the half year ended 31 December 2010 – APT Investment Trust:		
Distributions paid in relation to the half year ended 31 December 2010	-	-
Interim distributions proposed ^a		
- profit distribution	3.74¢	-
- capital distribution	0.75¢	-
Total distributions proposed - APTIT	4.49¢	-
Total APA Group distributions in relation to the half year ended 31 December 2010	16.50¢	

^a The final 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 2011

- interim distribution

31 December 2010

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.

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

Refer Directors' Report.

The Directors have proposed an interim distribution of 12.01 cents per unit, unfranked, to be paid on 17 March 2011.

The Directors also note that APT Investment Trust has proposed an interim distribution of 4.49 cents per unit (refer above), also to be paid on 17 March 2011.

Total distribution for the APA Group stapled security for the December half year is 16.5 cents per stapled security.

Reporting Period

Current Reporting Period: Year ended 31 December 2010

Previous Corresponding Period: Year ended 31 December 2009

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 2010

Details of Businesses Over Which Control Has Been Gained or Lost

Nil

Net Tangible Assets Per Security

	2010	2009
	\$	\$
Net tangible assets per security	1.34	1.23

APA Group



Australian Pipeline Trust
ARSN 091 678 778

Interim Financial Report
For the Half Year ended
31 December 2010

Delivering Australia's Energy

Australian Pipeline Trust and its Controlled Entities
Directors' Report for the half year ended 31 December 2010

The directors of Australian Pipeline Limited ("Responsible Entity") submit their interim financial report of Australian Pipeline Trust ("APT") and its controlled entities (together "APA" or "Consolidated Entity") for the half year ended 31 December 2010 ("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
Steven Crane	Appointed 1 January 2011
John Fletcher	
Russell Higgins AO	
Patricia McKenzie	Appointed 1 January 2011
Muri Muhammad	
George Ratilal	Resigned 26 August 2010
Robert Wright	
Michael McCormack	Managing Director

Alternate directors who served during the current period are as follows:

George Ratilal as alternate for Muri Muhammad, appointed 26 August 2010.

Company Secretary

Mark Knapman

Principal activities

The principal activities of the Consolidated Entity during the course of the current period were the ownership and operation of energy infrastructure, including:

- Gas transmission and distribution businesses located across Australia;
- Energy investments in listed and unlisted entities; and
- Asset management and operations services for APA's energy investments and other third parties.

Significant changes in state of affairs

No significant change in the state of affairs of APA occurred during the current period.

Distributions

On 23 February 2011, the directors declared an interim distribution for APA for the current period of 16.5 cents per security, an increase of 4.8 %, or 0.75 cents on the previous corresponding period (pcp). This includes an APT distribution of 12.01 cents per security comprising a 9.55 cent unfranked profit distribution and a 2.46 cent capital distribution, and an APTIT distribution of 4.49 cents per security comprising a 3.75 cent unfranked profit distribution and a 0.75 cent capital distribution. The directors

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Directors' Report for the half year ended 31 December 2010

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 17 March 2011.

Financial and operational review

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

Half year ended	31 Dec 2010	31 Dec 2009	Changes	
	\$000	\$000	\$000	%
Total revenue excluding pass-through ⁽¹⁾	369,809	343,306	26,503	7.7
Total revenue	554,708	495,948	58,760	11.8
EBITDA	263,870	244,256	19,614	8.0
Depreciation and amortisation expense	(44,880)	(46,818)	1,938	4.1
EBIT	218,990	197,438	21,552	10.9
Net interest expense	(124,543)	(111,055)	(13,488)	(12.1)
Pre-tax profit	94,447	86,383	8,064	9.3
Income tax expense	(24,192)	(22,682)	(1,510)	(6.7)
Minorities	(77)	(113)	36	31.8
Profit after income tax and minorities, including significant items	70,178	63,588	6,590	10.4
Significant items after income tax ⁽²⁾	6,887	-	6,887	
Profit after income tax and minorities before significant items	63,291	63,588	(297)	(0.5)
Operating cash flow ⁽³⁾	169,811	159,538	10,273	6.4
Operating cash flow per security (cents)	31.0	31.6	(0.6)	(2.0)
Earnings per security (cents)	12.8	12.6	0.2	1.6
Distribution per security (cents)	16.5	15.75	0.75	4.8
Distribution payout ratio ⁽⁴⁾	53.6%	50.2%		
Net Tangible Asset per security	\$1.34	\$1.23	\$0.11	8.6
Weighted average number of securities (000)	547,768	504,568	43,200	8.6

(1) Pass-through revenue is revenue on which no margin is earned. Pass-through revenue arises in the NT Gas business and the asset management operations in respect of Envestra assets.

(2) Significant item - APA's equity accounted share of the Investment Allowance Concession benefit recognised on the commencement of generation of the North Brown Hill Wind Farm.

(3) Operating cash flow = net cash from operations after interest and tax payments, adjusted for significant items.

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

APA reported an interim profit after significant items of \$70.2 million, an increase of 10.4% compared with \$63.6 million reported in the pcp. The increase is primarily due to the one-off benefit gained on commissioning of the North Brown Hill wind farm.

Profit before significant items was relatively flat at \$63.3 million (pcp: \$63.6 million) with growth in business earnings offset by higher borrowing costs.

Revenue (excluding pass-through) increased by \$26.5 million to \$369.8 million, an increase of 7.7% on the pcp, while EBITDA increased by \$19.6 million to \$263.9 million, an increase of 8.0%.

The main factors driving the increase in operating profit include:

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Directors' Report for the half year ended 31 December 2010

- Growth in Queensland and Victorian transmission pipeline revenue, offset somewhat by reduced revenue from Western Australian pipelines;
- Growth in Asset Management third party work and revenue for managing Envestra's assets ; and
- Increase in Energy Investments revenue due to APA's investment in Hastings Diversified Utilities Fund.

Operating cash flow per security decreased by 0.6 cents to 31.0 cents per security, a decrease of 2.0% (pcp: 31.6 cents per security). Operating cash flow grew strongly by \$10.3 million or 6.4% to \$169.8 million.

APA's interim distribution is 16.5 cents per security, an increase of 4.8 %, or 0.75 cents on pcp. APA retains its target of continued growth of distributions of at least 5% for the 2011 financial year while maintaining a prudent payout ratio. The distribution payout ratio for the current period was 53.6 %, further demonstrating APA's ability to fully fund its distributions out of operating cash flows.

Capital management

APA issued 9,370,489 securities under its Distribution Reinvestment Plan on 15 September 2010, at \$3.69 per security, raising \$34.6 million. Capital raised is being used to fund the continuing growth of the business.

As at 31 December 2010, there were 551,689,118 APA securities on issue (30 June 2010: 542,318,629).

APA continues to see the operation of the DRP as a valid and appropriate tool in providing equity support to its ongoing organic growth projects.

On 22 July 2010, APA strengthened its balance sheet with the issue of \$300 million of 10 year fixed rate A\$ Medium Term Notes to Australian and international institutional investors, the proceeds of which were used to repay \$102 million of US Private Placement Notes which matured in September 2010 and also to refinance other facilities ahead of maturity. This had the effect of extending the average maturity of APA's debt portfolio and reducing long term borrowing costs.

APA's debt portfolio has a healthy spread of maturities extending out to 2022, with an average maturity of 5 years. APA was geared at 70.1 %¹ at 31 December 2010, up from 69.8% at 30 June 2010.

At 31 December 2010, APA had over \$340 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 rates. All interest rates and foreign currency exposures on US Private Placement Notes have been hedged. APA also enters into interest rate hedges for a proportion of the interest rate exposure on its other floating rate borrowings and has issued fixed rate paper such as the 10 year Australian Medium Term Notes. Currently 78.7% of interest obligations are either hedged or issued at fixed interest rates for varying periods extending out more than 11 years.

A level of interest rate protection is also provided through CPI indexing in revenue contracts and the regulatory revenue setting process operating on a number of APA's assets.

Borrowings and finance costs

As at 31 December 2010, APA had borrowings of \$3,216.6 million from syndicated bank facilities, bilateral bank facilities US Private Placement notes and Australian Medium Term Notes, compared to

¹ Gearing ratio determined in accordance with covenants in all debt facilities as Net Debt to Net Debt plus Book Equity

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Directors' Report for the half year ended 31 December 2010

\$3,156.8 million as at 30 June 2010. Following the \$300 million Australian Medium Term Note issue in July, significant additional debt facility headroom was created. This headroom was reduced in December to a more normalised position of \$281 million by cancelling \$412 million of syndicated bank facilities which were otherwise due to mature on 1 July 2011.

The increase in borrowings over the previous corresponding period was primarily due to the funding of organic growth capital expenditure projects through the reporting period.

Net underlying finance costs increased by \$13.5 million, or 12.1 %, to \$124.5 million (2009: \$111.1 million) over pcp primarily as a result of increased floating interest rates and borrowing margins, a full period's amortisation of borrowing costs related to 2009 refinancing activities and also increased commitment fees associated with maintaining a high level of debt facility headroom. The average interest rate (including credit margins) applying to drawn debt was 7.52% for the current period.

APA's interest cover ratio for the current period decreased slightly to 2.06 times from 2.16 times in the pcp, remaining well in excess of its debt covenant default ratio of 1.1 times, and distribution lock up ratio of 1.3 times.

Credit rating

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 before significant items is 25.1 %, down from the pcp of 26.3%. The decrease has arisen predominantly as a result of amendments to prior year tax returns following changes to tax consolidation rules dealing with "valuable rights to future income".

Capital expenditure

Capital expenditure for the current period totalled \$106.1 million, of which \$99.8 million was in respect of growth projects, primarily being pipeline capacity expansion on the New South Wales and Victorian pipeline systems and expansion of the Mondarra Gas Storage Facility in Western Australia. In addition, APA acquired a 16.7% interest in the SEA Gas Pipeline for \$46.3 million.

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

During the period, APA increased its interest in Hastings Diversified Utilities Fund to 19.8% for \$22.4 million and increased its interest in Envestra to 32.4% for \$12.1 million.

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Directors' Report for the half year ended 31 December 2010

Business segment performance

APA's operations and financial result in the current period reflects growth across all business segments.

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

Half year ended	31 Dec 2010	31 Dec 2009	Changes	
	\$000	\$000	\$000	%
Revenue				
Gas Transmission and Distribution				
<i>Queensland</i>	83,270	76,790	6,480	8.4
<i>New South Wales</i>	64,318	64,321	(3)	0.0
<i>Victoria</i>	78,578	72,832	5,746	7.9
<i>South Australia</i>	1,013	997	16	1.6
<i>Western Australia</i>	70,619	72,476	(1,857)	(2.6)
<i>Northern Territory</i>	6,780	5,608	1,172	20.9
Gas Transmission and Distribution total	304,578	293,024	11,554	3.9
Asset Management	32,102	29,130	2,972	10.2
Energy Investments	16,241	14,152	2,089	14.8
Total segment revenue	352,921	336,306	16,615	4.9
Share of EII2 investment allowance benefit ⁽¹⁾	9,839		9,839	
Pass-through revenue	184,899	152,642	32,257	21.1
Unallocated revenue	7,049	7,000	49	0.7
Total revenue	554,708	495,948	58,760	11.8
EBITDA				
Gas Transmission and Distribution				
<i>Queensland</i>	54,859	51,575	3,284	6.4
<i>New South Wales</i>	52,921	53,136	(215)	(0.4)
<i>Victoria</i>	61,139	56,369	4,770	8.5
<i>South Australia</i>	816	831	(15)	(1.8)
<i>Western Australia</i>	47,223	50,989	(3,766)	(7.4)
<i>Northern Territory</i>	1,362	1,174	188	16.0
Gas Transmission and Distribution total	218,320	214,074	4,246	2.0
Asset Management	19,471	16,333	3,138	19.2
Energy Investments	16,241	13,849	2,392	17.3
Total segment EBITDA	254,032	244,256	9,776	4.0
Share of EII2 investment allowance benefit ⁽¹⁾	9,839		9,839	
Total EBITDA	263,871	244,256	19,615	8.0

(1) Significant item - APA's equity accounted share of the Investment Allowance Concession benefit recognised on the commencement of generation of the North Brown Hill Wind Farm.

Gas Transmission and Distribution

The Gas Transmission and Distribution segment contributed 86% of revenue and EBITDA. Revenue (excluding pass-through revenue) was \$304.6 million, an increase of 3.9% on pcp of the \$293.0 million. EBITDA increased by 2.0% to \$218.3 million (pcp: \$214.1 million).

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The following factors contributed to this result:

- Queensland revenue and EBITDA increase was due to the increased use of the Roma Brisbane Pipeline and addition to existing capacity growth due to Caltex Lytton lateral, increased use of the Carpentaria Gas Pipeline, tariff increases (in line with inflation) and earnings from the Berwyndale Wallumbilla Pipeline;
- Victorian earnings were higher due to increased contributions from the Victorian Transmission System resulting from higher gas volumes and increased tariffs, and the Dandenong LNG Facility following contract renegotiations;
- New South Wales earnings were flat, with new revenues for additional capacity and services on the Moomba Sydney Pipeline system offset by the loss of short term contracts in 2010; and
- Western Australian earnings were lower primarily due to the regulatory tariff reduction on the Goldfields Gas Pipeline and lower gas volumes transported through the Parmelia Gas Pipeline.

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 completed the construction of a 6 km lateral from the Roma Brisbane Pipeline to the Caltex oil refinery in Brisbane in September 2010. The lateral and associated infrastructure increases the capacity of natural gas supply to the refinery.

Gas transportation contracts were signed with several shippers for all existing capacity of the pipeline.

APA is in advanced negotiations with shippers for additional capacity on the Roma Brisbane Pipeline, with expanded capacity expected to be available by mid 2012. The expansion will include additional compression, pipeline pressure upgrades and augmentation of the pipeline in the Brisbane metropolitan area.

- APA Gas Network, Queensland
Network meter connections in the current period increased by 1,557, taking connections to 83,519 at 31 December 2010 (81, 962 at 30 June 2010). Gas volume transported through the network and to large customers was 7.0 PJ, 0.3 PJ or 4% below the pcp of 7.3 PJ, mainly due to a large gas user connecting directly to the Roma Brisbane Pipeline and ceasing to be a network customer.

Expansion of the gas network continued, including reticulation into new housing developments in the Gold Coast area. Gas mains laid for the current period totalled 25 km, reaching over 1,000 new and existing home sites.

APA submitted its draft Access Arrangement for the network in September 2010. The Australian Energy Regulator released its draft decision in February 2011. Further information on the submission and process is found on page 10 under 'Regulatory matters'.

- Berwyndale Wallumbilla Pipeline
In the first full six months of APA ownership, the pipeline is performing in line with acquisition expectations.
- Carpentaria Gas Pipeline
In December 2010, in response to the Queensland Government's 'Northwest Region Energy Review', APA submitted a proposal to supply gas fired electricity to major energy users in the Mt

Isa region. The proposal is for a 240 MW gas fired power station, starting from 2013, with gas volumes underpinning pipeline capacity on the Carpentaria Gas Pipeline.

New South Wales

- **Moomba Sydney Pipeline**
Work continued on the \$100 million capacity expansion program of the Moomba Sydney Pipeline. The five year program, which commenced in 2008, is increasing the mainline capacity of the pipeline. The additional capacity from this year's program was available for the 2010 winter season in line with contract requirements. Expansion cost for the current period was \$5 million, bringing the total spent thus far to \$53 million.

The first stage of the Young Wagga looping project was completed in November 2010, with partial capacity available to customers a month earlier. The storage capacity of the southern section of the Moomba Sydney Pipeline system was increased by looping a 61 km section of the Young to Wagga lateral. The expanded lateral provides both storage and transportation services. The additional capacity is fully underwritten by long-term transportation and storage agreements.

- **Short Term Trading Market**
Operation of the Short Term Trading Market commenced on 1 September 2010. Further information is available under 'Regulatory matters' on page 10.

Victoria and South Australia

- **Victorian Transmission System**
Total gas volume transported through the Victorian Transmission System was higher in the current period at 133.2 PJ, up 4.3% on the previous corresponding period (127.7 PJ). Peak day of 1,188 TJ was down 1.7% on the previous corresponding period (1,208 PJ). The increase in volume was weather related, due to a cooler winter compared to the previous year.

APA continued with the engineering and construction work on the northern section expansion of the Victorian Transmission System, with the project due for completion by March 2011. The expansion includes the installation of additional compressors at Wollert Compressor Station, flow reversal capability at Springhurst Compressor Station and up-rating of the pipeline operating pressure of the Wollert to Euroa section of the pipeline. The Springhurst reversal was completed in October 2010, with the remaining elements of the project in various stages of commissioning. The expansion is included in the system's regulatory arrangement.

- **Dandenong LNG facility, Victoria**
Dandenong tanker loading facility is now open access. During the current period, the use of the LNG facility for trucking transport fuel increased, contributing to increased earnings. The renegotiated contracts with customers using the facility for gas supply 'peak shaving' storage also contributed to the increase.

Western Australia

- **Goldfields Gas Pipeline**
On 5 August 2010, the Economic Regulatory Authority of Western Australia issued its further final decision on APA's proposed access arrangement. Refer to 'Regulatory matters' on page 10 of this report for additional information.
- **Mondarra Gas Storage facility**
With the strong demand for gas storage in Western Australia, and in response to commercial discussions with prospective customers, APA is expanding its Mondarra Gas Storage Facility. The

facility is connected to the Parmelia Gas Pipeline, and connected to the Dampier Bunbury Natural Gas Pipeline for the receipt of gas only.

During the current period, APA progressed the initial stages of expansion, including design work for compression and other surface works, and interconnection with the Dampier Bunbury Natural Gas Pipeline.

The expanded facility will provide gas storage security for gas supply as well as a cost effective service to Western Australian gas shippers to better manage demand fluctuations.

APA's negotiations with its cornerstone customers continue and are expected to be completed within the 2011 financial year. Following contract execution APA will proceed with the next stage of expansion which includes further development of wells, compression, pipeline interconnects, treatment facilities and purchase of cushion gas.

Northern Territory

- **Amadeus Gas Pipeline**

With the commissioning of the Bonaparte Gas Pipeline in 2009, natural gas from the off-shore Blacktip field has replaced all gas delivery from the Amadeus Basin gas fields. The Amadeus Gas Pipeline is delivering gas north and south of Ban Ban Springs, where the two pipelines interconnect.

On 23 December 2010, APA's subsidiary N.T. Gas Pty Limited submitted the access arrangement proposal for the Amadeus Gas Pipeline. Further information on the submission and process is found on page 10 under 'Regulatory matters'.

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 and Energy Infrastructure Investments. Asset management services are provided to these customers under long term contracts.

Revenue (excluding pass-through revenue) increased by 10.2% to \$32.1 million (pcp: \$29.1 million), and EBITDA increased by 19.2% to \$19.5 million, up from \$16.3 million in the pcp. The increase is due to additional third party work and increased revenue for Envestra asset management.

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 Hastings Diversified Fund (HDF). APA holds a number of roles in respect 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.

- **Envestra**

APA increased its interest in Envestra from 31.7% to 32.4% by participating in Envestra's Distribution Reinvestment Plan in October 2010. The total value of distributions reinvested was \$12.1 million.

- **SEA Gas Pipeline**

In November 2010, APA acquired a further 16.7% of the SEA Gas Pipeline from International Power for \$46.3 million. APA exercised its pre-emptive right over part of International Power's interest, and with this acquisition APA's overall interest in the pipeline increased to 50%.

- EII2
In October 2009, APA (20.2%), together with Marubeni Corporation and Osaka Gas, acquired the North Brown Hill Wind Farm from AGL.

All turbines on the wind farm were constructed and the wind farm connected to the grid by December 2010, ahead of schedule. Final handover from the EPC constructor is due in June 2011. As a result of the commencement of generation from the wind farm, accounting profits were generated within EII2 (APA share: \$9.6 million) primarily due to the Investment Allowance Concession benefit recognised on commencement of generation (included as a significant item).

The investment is secured by a long term off-take agreement with AGL Energy, covering both the electricity generated and the Renewable Energy Credits produced from the wind farm.

- Hastings Diversified Utilities Fund
During the current period, APA increased its interest in Hastings Diversified Utilities Fund from 16.8% to 19.8% at a cost of \$22.4 million. This investment is consistent with APA's strategy of long term investment in gas transmission pipelines.

APA flood and weather impact

Eastern Australia has been subjected to a number of extreme weather events over the last few months that have impacted on APA's assets and people. These weather events and the area of impact on APA include:

- Heavy rain and flash flooding in Queensland in October 2010 and January 2011, and in northern New South Wales in December 2010;
- Heavy rain and river flooding in Queensland around Condamine, Rockhampton, Ipswich and Brisbane in December 2010 and January 2011;
- Flooding in northern Victoria in January and February 2011; and
- Cyclone Yasi in northern Queensland in early February 2011.

While there has been some impact on APA's assets and operations from these events, these impacts have been managed safely and efficiently by local and interstate APA staff following sound and well developed emergency response and management plans. During these events, there was minimal disruption of gas transportation services.

The assets affected by the flood and weather are:

- Roma Brisbane Pipeline:
 - Easement washouts and erosion;
 - Flooding of two metering and regulator stations – both continued to operate while flooded; and
 - Damage to the smaller of the two pipes which make up the Roma Brisbane Pipeline, resulting in minor curtailment to customer gas deliveries for one week.
- APA Gas Network, Queensland:
 - Easement washouts (high pressure mains) in Toowoomba; and
 - Customer regulators and meters – 183 require replacement (approximately 10% of flood affected installations).
- Central Ranges Pipeline:
 - Easement erosion.

Repairs to APA assets have commenced and are expected to be completed within the 2011 financial year. With the minimal disruption to operations, together with insurance coverage, the cost and revenue impact on APA is currently not expected to be material.

Regulatory matters

Key regulatory matters addressed during the current period included:

Goldfields Gas Pipeline access arrangement

Following the release of the Economic Regulation Authority of Western Australia (ERA) final decision on 13 May 2010, APA, on behalf of the Goldfields Gas Pipeline owners, submitted an access arrangement which sought to address elements of the final decision.

On 5 August 2010, it released its further final decision on the proposed access arrangement. The ERA did not accept APA's proposed access arrangement, and installed an access arrangement it had prepared which reflects the requirements and tariffs specified in its final decision. These tariffs came into effect on 20 August 2010 and apply to approximately 40% of the annual revenue APA receives from the Goldfields Gas Pipeline.

APA is pursuing the merits review process available within the regulatory framework.

The short-term trading market in gas

A short-term trading market (STTM) in natural gas was introduced by the Australian Energy Market Operator into New South Wales and South Australia on 1 September 2010, and operates alongside Victoria's established wholesale gas market. The STTM facilitates the trading of natural gas at defined hubs of Sydney and Adelaide and consequently has an impact on pipelines which deliver gas to these hubs, including the Moomba Sydney Pipeline. APA has implemented a program to ensure that systems and procedures are compliant with STTM requirements.

Existing pipeline transportation contracts are commercially unaffected by the operation of the STTM, and the STTM does not directly affect the opportunity to negotiate long-term contracts to support the development or expansion of pipelines. APA has developed new services arising from the opportunity provided by the STTM.

APA Gas Networks access arrangement

On 30 September 2010, APA submitted the access arrangement proposal for its Gas Network (Allgas) in Queensland to the Australian Energy Regulatory (AER). The access arrangement proposal establishes the basis for the terms and conditions of access for users and prospective users of the gas distribution network for the period 1 July 2011 to 30 June 2016. On 16 February the AER released its draft decision. APA is currently reviewing the decision and will provide a revised access arrangement proposal by 23 March 2011. The AER's final decision is due early May 2011.

Amadeus Gas Pipeline access arrangement

On 23 December 2010, APA's subsidiary, N.T. Gas Pty Limited submitted the access arrangement proposal for the Amadeus Gas Pipeline to the AER. The access arrangement proposal outlines the proposed terms and conditions of access for the transmission pipeline for the period 1 July 2011 to 30 June 2016. The AER is expected to release its draft decision by mid March 2011, with its final decision due early June 2011.

Environmental reporting

In October 2010 APA complied with Australia's National Greenhouse and Energy Reporting (NGERS) obligations for financial year 2010. APA's performance on two key measures is tabled below.

Financial year	2010	2009	Change	
Scope 1 CO2 emissions (tonnes)	305,076	298,906	6,170	+2.1%
Energy consumption (GJ)	3,248,069	3,290,470	-42,401	-1.3%

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 31.

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



L F Bleasel AM
Chairman



R J Wright
Director

SYDNEY, 23 February 2011

Australian Pipeline Trust
Condensed Consolidated Statement of Comprehensive Income
For the half year ended 31 December 2010

	Note	31 Dec 2010 \$000	31 Dec 2009 \$000
Continuing operations			
Revenue	3	535,382	482,909
Share of net profits of associates and jointly controlled entities accounted for using the equity method	3	19,326	13,039
		554,708	495,948
Asset operation and management expenses		(44,022)	(37,431)
Depreciation and amortisation expense	4	(44,880)	(46,818)
Other operating costs - pass-through	4	(184,899)	(152,642)
Finance costs	4	(131,592)	(118,055)
Employee benefit expense		(47,098)	(47,781)
Other expenses		(7,770)	(6,838)
Profit before tax		94,447	86,383
Income tax expense		(24,192)	(22,682)
Profit for the period		70,255	63,701
Other comprehensive income			
Gain on available-for-sale investments taken to equity		39,682	3,380
Transfer of gain on cash flow hedges to profit or loss		156,274	93,349
Loss on cash flow hedges taken to equity		(170,716)	(72,773)
Gain/(loss) on associate hedges taken to equity		4,464	7,539
Actuarial gain on defined benefit plan		4,474	2,532
Income tax relating to components of other comprehensive income		(9,271)	(10,330)
Other comprehensive income for the period (net of tax)		24,907	23,697
Total comprehensive income for the period		95,162	87,398
Profit attributable to:			
Equityholders of the parent		49,549	45,741
Minority interest - APT Investment Trust equityholders		20,629	17,847
APA stapled securityholders		70,178	63,588
Minority interest - other		77	113
		70,255	63,701
Total comprehensive income attributable to:			
Equityholders of the parent		74,358	67,586
Minority interest - APT Investment Trust equityholders		20,727	19,699
APA stapled securityholders		95,085	87,285
Minority interest - other		77	113
		95,162	87,398
Earnings per security			
Basic and diluted (cents per security)	10	12.8	12.6

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

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

Australian Pipeline Trust
Condensed Consolidated Statement of Financial Position
As at 31 December 2010

	31 Dec 2010 \$000	30 Jun 2010 \$000
<u>Current assets</u>		
Cash and cash equivalents	58,969	80,940
Trade and other receivables	121,395	142,529
Inventories	10,995	10,698
Other	3,414	3,757
Total current assets	194,773	237,924
<u>Non-current assets</u>		
Receivables	18,850	21,402
Other financial assets	191,811	129,185
Investments accounted for using the equity method	469,610	403,528
Property, plant and equipment	3,538,218	3,483,328
Goodwill	516,279	520,779
Other intangible assets	176,618	179,282
Other	6,681	7,008
Total non-current assets	4,918,067	4,744,512
Total assets	5,112,840	4,982,436
<u>Current liabilities</u>		
Trade and other payables	121,032	131,839
Borrowings	162,222	103,883
Other financial liabilities	17,538	8,738
Provisions	41,833	42,957
Other	6,216	10,874
Total current liabilities	348,841	298,291
<u>Non-current liabilities</u>		
Borrowings	2,738,703	2,891,891
Other financial liabilities	233,888	66,691
Deferred tax liabilities	331,723	297,808
Provisions	26,399	31,685
Other	864	925
Total non-current liabilities	3,331,577	3,289,000
Total liabilities	3,680,418	3,587,291
Net assets	1,432,422	1,395,145

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
As at 31 December 2010

	Note	31 Dec 2010 \$000	30 Jun 2010 \$000
Equity			
Australian Pipeline Trust equity:			
Issued capital	8	964,418	984,936
Reserves	9	81,632	59,955
Retained earnings		52,681	9,364
Equity attributable to securityholders of the parent		1,098,731	1,054,255
Minority interests:			
APT Investment Trust:			
Issued capital	8	312,994	320,931
Reserves	9	(3)	(101)
Retained earnings		20,629	19,928
Equity attributable to securityholders of APT Investment Trust		333,620	340,758
Other minority interest		71	132
Total minority interests		333,691	340,890
Total equity		1,432,422	1,395,145

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 2010

	Consolidated														
	Australian Pipeline Trust						APT Investment Trust				Other minority interest				Total
	Issued Capital \$000	Available- for-sale		Hedging Reserve \$000	Retained earnings \$000	Attributable of the parent \$000	Issued Capital \$000	Available- for-sale		Retained earnings \$000	APT Investment Trust \$000	Issued Capital \$000	Other \$000	Retained earnings \$000	Other Minority Interest \$000
		Asset Revaluation Reserve \$000	Investment Revaluation Reserve \$000					Investment Reserve \$000	Reserve \$000						
Balance at 1 July 2009	894,435	8,669	(1,236)	13,688	(4,998)	910,558	358,452	(1,446)	10,810	367,816	4	1	76	81	1,278,455
Profit for the period	-	-	-	-	45,741	45,741	-	-	17,847	17,847	-	-	113	113	63,701
Other comprehensive income	-	-	1,528	18,545	1,772	21,845	-	1,852	-	1,852	-	-	-	-	23,697
Total comprehensive income for the period	-	-	1,528	18,545	47,513	67,586	-	1,852	17,847	19,699	-	-	113	113	87,398
Payment of distributions	-	-	-	-	(13,684)	(13,684)	-	-	(10,809)	(10,809)	-	-	(70)	(70)	(24,563)
Issued under distribution reinvestment plan	20,747	-	-	-	-	20,747	8,392	-	-	8,392	-	-	-	-	29,139
Adjustment of equity values between stapled entities	9,868	-	-	-	-	9,868	(9,868)	-	-	(9,868)	-	-	-	-	-
Issue cost of securities	(20)	-	-	-	-	(20)	(11)	-	-	(11)	-	-	-	-	(31)
Capital return to shareholders	-	-	-	-	-	-	(55,293)	-	-	(55,293)	-	-	-	-	(55,293)
Balance at 31 December 2009	925,030	8,669	292	32,233	28,831	995,055	301,672	406	17,848	319,926	4	1	119	124	1,315,105
Balance at 1 July 2010	984,936	8,669	(3,032)	54,318	9,364	1,054,255	320,931	(101)	19,928	340,758	4	1	127	132	1,395,145
Profit for the period	-	-	-	-	49,549	49,549	-	-	20,629	20,629	-	-	77	77	70,255
Other comprehensive income	-	-	28,662	(6,985)	3,132	24,809	-	98	-	98	-	-	-	-	24,907
Total comprehensive income for the period	-	-	28,662	(6,985)	52,681	74,358	-	98	20,629	20,727	-	-	77	77	95,162
Payment of distributions	-	-	-	-	(9,364)	(9,364)	-	-	(19,928)	(19,928)	-	-	(138)	(138)	(29,430)
Issued under Distribution Reinvestment plan	26,133	-	-	-	-	26,133	8,446	-	-	8,446	-	-	-	-	34,579
Issue cost of securities	(99)	-	-	-	-	(99)	(33)	-	-	(33)	-	-	-	-	(132)
Capital return to shareholders	(46,552)	-	-	-	-	(46,552)	(16,350)	-	-	(16,350)	-	-	-	-	(62,902)
Balance at 31 December 2010	964,418	8,669	25,630	47,333	52,681	1,098,731	312,994	(3)	20,629	333,620	4	1	66	71	1,432,422

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 2010

	31 Dec 2010 \$000	31 Dec 2009 \$000
<u>Cash flows from operating activities</u>		
Receipts from customers	593,963	548,758
Payments to suppliers and employees	(347,154)	(316,657)
Dividends received	22,407	21,537
Proceeds from repayment of finance leases	2,643	1,366
Interest received	3,576	3,669
Interest and other costs of finance paid	(105,624)	(99,135)
Net cash provided by operating activities	169,811	159,538
<u>Cash flows from investing activities</u>		
Payments for property, plant and equipment	(106,094)	(66,235)
Proceeds from sale of property, plant and equipment	100	-
Payments for available-for-sale investments	(22,446)	(21,950)
Payments for equity accounted investments	(59,274)	(10,917)
Payments for controlled entities	(3,827)	-
Proceeds from sale of businesses	3,411	8,133
Net cash used in by investing activities	(188,130)	(90,969)
<u>Cash flows from financing activities</u>		
Proceeds from borrowings	511,600	735,108
Repayments of borrowings	(454,970)	(675,000)
Proceeds from issue of securities	34,578	29,140
Payment of debt issue costs	(2,396)	(29,644)
Payments of security issue costs	(132)	(20)
Distributions paid to:		
Securityholders of APT	(9,364)	(13,684)
Securityholders of minority interests - APTIT	(19,928)	(10,809)
Capital return to securityholders of APT	(46,552)	-
Capital return to securityholders of APTIT	(16,350)	(55,293)
Other minority interest	(138)	(77)
Net cash used in financing activities	(3,652)	(20,279)
Net increase in cash and cash equivalents	(21,971)	48,290
Cash and cash equivalents at beginning of financial year	80,940	108,815
Cash and cash equivalents at end of financial year	58,969	157,105

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

Australian Pipeline Trust

Notes to the condensed consolidated financial statements

For the half year ended 31 December 2010

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 2010 annual financial report for the financial year ended 30 June 2010.

Working capital position

The working capital position as at 31 December 2010 for the Consolidated Entity is a surplus of current liabilities over current assets of \$154.1 million (June 2010: \$60.4 million) primarily as a result of \$145 million of 2008 bilateral facilities being due for repayment in July 2011. APA's refinancing strategies have ensured that the Group has in excess of \$280 million of medium to long term committed debt facilities out of which to meet this repayment if necessary. In addition, discussions are underway with the providers of the 2008 bilateral facilities with a view to refinancing those facilities well in advance of their maturity.

The Directors continually monitor the Group's working capital position, including forecast working capital requirements and have ensured that there are appropriate refinancing strategies and adequate committed funding facilities in place to accommodate debt repayments as and when they fall due.

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 periods.

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

- Amendments to AASB 8, 101, 107, 117, 118, 136 and 139 as a consequence of "AASB 2009- Further Amendments to Australian Accounting Standards arising from the Annual Improvements Projects".

AASB 2009-5 introduces amendments into Accounting standards that are equivalent to those made by the IASB under its program of annual improvements to its standards.

The adoption of these amendments has not resulted in any changes to the consolidated entity's accounting policies and have no effect on the amounts reported for the current or prior periods.

Australian Pipeline Trust

Notes to the condensed consolidated financial statements

For the half year ended 31 December 2010

1. Significant accounting policies

Critical accounting judgements and key sources of estimation uncertainty

The following are the critical judgements that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Accounting for acquisitions

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition. Cost is allocated to individual identifiable assets and liabilities. Management makes a number of judgements in allocating cost, particularly in relation to the valuation of identifiable intangible assets such as contractual arrangements, including assumptions relating to potential contract renewals and associated useful life.

Key sources of estimation uncertainty

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 the income statement.

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.

Australian Pipeline Trust
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2010

2. Segment information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and assess its performance.

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

(a) Description of reportable segments

The Consolidated Entity comprises the following reportable segments:

- gas transmission and distribution;
- asset management; and
- energy investments.

Australian Pipeline Trust
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2010

2. Segment information

Information regarding these segments is included below. The following is an analysis of the Group's revenues by reportable operating segment for periods under review:

(b) Reportable segments

	Gas transmission & distribution	Asset management	Energy investments	Consolidated
Half year ended 31 December 2010	\$000	\$000	\$000	\$000
Segment revenue ^(a)				
External sales revenue	303,411	32,102	174	335,687
Equity accounted net profits	-	-	9,487	9,487
Pass-through revenue	87,206	97,693	-	184,899
Finance lease and investment interest income	1,167	-	744	1,911
Distributions - other entities	-	-	5,836	5,836
Total segment revenue	391,784	129,795	16,241	537,820
Significant item - equity accounted share of EII2 investment allowance benefit				9,839
Other interest income				7,049
Consolidated revenue				554,708

Segment result

Earnings before interest, tax, depreciation and amortisation ("EBITDA")	217,153	19,471	6,010	242,634
Share of net profits of associates and jointly controlled entities accounted for using the equity method	-	-	9,487	9,487
Finance lease and investment interest income	1,167	-	744	1,911
Total EBITDA (excluding significant items)	218,320	19,471	16,241	254,032
Depreciation and amortisation	(42,594)	(2,286)	-	(44,880)
Earnings before interest and tax ("EBIT") (excluding significant items)	175,726	17,185	16,241	209,152
Net finance costs ^(b)				(124,543)
Profit before tax (excluding significant items)				84,609
Income tax expense				(21,241)
Profit for the year (excluding significant items)				63,368
Significant items after tax				6,887
Profit for the year				70,255

The following is an analysis of the Group's assets by reportable operating segment

Segment assets as at 31 December 2010

Segment assets	4,178,266	210,664	3,520	4,392,450
Carrying value of investments accounted for using the equity method	-	-	469,610	469,610
Unallocated assets ^(c)				250,780
Total assets as 31 December 2010				5,112,840

(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, financial assets and fair value of interest rate swaps.

Australian Pipeline Trust
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2010

2. Segment information

Half year ended 31 December 2009	Gas transmission & distribution \$000	Asset management \$000	Energy investments \$000	Consolidated \$000
Segment revenue (a)				
External sales revenue	291,835	29,130	260	321,225
Equity accounted net profits	-	-	13,039	13,039
Pass-through revenue	68,814	83,828	-	152,642
Finance lease and investment interest income	1,188	-	639	1,827
Distributions - other entities	-	-	215	215
Total segment revenue	361,837	112,958	14,153	488,948
Significant items				-
Other interest income				7,000
Consolidated revenue				495,948
Segment result				
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	212,886	16,333	171	229,390
Share of net profits of associates and jointly controlled entities accounted for using the equity method	-	-	13,039	13,039
Finance lease and investment interest income	1,188	-	639	1,827
Total EBITDA (excluding significant items)	214,074	16,333	13,849	244,256
Depreciation and amortisation	(42,945)	(3,816)	(57)	(46,818)
Earnings before interest and tax ("EBIT") (excluding significant items)	171,129	12,517	13,792	197,438
Net finance costs ^(b)				(111,055)
Profit before tax (excluding significant items)				86,383
Income tax expense				(22,682)
Profit for the year (excluding significant items)				63,701
Significant items after tax				-
Profit for the year				63,701

The following is an analysis of the Group's assets by reportable operating segment

Segment assets as at 30 June 2010

Segment assets	4,126,963	222,039	19,781	4,368,783
Carrying value of investments accounted for using the equity method	-	-	403,528	403,528
Unallocated assets ^(c)				210,125
Total assets as at 30 June 2010				4,982,436

- (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.

Australian Pipeline Trust

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2010

3. Revenue

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

Continuing operations

	31 Dec 2010 \$000	31 Dec 2009 \$000
Operating revenue		
Gas transmission and distribution revenue:		
• gas transmission and distribution revenue	303,151	291,671
• pass-through revenue	87,206	68,814
	390,357	360,485
Asset management revenue:		
• asset management revenue	32,102	28,797
• pass-through revenue	97,693	83,828
	129,795	112,625
Energy investments	174	260
	520,326	473,370
Share of net profits of associates and jointly controlled entities accounted for using the equity method	19,326	13,039
Finance income		
Interest	7,049	7,000
Redeemable ordinary shares (EII) interest income	744	639
Finance lease income	1,167	1,188
	8,960	8,827
Dividends		
Other entities	5,836	215
	5,836	215
Other income		
Rental income	260	497
	260	497
	554,708	495,948

Australian Pipeline Trust

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2010

4. Expenses

Profit before tax includes the following expenses:

	31 Dec 2010 \$000	31 Dec 2009 \$000
Depreciation and amortisation expense		
Depreciation of non-current assets	42,030	44,286
Amortisation of non-current assets	2,850	2,532
	44,880	46,818
Other operating costs - pass-through		
Operating lease rental expenses	9,626	8,181
Gas pipeline costs	77,580	60,633
	87,206	68,814
Management, operating and maintenance costs	97,693	83,828
	184,899	152,642
Finance costs		
Interest on bank overdrafts and borrowings	120,466	109,663
Amortisation of deferred borrowing costs	5,939	4,431
Finance lease charges	32	27
Other finance costs	6,870	4,439
	133,307	118,560
Less: amounts included in the cost of qualifying assets	(3,101)	(590)
	130,206	117,970
Loss/(gain) on fair value of other derivatives	287	-
Unwinding of discount on non-current provisions	1,099	85
	131,592	118,055

5. Significant items

Individually significant revenue/(expenses) included in profit after related income tax expense are as follows:

	31 Dec 2010 \$000	31 Dec 2009 \$000
Significant items		
Equity accounted share of EII2 investment allowance benefit	9,839	-
Profit from significant items before related income tax	9,839	-
Income tax related to significant items above	(2,952)	-
Profit from significant items after related income tax	6,887	-

Australian Pipeline Trust

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2010

6. Distributions

Recognised amounts	31 Dec 10		31 Dec 09	
	2010 cents per security	2010 Total \$000	2009 cents per security	2009 Total \$000
Final distribution paid on 15 September 2010				
(2009: 15 September 2009)				
Profit distribution - APT ^(a)	1.7	9,364	2.7	13,684
Profit distribution - APTIT ^(a)	3.7	19,928	2.2	10,809
Capital distribution - APT	8.6	46,552	0.0	-
Capital distribution - APTIT	3.0	16,350	11.1	55,293
	17.0	92,194	16.0	79,786
Unrecognised amounts				
Interim distribution payable on 17 March 2011				
(2009: 17 March 2010)				
Profit distribution - APT ^(a)	9.55	52,681	5.7	28,832
Profit distribution - APTIT ^(a)	3.74	20,629	3.5	17,847
Capital distribution - APT	2.46	13,592	5.0	25,320
Capital distribution - APTIT	0.75	4,127	1.6	8,141
	16.50	91,029	15.8	80,140

(a) Profit distributions were unfranked (2009: unfranked).

The interim distribution in respect of the financial year ending 30 June 2011 has not been recognised in the half year as the distribution was not declared, determined or publicly recommended prior to 31 December 2010.

7. 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 year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	31 Dec 2010 \$000	30 Jun 2010 \$000
Cash at bank and on hand ^(a)	58,108	76,867
Short-term deposits	861	4,073
	58,969	80,940
Restricted cash		

(a) As at 31 December 2010, Australian Pipeline Limited held \$5.0 million (2009: \$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 2010

8. Issued capital

	31 Dec 2010 \$000	30 Jun 2010 \$000
APT Securities, fully paid ^(a)	964,418	984,936

	2010 No. of securities 000	2010 \$000
Movements		
Balance at 1 July 2010	542,319	984,936
Issue of securities under Distribution Reinvestment Plan	9,370	26,133
Issue cost of securities	-	(99)
Capital return to shareholders	-	(46,552)
Balance at 31 December 2010	551,689	964,418

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

	31 Dec 2010 \$000	30 Jun 2010 \$000
APT Investment Trust Securities, fully paid ^(a)	312,994	320,931

	2010 No. of securities 000	2010 \$000
Movements		
Balance at 1 July 2010	542,319	320,931
Issue of securities under Distribution Reinvestment Plan	9,370	8,446
Issue cost of securities	-	(33)
Capital return to shareholders	-	(16,350)
Balance at 31 December 2010	551,689	312,994

Australian Pipeline Trust

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2010

8. Issued capital

	31 Dec 2009 \$000	30 Jun 2009 \$000
APT Securities, fully paid ^(a)	925,030	894,435
	2009 No. of securities 000	2009 \$000
Movements		
Balance at 1 July 2009	498,664	894,435
Issue of securities under Distribution Reinvestment Plan	10,153	20,747
Adjustment of equity values between stapled entities	-	9,868
Issue cost of securities	-	(20)
Balance at 31 December 2009	508,817	925,030

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

	31 Dec 2009 \$000	30 Jun 2009 \$000
APT Investment Trust Securities, fully paid ^(a)	301,673	358,450
	2009 No. of securities 000	2009 \$000
Movements		
Balance at 1 July 2009	498,664	358,450
Issue of securities under Distribution Reinvestment Plan	10,153	8,392
Adjustment of equity values between stapled entities	-	(9,868)
Issue cost of securities	-	(8)
Capital return to securityholders	-	(55,293)
Balance at 31 December 2009	508,817	301,673

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

Australian Pipeline Trust
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2010

9. Reserves

Australian Pipeline Trust Reserves

	31 Dec 2010 \$000	30 Jun 2010 \$000
Hedging	47,333	54,318
Asset revaluation	8,669	8,669
Available-for-sale investment revaluation	25,630	(3,032)
	81,632	59,955
Hedging reserve		
Balance at beginning of financial year	54,318	13,690
Gain/(loss) recognised:		
Interest rate swaps/currency swaps	(170,716)	294
Deferred tax related to gains/losses recognised	51,214	(87)
Transferred to profit or loss:		
Interest rate swaps/currency swaps	156,274	45,749
Deferred tax related to amounts transferred to profit or loss	(46,882)	(13,725)
Share of hedge reserve of associate	4,464	13,622
Deferred tax related to share of hedge reserve	(1,339)	(5,225)
Balance at end of financial year	47,333	54,318

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in profit or loss when the hedged transaction impacts profit or loss, or is included as a basis adjustment to the non-financial hedge item, consistent with the applicable accounting policy.

Asset revaluation reserve

Balance at beginning of financial year	8,669	8,669
Balance at end of financial year	8,669	8,669

The asset revaluation reserve arose on the revaluation of the existing interest in a pipeline as a result of a business combination. Where revalued pipelines are sold, that portion of the asset revaluation reserve which relates to that asset and is effectively realised, is transferred directly to retained earnings. The reserve can be used to pay distributions only in limited circumstances.

Available-for-sale investment revaluation reserve

Balance at beginning of financial year	(3,032)	(1,236)
Revaluation gain/(loss) recognised	39,584	(1,734)
Deferred tax related to gains/losses recognised	(10,922)	(62)
Balance at end of financial year	25,630	(3,032)

The available-for-sale investment revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, that portion of the reserve which relates to that financial asset and is effectively realised, is recognised in profit or loss. Where a revalued financial asset is impaired, that portion of the reserve which relates to that financial asset is recognised in profit or loss.

APT Investment Trust Reserves

Available-for-sale investment revaluation reserve:

Balance at beginning of financial year	(101)	(1,446)
Revaluation gain/(loss) recognised	98	1,345
Balance at end of financial year	(3)	(101)

Australian Pipeline Trust

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2010

10. Earnings per security

	31 Dec 2010	31 Dec 2009
Basic and diluted earnings per security (cents)	12.8	12.6

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)	70,178	63,588
	No. of securities	
Adjusted weighted average number of ordinary securities used in the calculation of basic and diluted earnings per security (000)	547,768	504,568

11. Contingencies

	31 Dec 2010 \$000	30 Jun 2010 \$000
Contingent liabilities		
Bank guarantees	28,540	28,586
	28,540	28,586
Contingent assets	-	-

APA has issued a letter of credit to the financiers of EII2 Pty Limited in respect of the \$19.7 million equity contribution to be made by APA to EII2 Pty Limited. The letter of credit has been included in contingent liabilities.

Australian Pipeline Trust

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2010

12. Events occurring after reporting date

On 23 February 2010, the Directors declared an interim distribution of 16.50 cents per security (\$91.029 million) for the APA Group (comprising a distribution of 12.01 cents per security from APT and a distribution of 4.49 cents per security from APTIT), made up of 13.29 cents per security profit distribution (unfranked) and 3.21 cents per security capital distribution. The distribution will be paid on 17 March 2011.

Australian Pipeline Trust
Declaration by the Directors of Australian Pipeline Limited
For the half year ended 31 December 2010

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 giving 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



L F Bleasel AM
Chairman



R J Wright
Director

SYDNEY, 23 February 2011

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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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

23 February 2011

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 2010, 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 Coultas
Partner

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 2010, the condensed consolidated statement of 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 12 to 30.

Directors' Responsibility for the Half-Year Financial Report

The directors of Australian Pipeline Limited are responsible for the preparation and fair presentation of the half-year financial report 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 2010 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.

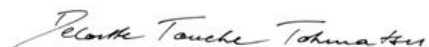
Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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 2010 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



G Coultas
Partner
Chartered Accountants
Sydney, 23 February 2011

APA Group



APT Investment Trust
ARSN 115 585 441

Interim Financial Report
For the Half Year ended
31 December 2010

Delivering Australia's Energy

APT Investment Trust and its Controlled Entities
Directors' Report for the half year ended 31 December 2010

The directors of Australian Pipeline Limited ("Responsible Entity") submit their interim financial report for APT Investment Trust ("APTIT" or "Trust") and its controlled entities (together "Consolidated Entity") for the half year ended 31 December 2010 ("current period"). This report and the financial statements attached refers 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
Steven Crane	Appointed 1 January 2011
John Fletcher	
Russell Higgins AO	
Patricia McKenzie	Appointed 1 January 2011
Muri Muhammad	
George Ratilal	Resigned 26 August 2010
Robert Wright	
Michael McCormack	Managing Director

Alternate directors who served during the current period are as follows:

George Ratilal as alternate for Muri Muhammad, appointed 26 August 2010.

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

The Directors have declared an interim distribution of 4.5 cents per security (\$24.775 million). The distribution comprises a 3.7 cent profit distribution and a 0.8 cent capital distribution. The distribution will be paid on 17 March 2011.

Financial and operational review

APTIT reported net profit after tax of \$20.6 million (2009: \$17.8 million) for the half year ended 31 December 2010 on total revenue of \$20.7 million (2009: \$17.8 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 14.

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 306(3) of the Corporations Act 2001.

On behalf of the directors



L F Bleasel AM
Chairman



R J Wright
Director

SYDNEY, 23 February 2011

APT Investment Trust
Condensed Consolidated Statement of Comprehensive Income
For the half year ended 31 December 2010

	Note	31 Dec 2010 \$000	31 Dec 2009 \$000
Continuing operations			
Revenue	2	20,699	17,847
Expenses	2	(70)	-
Profit before tax		20,629	17,847
Income tax expense		-	-
Profit for the period		20,629	17,847
Other comprehensive income			
Gain on available-for-sale investments taken to equity		98	1,852
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income for the period (net of tax)		98	1,852
Total comprehensive income for the period		20,727	19,699
Profit attributable to:			
Equity holders of the parent		20,629	17,847
		20,629	17,847
Total comprehensive income attributable to:			
Equity holders of the parent		20,727	19,699
		20,727	19,699
Earnings per security			
Basic and diluted earnings per security (cents)	6	3.8	3.5

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

APT Investment Trust
Condensed Consolidated Statement of Financial Position
As at 31 December 2010

	Note	31 Dec 2010 \$000	30 Jun 2010 \$000
Current assets			
Receivables		702	714
Non-current assets			
Receivables		12,728	13,001
Other financial assets		320,201	327,054
Total non-current assets		332,929	340,055
Total assets		333,631	340,769
Current liabilities			
Trade and other payables		11	11
Total liabilities		11	11
Net assets		333,620	340,758
Equity			
Issued capital	4	312,994	320,931
Reserves	5	(3)	(101)
Retained earnings		20,629	19,928
Total equity		333,620	340,758

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 2010

	Issued capital \$000	Available for sale Reserves \$000	Retained earnings \$000	Total \$000
Balance at 1 July 2009	358,450	(1,446)	10,810	367,814
Profit for the year	-	-	17,847	17,847
Gain on available for sale investment	-	1,852	-	1,852
Total comprehensive income for the period	-	1,852	17,847	19,699
Distributions	(55,293)	-	(10,810)	(66,103)
Issue of capital (net of issue costs)	8,384	-	-	8,384
Adjustment of equity values between stapled entities	(9,868)	-	-	(9,868)
Balance at 31 December 2009	301,673	406	17,847	319,926
Balance at 1 July 2010	320,931	(101)	19,928	340,758
Profit for the year	-	-	20,629	20,629
Gain on available for sale investment	-	98	-	98
Total comprehensive income for the period	-	98	20,629	20,727
Distributions	(16,350)	-	(19,928)	(36,278)
Issue of capital (net of issue costs)	8,413	-	-	8,413
Balance at 31 December 2010	312,994	(3)	20,629	333,620

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 2010

	31 Dec 2010 \$000	31 Dec 2009 \$000
<u>Cash flows from operating activities</u>		
Trust distribution	16,282	12,783
Capital distribution received - external	247	140
Dividends received	103	1,019
Interest received - related parties	3,974	4,677
Finance lease receivable repayments	584	584
Receipts from customers	62	33
Payments to suppliers	(1)	(10)
Net cash provided by operating activities	21,251	19,226
<u>Cash flows from investing activities</u>		
Repayment received from related parties	6,614	38,493
Net cash provided by investing activities	6,614	38,493
<u>Cash flows from financing activities</u>		
Proceeds from issue of securities	8,413	8,384
Distributions to securityholders	(36,278)	(66,103)
Net cash (used in) financing activities	(27,865)	(57,719)
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 2010

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 2010 annual financial report for the financial year ended 30 June 2010.

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 periods.

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 8, 101, 107, 117 and 139 as a consequence of "AASB 2009- Further Amendments to Australian Accounting Standards arising from the Annual Improvements Projects".

AASB 2009-5 introduces amendments into Accounting standards that are equivalent to those made by the IASB under its program of annual improvements to its standards.

APT Investment Trust
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2010

2. Profit from operations

Profit before income tax includes the following items of income and expense:

	31 Dec 2010 \$000	31 Dec 2009 \$000
Revenue		
Distributions		
Trust distribution - related party	16,282	12,783
Other entities	58	18
	16,340	12,801
Finance income		
Interest - related parties	3,985	4,396
Gain on financial asset held at fair value through profit and loss	-	281
Finance lease income - related party	323	369
	4,308	5,046
Other revenue		
Other	51	-
Total revenue	20,699	17,847
Expenses		
Loss on financial asset held at fair value through profit and loss	70	-
Total expenses	70	-

APT Investment Trust
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2010

3. Distributions

	31 Dec 2010 \$000	31 Dec 2009 \$000
Recognised amounts:		
Final distribution paid on 15 September 2010 (2009: 15 September 2009)		
Profit distribution ^(a)	19,928	10,810
Capital distribution	16,350	55,293
	36,278	66,103
Unrecognised amounts:		
Interim distribution payable on 17 March 2011 (2009: 17 March 2010)		
Profit distribution ^(a)	20,629	17,847
Capital distribution	4,127	8,141
	24,755	25,988

(a) Profit distributions unfranked (2009: unfranked).

The interim distribution in respect of the financial year ending 30 June 2011 has not been recognised in the half year as the distribution was not declared or determined prior to 31 December 2010.

APT Investment Trust
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2010

4. Issued capital

	31 Dec 2010 \$000	30 Jun 2010 \$000
Securities, fully paid	312,994	320,931
	2010 No. of units 000	2010 \$000
Movements		
Balance at beginning of financial year	542,319	320,931
Issue of securities under Distribution Reinvestment Plan	9,370	8,446
Issue cost of securities	-	(33)
Capital distributions paid	-	(16,350)
Balance at end of financial period	551,689	312,994

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

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 2009 \$000	30 Jun 2009 \$000
Securities, fully paid	301,673	358,450
	2009 No. of units 000	2009 \$000
Movements		
Balance at beginning of financial year	498,664	358,450
Issue of securities under Distribution Reinvestment Plan	10,153	8,392
Adjustment of equity values between stapled entities	-	(9,868)
Issue cost of securities	-	(8)
Capital distributions paid	-	(55,293)
Balance at end of financial period	508,817	301,673

APT Investment Trust
Notes to the condensed consolidated financial statements (continued)
For the half year ended 31 December 2010

5. Reserves

	31 Dec 2010 \$000	30 Jun 2010 \$000
<hr/>		
Available-for-sale investment revaluation reserve		
Balance at beginning of financial year	(101)	(1,446)
Valuation gain recognised	98	1,345
Balance at end of financial period	(3)	(101)

The available-for-sale investment revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, that portion of the reserve which relates to that financial asset is effectively realised and is recognised in profit or loss. Where a revalued financial asset is impaired, that portion of the reserve which relates to that financial asset is recognised in profit or loss.

6. Earnings per security

	31 Dec 2010	31 Dec 2009
<hr/>		
Basic and diluted earnings per security (cents)	3.8	3.5

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)	20,629	17,847
<hr/>		
	No. of securities	
Weighted average number of ordinary securities on issue used in the calculation (000)	547,768	504,568

APT Investment Trust

Notes to the condensed consolidated financial statements (continued)

For the half year ended 31 December 2010

7. Contingent liabilities and contingent assets

At 31 December 2010, there are no material contingent liabilities or contingent assets (2009: \$nil).

8. Subsequent events

On 23 February 2011, the Directors declared an interim distribution for the 2011 financial year, of 4.49 cents per security (\$24.775 million). The distribution represents a 3.74 cents per security unfranked profit distribution and 0.75 cents per security capital distribution. The distribution will be paid on 17 March 2011.

APT Investment Trust
Declaration by the Directors of Australian Pipeline Limited
For the half year ended 31 December 2010

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 giving 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



L F Bleasel AM
Chairman



R J Wright
Director

SYDNEY, 23 February 2011

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

23 February 2011

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 2010, 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 Coultas
Partner

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 2010, the condensed consolidated statement of 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 13.

Directors' Responsibility for the Half-Year Financial Report

The directors of Australian Pipeline Limited are responsible for the preparation and fair presentation of the half-year financial report 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 2010 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.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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 2010 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



G Couttas
Partner
Chartered Accountants
Sydney, 23 February 2011