25th September, 2002

Note to Unitholders,

Errata: Australian Pipeline Trust Annual Report 2002

Due to a printing error in the 2002 Annual Report, the headings in the Notes to the Financial Statements in Note 36, Directors' and Executives' Remuneration and Note 37, Remuneration of Auditors, incorrectly show the dollar denomination as being $'000. The figures shown in Note 36 & 37 are in whole dollars.

A James.

Austin James
Company Secretary

Annual Report 2002

Australian Pipeline Trust

ARSN 091 678 778

QUICK FACTS

- Australian Pipeline Trust is listed on the Australian Stock Exchange under the ticker symbol 'APA'
- APA is an industry leader in gas transmission infrastructure. APA has an interest in more than 7,000km of pipelines and a 25% share of Australia's natural gas transmission market
- APA had 244 million units on issue at 30 June 2002, held by 28,796 unitholders.

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'Our goal is clear – Australian Pipeline Trust will continue to be recognised as the leading transporter of natural gas in Australia while at the same time exploring further ventures that have the potential to provide a sound return to our unitholders.'

Jim McDonald, Managing Director Australian Pipeline Limited

CORPORATE HIGHLIGHTS

Photo: Wagga Wagga to Culcairn Pipeline – Murrumbidgee River, NSW

YEAR AT A GLANCE

- Operating Profit after Tax and Minorities of $37.1million, an increase of 20.8% over previous corresponding period ("pcp").
- The Total Revenue for the year was $255.4 million, an increase of 2.4% from the pcp.

  Note: as the previous annual report figures are for a term of more than 12 months, they are not directly comparable with current year figures. The summary at the right allows a comparison of financial performances on a year on year basis.

KEY OPERATING ACHIEVEMENTS

- Roma to Brisbane Pipeline (Qld) – Looping Stage Five from Wallumbilla to Ipswich is complete and CS Energy has commissioned a combined cycle gas turbine power station at Swanbank. APA has its first Coal Seam Methane haulage contracts for power generation.
- Roma to Brisbane Pipeline – Construction of Looping Stage Six has commenced, underpinned by a new haulage contract.
- Carpentaria Gas Pipeline (Qld) – A compressor station at Morney Tank, 250km north of Ballera, is due for completion later this year.
- Mid West Pipeline (WA) – A second customer has been contracted and is taking gas for its generator.
- NT Gas Distribution has constructed two spur lines and is supplying gas to new factories which manufacture concrete sleepers for the Adelaide to Darwin rail link.

FINANCIAL SUMMARY

Category	Year ended 30 June 2002 $m	Year ended 30 June 2001 $m ("pcp")	Period ended 30 June 2001 (17 March 2000 - 30 June 2002) $m
Pipeline Revenue including SCP Contribution	180.4	173.8	182.5
Other Pipeline Revenue	61.1	61.5	65.4
Other Revenue	13.9	14.0	15.3
Total Revenue	255.4	249.3	263.2
Earnings Before Interest, Tax, Depreciation and Amortisation	132.2	127.5	134.5
Earnings Before Interest and Tax	105.9	103.6	109.4
Pre Tax Profit	59.1	53.3	57.0
Less: Tax	21.7	22.3	23.8
Profit after Tax	37.4	31.0	33.2
Less: Minority Interests	0.3	0.3	0.2
Operating Profit After Tax and Minorities	37.1	30.7	33.0
Earnings per Unit	15.2c	12.6c	13.5c
Net Tangible Asset Backing per Unit (after Capital Distributions)	$1.76	$1.82	$1.82
Operating Cash Flow per Unit – Before Net Interest	53.2c	59.1c	62.1c
Interest Cover Ratio (times)	2.4	2.1	2.1
Gearing Ratio (%)	63.4	61.9	61.9

South-East Australian gas supply

It is imperative for the Australian economy that an affordable and sustainable gas supply be available for South-east Australia.

While we are encouraged by the Australian advances in technology for the production of Coal Seam Methane, we continue to believe that a major new supply of natural gas is critical to meet forecast growth and competition reform objectives, and for industry to grow.

We remain committed to playing a part in the delivery of such a major new supply from the North.

Regulatory Issues

The gas transmission industry requires clear and equitable regulation for it to perform competitively, both within the industry and against other fuel choices.

Earlier this year, Jim McDonald, speaking as President of the Australian Pipeline Industry Association said, "Current regulatory arrangements and the attitude of regulators and their supporters are already having a chilling effect on pipeline development decisions".

The Australian pipeline industry has a number of ongoing issues with the National Competition Council ("NCC") and regulators regarding pipeline access arrangements:

- there are major regulatory issues involving the Moomba to Sydney Pipeline. Because the competing Eastern Gas Pipeline, which is owned by Duke Energy, is not subject to regulation, APA has applied to the NCC to have the Moomba to Sydney Gas Pipeline also removed from regulatory coverage.
  APA will vigorously pursue an outcome which will allow the Moomba to Sydney Pipeline to compete in a fair and equitable environment;
- in Western Australia, the operators of the Goldfields Gas Transmission Pipeline System ("GGT") (of which APA owns an effective 39.7%) have asked the Supreme Court of Western Australia to consider the interaction of the NCC and the State Agreement between the owners of the pipeline and the Western Australian government. We believe a regulated tariff determined under the NCC is not applicable to GGT; and
- the Supreme Court of Western Australia, in a landmark decision, has found in favour of the Epic Energy companies in their dispute with the Western Australia regulator. The impact of this decision will emerge in the fullness of time.

Co-generation

APA , in conjunction with the Sustainable Energy Development Authority ("SEDA"), is currently funding a feasibility study for the potential of natural gas based co-generation at sites in New South Wales.

Co-generation is a high efficiency energy system that produces both electricity and valuable heat from the one fuel source. It offers major economic and environmental benefits by turning otherwise wasted heat into energy, and cutting carbon dioxide emissions by up to two thirds compared to electricity produced from a conventional coal fired power station. SEDA research indicates that the potential for small-scale gas fired co-generation in New South Wales is well over 200 megawatts ("MW"). SEDA has indicated that 200 MW of gas fired co-generation alone could reduce industry's energy bill by $50 million per year and reduce emissions of greenhouse gases by 800,000 tonnes per year. SEDA has identified approximately 10 small-scale co-generation plants which are worthy of consideration in New South Wales.

The Nation Needs a National Energy Policy

Natural gas is a finite resource, and each of the existing producing fields will eventually reach a point where demand exceeds the production capacity. The Cooper Basin fields of Central Australia are nearing that point.

Whilst the recent discoveries in the Otway Basin in Victoria are encouraging, it seems that practically the entire production capacity could be already contracted.

Anecdotal evidence suggests that large users or aggregators of natural gas are becoming seriously concerned that they are unable to secure long term supply contracts for the quantities of gas they need. Wellhead prices are therefore rising.

This will be detrimental to the Australian economy, and place natural gas beyond the reach of many domestic and business users and inhibit the growth of its use. Such an outcome is unnecessary.

Industry representatives, including APA, await the emergence of a government policy which champions the use of natural gas. There are a number of enquiries and initiatives directed towards a more competitive Australia and the development of an energy policy. Such enquiries however, are progressing slowly, and the need for an effective energy policy has urgency.

As well as the benefits it can provide as a competitively priced fuel, natural gas can play a vital role in transitioning from heavy carbon dioxide emitting fuels to cleaner options. For natural gas to be correctly positioned in the national fuel mix, we need a national energy policy which encourages the use of natural gas and recognises the environmental benefits of natural gas as a transition fuel in the move to reduce carbon emissions.

APA believes that an effective energy policy will provide the impetus for the delivery of new supplies of natural gas and for the market confidence necessary for significant investment in pipeline infrastructure to take place.

Roma to Brisbane Pipeline System Looping stage five (Wallumbilla to Ipswich) during construction (RBP Looping).

On behalf of all unitholders, the Board extends its congratulations to the management team on its achievements over the past year.

By any standard, it has been a successful year in terms of the profit result, sound financial return and in continuing to promote and deliver natural gas to customers throughout Australia.

It is particularly rewarding to be the Chairman of a business that delivers an energy supply of great benefit to both the Australian economy and to our environment. By working hard to promote the increased usage of natural gas, we are also helping our Nation meet its international obligations to reduce greenhouse gas emission levels.

For more than 30 years, an abundance of natural gas has allowed the industry to extend its reach to all mainland states and territories and to a large percentage of our homes and factories.

Throughout the 1990s, competition reform initiatives encouraged separation of the various sections of the supply chain of natural gas to ensure transparency and created a competitive market.

Businesses which have re-aggregated elements of the supply chain (eg by re-combining gas production, transmission and/or marketing) are now emerging, and they are able to take advantage of the flexibility that such integration affords. Consequently, APA's position as a dedicated pipeline transmission business, is now unusual. Your Board is monitoring these developments closely in order to assess their likely impact on APA, and will adjust its strategy where necessary to meet these new challenges.

Since our last report to you, APA has consistently emphasised that certain key issues need to be addressed for the gas industry to be able to grow. These include:

- the need for a clearly articulated national energy policy;
- the need for additional gas supplies for southern and eastern Australia; and
- a revision of the existing regulatory framework as it applies to natural gas infrastructure.

Unfortunately, these objectives have not yet been achieved, despite a series of government enquiries. None of these enquiries have yet adequately addressed the real issue of concern to our industry, which is the development of a national energy policy that enables natural gas to be a major and growing component of the primary energy mix.

Positive Policy Signals

Natural gas needs positive policy signals from governments in order to achieve its rightful position in Australia's primary energy mix. The Council of Australian Governments' Energy Market Review is still deliberating and we remain hopeful of a positive outcome for natural gas, sooner rather than later. While we are encouraged that the Commonwealth's Productivity Commission report on the National Access Regime will lead to changes in the regulatory framework for gas transmission, prudence demands that we consider other options for the future of your business.

The States and Territories have unanimously indicated that they want natural gas to be a significant contributor to the energy mix. New South Wales is now following Queensland in encouraging natural gas fired power generation. South Australia, Victoria, Queensland and the Northern Territory all have base-load and/or peak shaving gas fired power stations in operation or on the drawing board, and Tasmania is converting coal fired power stations to gas. Yet the contractibility and expansion of the reach of natural gas remain uncertain because of the continuing issues of supply and pricing.

We remain confident that a new source of natural gas will be delivered into southern and eastern Australia, but are concerned that it may be delayed until later in the decade. APA and industry organisations will continue to pursue the delivery of new sources of natural gas.

The Leading Gas Carrier

APA intends to continue as the leading transporter of natural gas in Australia. The industry shakeout which we predicted last year, is still underway and there are opportunities for our business to expand its position in gas transmission in Australia. However, we are now considering other business opportunities which are complementary to our core business and which will usefully balance our portfolio to provide diversification.

Your Board is confident that APA is well placed to maintain its position as the leading transporter of natural gas and, at the same time, pursue sensible investment opportunities which maintain and enhance unitholders' returns and diversify business risks.

George Bennett
Chairman

(RBP Looping)

Continued growth and solid performance in our core business of hauling natural gas and an increase of 20.8% in our net Operating Profit After Tax and Minorities are our major achievements this year.


2002 in Review

In my report last year, I said our primary goal was to fill our existing pipeline system and haul more gas. Our secondary goal was to continue to explore opportunities to acquire other pipelines.

APA has achieved its primary goal in Queensland and Western Australia, and capacity expansion is occurring or is required in the major pipeline systems in both states. We have also been busy exploring all opportunities to acquire major natural gas pipelines and to develop new pipelines within Australia. None of the opportunities we have considered to date have satisfied our investment criteria.

We continue to play our part in the complicated commercial and political negotiations that are intended to result in an abundance of natural gas in the Australian market place.

Much effort has been undertaken to bring Timor Sea gas onshore to Darwin and Papua New Guinea gas onshore to Queensland. APA, its customers, and other interested parties have actively pursued a number of avenues to advance these projects.

APA is active, both through my role as President of the Australian Pipeline Industry Association and in its own right, in pursuing a national energy policy which provides the necessary policy settings to assist in the undertaking of these major gas projects. It is disappointing that the Nation still does not have a clearly articulated and accepted energy policy in place. We may have been optimistic to think that an energy policy could be developed in just over 12 months.

Our Focus in 2003

Long Term Challenges

We are developing strategies to maximise the use of the Moomba to Sydney Pipeline system. The Cooper Basin is entering its decline phase and, until such time as a new supply is delivered to Moomba, natural gas demand in New South Wales will most likely need to be satisfied from Victoria. Our Interconnect with the Gasnet system was built with this in mind and has adequate capacity. Some reinforcement by way of compressors and looping will be required to be installed within Victoria and near Wagga Wagga as volumes increase.

The development of Coal Seam Methane supplies in both Queensland and New South Wales provides further opportunities to maintain adequate gas supplies to our system, and further development in prospective areas such as the Otway Basin should ensure that opportunities for natural gas continue, while we await the delivery of new gas supplies from the North to Moomba.

Moomba to Sydney Pipeline Regulation

We await a final solution to the problem we put before the National Competition Council in June 2001. If the competing Eastern Gas Pipeline is not covered by regulation, why should the Moomba to Sydney Pipeline remain covered? We are resolute in our belief that our pipeline should not be covered and intend to pursue all options to obtain an equitable and sensible result.

The greenhouse debate continues, however, we remain confident that natural gas will feature strongly in Australia's future energy mix, as a transitional fuel to decrease carbon emissions.

We await the promised review of the Natural Gas Access Code ("the Code"). This review has an added dimension since the decision of the Supreme Court of Western Australia handed down its decision in favour of the Epic Energy companies.

A well positioned core business

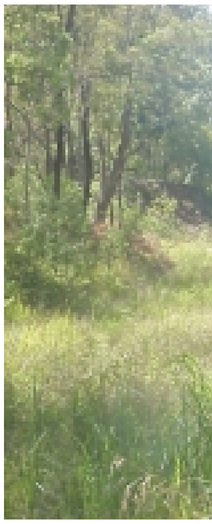
APA will continue to seek out every prospect of filling our existing pipelines. We will also continue to explore all other natural gas pipelines within Australia that meet our investment criteria. Our major task remains to ensure that we participate in the development of additional gas transmission assets to facilitate the delivery of additional natural gas supplies as the south-east Australian reserves decline.

Exploring Related Business Opportunities

We are considering related investment opportunities to enhance the business and unitholder value. Opportunities exist for us in related or complementary industries, such as power generation, natural gas treatment and storage facilities, Coal Seam Methane, and other transmission activities.

Our vision is clear – Australian Pipeline Trust will continue to be the leading transporter of natural gas in Australia while at the same time exploring ventures that have the potential to provide a sound return to our unitholders.

Jim McDonald
Managing Director



(RBP Looping)

It is the management team that dictates the strength and vitality of a business. Success today requires thinking 'outside the square' and that can only flow from a flexible team approach to challenges.

Kevin Dixon, Jim McDonald, Michael McCormack, Austin James, Graeme Williams and Ian Haddow.

James K McDonald FAICD
Managing Director – Executive Director

Mr McDonald carries overall responsibility for the management team. Mr McDonald has extensive experience in general management in the gas transmission industry. Prior to joining APA, his most recent role was Divisional General Manager Pipelines with AGL, where he was responsible for The Australian Gas Light Company ("AGL") Pipeline Operations in Australia. Prior to his roles with AGL, Mr McDonald spent 15 years with Esso Australia's Gippsland Production Group, including several years in senior management positions.

Mr McDonald is President of the Australian Pipeline Industry Association, a member of the Pipeline Owners Committee of that Association, and past Chairman of the Environmental Affairs Committee of that Association. He is a member of the Board of the Australian Council for Infrastructure Development.

Kevin F Dixon BE (Elec), FIEAust
General Manager, Strategic Planning

Mr Dixon is responsible for developing medium and long term strategies of the Trust to ensure it remains the leading natural gas transmission business in Australia. He has had various management and board roles in the energy industry including over 20 years with Esso Australia. Mr Dixon is a Fellow of the Institution of Engineers, Australia.

Michael J McCormack BSurv, GradDipEng, MBA, FAICD
General Manager, Commercial

Mr McCormack is responsible for the commercial performance of APA which includes marketing, contract management, regulatory affairs, capacity and acquisitions. Mr McCormack has extensive senior management experience in all aspects of the gas transmission business, including operations and project development and in particular dealing with the Australian gas pipeline regulatory environment. Mr McCormack holds office in various joint venture committees and subsidiary boards. Prior to joining APA, Mr McCormack was responsible for regulatory management of AGL's pipelines.

Austin J V James LLB
Company Secretary/General Manager, Corporate

Mr James is responsible for the management of corporate services functions including public and unitholder relations, legal services, and administration, and is also the Company Secretary of APA. Mr James has substantial experience in corporate, legal and regulatory roles. Mr James has been admitted to the Supreme Court of New South Wales as a barrister.

Graeme N Williams CPA
Chief Financial Officer

Mr Williams is responsible for the financial management of the Trust. This includes accounting, treasury and taxation functions. Mr Williams joined APA with 30 years' accounting experience, including 11 years in public accounting. Prior to joining APA, Mr Williams was Chief Financial Officer and Executive Director of Lucent Technologies Australia Pty Limited and had spent eight years as Chief Financial Officer and Company Secretary of JNA Telecommunications Limited.

Ian H Haddow BE, GradDipAdmin
General Manager, Technical

Mr Haddow is responsible for all aspects of operations, engineering and development of the assets of the Trust. Specifically, Mr Haddow oversees the activities of AGL under the terms of the Pipeline Management Agreement in technical management, operations and engineering. Mr Haddow has had over 20 years of operating and engineering roles in the pipeline industry. Mr Haddow is active both locally and internationally on various pipeline engineering and standards bodies including the Australian Standards Committee for High Pressure Pipelines and the American Gas Association Corrosion Research Supervisory Committee.

(RBP Looping)

APA has made good progress in its second financial period, fulfilling the promise of the Offer Document which forecast solid growth in a strong industry.

The Directors of Australian Pipeline Limited ("the responsible entity") are responsible for the corporate governance practices of the Australian Pipeline Trust ("APA") and its controlled entities (together "the consolidated entity"). This statement sets out the main corporate governance practices that were in operation throughout the financial year.

Duties of the Responsible Entity

The primary duties and obligations of the responsible entity include:

- exercising its powers and performing its functions under the constitution of the Australian Pipeline Trust ("the Constitution") dated 18 February 2000, as amended, diligently and in the best interest of the unitholders; and
- ensuring that the business of APA is carried on and conducted in a proper and efficient manner.

The responsible entity fulfils its primary duties and obligations through the operation of a suitably qualified Board of Directors, professional executive management and an internal control framework.

The Board of Directors

The Board of Australian Pipeline Limited ("the Board") is accountable to unitholders for the business and affairs of the consolidated entity. Specifically, the Board sets the strategic direction of the consolidated entity, establishes goals for management, reviews the performance of the Managing Director and senior executives, and ensures that unitholders' funds are prudently safeguarded.

The Directors of the responsible entity are under a fiduciary duty to the unitholders to act in the unitholders' best interests in relation to decisions affecting APA when they are voting as a member of the Board.

The responsibility for implementing the strategic direction and the day to day affairs of the consolidated entity is delegated to the Managing Director.

The Board is supported by several committees comprising its members. The main continuing committees are the Audit and Risk Management Committee and the Remuneration Committee.

Composition of the Board

The Board consists of seven Directors. Six of these Directors, including the Chairman of the Board, are non-executive Directors, with the Managing Director being an executive Director. Directors are appointed by a majority vote of the Directors of the Board which is ratified by the shareholders of the responsible entity. Selection as a director is based on skills, qualifications and experience. The names of the Directors and their attendance at meetings during the financial year is set out in the Directors' Report on pages 15, 16 and page 21 respectively. Mr Ng Chong Wah is an alternate director to Mr Muri Muhammad.

Non-executive Directors are remunerated by fees determined by the Board. External professional advice is sought to benchmark Directors' fees with fees paid to directors of other similar corporations.

Further details of Directors' remuneration and superannuation benefits are set out in the Directors' Report on page 22.

Risk Management

A system of internal controls in relation to the operations of APA is set out in the compliance plan of the responsible entity. The compliance plan provides a system of regular reporting on the financial and operational systems of APA and the responsible entity to the Board. The compliance plan is reviewed on an ongoing basis by an external Compliance Manager and is audited annually in accordance with the Corporations Act 2001.

In addition, the Board has delegated authority to the Audit and Risk Management Committee to investigate ways of enhancing existing risk management strategies, including appropriate segregation of duties, and the employment and training of suitably qualified and experienced personnel.

External Auditors

Pursuant to the Constitution, the responsible entity is required to appoint an auditor for APA for the purposes of auditing the reports required under the Constitution and the Corporations Act 2001. The Audit and Risk Management Committee of the responsible entity monitors the adequacy of the external audit arrangements to ensure that they comply with the requirements of the Constitution and the Corporations Act 2001.

APA has a policy which prohibits the engagement of its auditors to perform non-audit related services, on which they may be requested to offer an opinion at a later date.

Audit and Risk Management Committee

The Board has established an Audit and Risk Management Committee ("the Committee") consisting of three non-executive Directors. The current members of the Committee are:

- Mr R J Wright (Chairman);
- Mr J A Fletcher; and
- Mr T C Ford.

The Managing Director, Chief Financial Officer, Company Secretary and the external auditor attend meetings at the discretion of the Committee.

Four meetings of the Committee were held during the financial year. Minutes of the Committee are provided for review to the Board at the Board Meeting immediately following the Committee meeting date.

The responsibilities of the Committee are to:

- recommend to the Board the appointment of external auditors and their fees; and to review and/or evaluate:
- the audit plan of the external auditors;
- the performance of the external auditors;
- the effectiveness of the internal review processes through regular review of compliance reports and meetings with the relevant responsible officers;
- the management letters from the external auditors and management's responses;
- the adequacy and effectiveness of the reporting and accounting controls of the consolidated entity through active communication with operating management and the external auditors;
- the financial reports to be made to the unitholders and/or the public prior to their release;
- the consolidated entity's exposure to business risks;
- reports from management, the compliance service provider and/or the external auditors concerning any significant regulatory, accounting or reporting development to assess potential financial reporting issues;
- and approve all significant accounting policy changes;
- the consolidated entity's taxation position;
- half yearly and annual financial statements, and recommend acceptance to the Board;
- perform other duties as directed by the Board, from time to time;
- the adequacy of any risk management strategies in relation to the maintenance, operations or replacement of assets of the

consolidated entity and make recommendations to the Board;

- the adequacy of any risk management strategies in relation to any statutory or policy requirements, including environment, and occupational health and safety, and make recommendations to the Board; and to;
- determine that no restrictions are being placed upon either the internal review processes or external auditors;
- monitor the standard of corporate conduct in areas such as arms length dealings and likely conflicts of interest;
- direct any special projects on investigations deemed necessary by the Board or by the Committee; and
- ensure the appropriateness of remuneration paid to the external auditors for non-audit projects.

Remuneration Committee

The Board has established a Remuneration Committee consisting of the following non-executive Directors:

- Mr G H Bennett (Chairman);
- Mr L J Fisk; and
- Mr M Muhammad.

The primary functions of the Remuneration Committee are to review and recommend to the Board:

- the remuneration of the Directors of the responsible entity;
- the remuneration for the Managing Director and direct reports;
- the remuneration policy for the executives of the consolidated entity;
- proposals for the issue of units to staff;
- proposals for executive share plans and other long term incentive programs;
- proposals for other reward initiatives including incentive plans for the Managing Director, executives and other staff of the consolidated entity;
- new superannuation plans or amendments to existing superannuation plans;
- the succession plans for the Managing Director, direct reports and other positions considered to be of corporate significance periodically;
- employment contracts and letters of appointment in accordance with policy and prevailing industrial relations legislation; and to,
- keep abreast of all human resource policy initiatives affecting the basis and nature of all employees' relationships with the consolidated entity; and
- perform other duties as directed by the Board from time to time.

The Remuneration Committee may seek independent advice on any matter brought to its attention for review. The Managing Director is invited to the Remuneration Committee meetings, as required, to discuss direct reports' performance and remuneration packages.

There were two meetings of the Remuneration Committee during the financial year.

Unitholder Reporting

The responsible entity aims to ensure that the unitholders are fully informed of all major developments affecting APA's state of affairs. Information is communicated to unitholders through:

- annual reports;
- unitholder newsletters;
- unitholder information meeting;
- ASX releases in compliance with continuous disclosure;
- maintenance of a website.

Unitholder Meetings

Because APA is a registered Managed Investment Scheme ("MIS") under the Managed Investments Act 1998 rather than a listed public company, it is not obliged to hold an annual meeting unless required to do so by the Constitution, or as required by unitholders under Part 2G.4 - Division 1 of the Corporations Act 2001. The Constitution does not require an annual unitholder information meeting to be held, but allows the responsible entity to convene a meeting at any time.

APA does not have a Board of Directors, rather the responsible entity has the power to call meetings of its unitholders and must act at all times in the interests of its unitholders. Appointment and removal of the Directors of the responsible entity is a matter for the shareholders of the responsible entity rather than the unitholders of APA.

APA will hold an information meeting to discuss its annual results and general strategy on Thursday 24 October 2002 at the Hotel Inter-Continental Sydney at 10.30 am.

The responsible entity encourages full participation of unitholders at the Unitholder meeting to enable a high level of understanding and identification with APA's strategy and goals.

No resolutions are intended to be put to the information meeting.

Independent Professional Advice

With the prior approval of the Chairman, each Director has the right to seek independent legal and other professional advice at APA's expense concerning any aspect of APA's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

Directors' Unit Dealings

Persons are not required to hold units in APA in order to be eligible to act as a Director. A formal policy on unit dealings is in place so the Directors and staff may buy or sell APA units only during the four week period following the release of the half year results and the full year results unless exceptional circumstances apply. In any case, Directors/staff are precluded from buying or selling units at any time if they are aware of any price - sensitive information which has not been made public.

The policy reinforces the prohibition on insider trading contained in the Corporations Act 2001. The current unitholdings of Directors are shown in the Directors' Report on page 21 and in Note 38 to the financial statements.

Continuous Disclosure

A continuous disclosure regime operates within APA and throughout the consolidated entity. The Company Secretary is the nominated Continuous Disclosure Officer and reports to the Board on matters notified to the Australian Stock Exchange ('ASX'). In the event a decision is made not to notify ASX of a particular event or development, the reason for non-notification is advised to the Board. Directors receive copies of all announcements immediately after notification to ASX.

A quarterly report is required to be made to the Board identifying all matters which required ASX notifications, or which were considered not to require disclosure, during the previous quarter.

Corporate Practice

APA maintains the highest standards of corporate practice and conduct. Each Director of the responsible entity and all executives, managers and employees of the consolidated entity must satisfy those standards.

ANNUAL FINANCIAL CONTENTS

Australian Pipeline Trust and controlled entities
Annual Financial Report
For The Financial Year Ended 30 June 2002

The Board of Australian Pipeline Limited provides the direction and experience to ensure that APA continues to perform well.

Mr G H Bennett Mr L J Fisk Mr J A Fletcher Mr T C Ford

The Directors of Australian Pipeline Limited ("the responsible entity") submit herewith the annual financial report of Australian Pipeline Trust ("APA") and its controlled entities (together "the consolidated entity") for the financial year ended 30 June 2002. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

The names and particulars of the Directors of the responsible entity during or since the end of the financial year are:

Mr G H Bennett
Appointed 11 February 2000

Mr Bennett FCA – Independent Chairman
Mr George Bennett is a Company Director with almost 40 years experience at accounting services firm KPMG. Mr Bennett retired as National Executive Chairman of KPMG and Chairman of the KPMG Asia Pacific Board in 1993. His other directorships include Tempo Services Limited, Bank of Tokyo-Mitsubishi (Australia) Limited, Brazin Limited, Fantastic Holdings Limited, Macquarie Leisure Management Limited, Macquarie Office Management Limited and Omni Leisure Operations Limited.

Mr Bennett is the Chairman of the Remuneration Committee.

Mr L J Fisk
Appointed 11 February 2000

Mr Fisk FAICD, FCICS, FCPA – Non-Executive Director
Mr Les Fisk is Group Manager Corporate Services and Company Secretary with The Australian Gas Light Company ("AGL"). He was appointed to this position in 1997, having joined AGL as Company Secretary in 1995. Prior to joining AGL, Mr Fisk had a 25 year career with Qantas Airways Limited, culminating in the position of Director of Corporate Services and Company Secretary.

Mr Fisk is a director of Elgas Limited. Mr Fisk is a Fellow of the Chartered Institute of Company Secretaries, a Fellow of CPA Australia and a Fellow of the Australian Institute of Company Directors.

Mr Fisk is a member of the Remuneration Committee.

Mr J A Fletcher
Appointed 11 February 2000

Mr Fletcher BSc MBA – Non-Executive Director
Mr John Fletcher is Chief Financial Officer with AGL. He has held this position since 1997, prior to which he held a number of senior positions including Group Manager Finance, Group Controller and Treasurer. Mr Fletcher joined AGL in 1979 having previously worked in South Africa and England in various capacities.

Mr Fletcher is a director of Elgas Limited and Natural Gas Corporation Holdings Limited.

Mr Fletcher is a member of the Audit and Risk Management Committee.

Mr T C Ford
Appointed 11 February 2000

Mr Ford FAICD – Independent Non-Executive Director
Mr Tom Ford is an Investment Banker and consultant, with over 30 years' experience in stockbroking and banking. Mr Ford is Chairman of RESIMAC Limited. He is also a director of Amalgamated Holdings Limited and Resolute Mining Limited.

Mr Ford is a Fellow of the Australian Institute of Company Directors, a member of Finance and Treasury Association Limited and on the committee of Australian Business Economists.

Mr M Muhammad

Mr R J Wright

Mr Ng Chong Wah

Mr Ford retired in 1991 as a Senior Executive Director of Capel Court Corporation Limited and as an Executive Director of Capel Court Securities Limited.

Mr Ford is a member of the Audit and Risk Management Committee.

Mr M Muhammad
Appointed 8 March 2000

Mr Muri Muhammad MSc – Independent Non-Executive Director

Mr Muri Muhammad was Vice President, Gas Business of Petronas. He brings to the responsible entity 30 years experience in the chemicals and petroleum industry as well as expertise in the domestic and international gas transmission and distribution, gas utilisation, cogeneration and conversion businesses where he has held various senior executive positions.

Mr Muri Muhammad sits on the boards of several of Petronas' domestic and international subsidiaries and associated companies.

Currently, Mr Muri Muhammad is Chairman of Petronas' group of companies involved in co-generation and compressed gas for transportation.

Mr Muri Muhammad is a member of the Remuneration Committee.

Mr R J Wright
Appointed 11 February 2000

Mr Wright BComm FCPA – Independent Non-Executive Director

Mr Robert Wright has almost 30 years financial management experience. He has held a number of Chief Financial Officer positions including Finance Director of David Jones Limited from 1990 to 1999. Between 1991 and 1995, he was also an Executive Director of The Adelaide Steamship Company Limited, and was a director of Tooth & Co Limited, Industrial Equity Limited, Woolworths Limited and National Consolidated Limited. Mr Wright sits on the Boards of Normans Wines Limited and Harris Scarfe Australia Pty Ltd.

Mr Wright is the Chairman of the Audit and Risk Management Committee.

Mr Ng Chong Wah
(Alternate for Mr M Muhammad)
Appointed 8 August 2000

Mr Ng Chong Wah BE – Alternate Non-Executive Director

Mr Ng Chong Wah graduated in Chemical Engineering from University of Malaya, Malaysia. He worked as a Technical Services Engineer in Singapore Petroleum Company (refinery) between 1974 and 1976. In 1977 he became a Chartered Engineer of the Institute of Chemical Engineers, UK. In 1977, he was involved in project planning and development work in Petronas and became Manager of Economics & Planning Department of the International Marketing Division in 1985. In 1990, he was appointed Deputy General Manager of LNG Sales & Marketing Department of MLNG, a subsidiary of Petronas, and in 1994, General Manager of Business Evaluation Unit of Corporate Planning & Development Division of Petronas. In 1998, Mr Ng Chong Wah became the Country Manager of Australia & Project Director (Petronas) for the PNG Gas Pipeline Project.

Mr J K McDonald
Appointed 3 June 2002

Mr James K McDonald, FAICD – Managing Director – Executive Director

Read Mr McDonald's particulars with the Management Team on page 9.

Principal Activities

The principal activity of APA during the course of the financial year was the ownership of gas transmission pipelines located throughout Australia. The consolidated entity undertook the sale of transportation and related services to the producers, consumers, and aggregators of gas through these gas transmission pipelines.

There has been no significant change in the activities of the consolidated entity during the financial year.

Review of Operations

Distribution to Unitholders

The Directors have declared a final distribution of 6.5 cents income per unit. As previously indicated, the final distribution in respect of the financial year ended 30 June 2002 will be unfranked. APA is not expected to have significant franking credits until 2004. The payment of the final distribution will make the overall distribution in respect of the financial year ended 30 June 2002, 21.5 cents per unit, comprising 15.5 cents per unit income distribution (unfranked) and 6.0 cents per unit of capital distribution. The increased income component of the distribution, 3.0 cents or 24% on last year, reflects the increased net income achieved by APA during the year.

Financial Performance

During the current financial year, APA has continued to build on the results that were delivered last year. The net profit after tax and minorities for the current year was $37.101 million, an increase of $6.387 million, 20.8% above the previous corresponding period ("pcp") of $30.714 million. Total Revenues of $255.412 million were $6.089 million or 2.4% above the pcp of $249.323 million. When total pipeline Revenues are adjusted to exclude Other Pipeline Revenue, which is in the nature of passthrough Revenue, actual pipeline Revenue was $180.421 million, an increase of $6.570 million or 3.8%, on the pcp of $173.851 million.

The results were achieved through a considered program of pipeline asset expansion, primarily in Queensland on the Roma to Brisbane Pipeline system ("RBP"), delivering higher Revenue. The equity accounted profit contribution from Goldfields Gas Transmission pipeline system ("GGT") was also higher due to higher underlying tariff revenue and lower operating costs. The results for the period were further boosted by lower interest and borrowing costs reflecting the general reduction in interest rates.

A table depicting key financial data is shown below:

	Year Ended 30 Jun 02 $m	Year Ended 30 Jun 01 (pcp) $m	Change %	Financial Report 2001 17/03/00 - 30/06/01 $m
Pipeline Revenue	**180.421**	173.851	3.8%	182.537
Other Pipeline Revenue	**61.053**	61.519	(0.8%)	65.447
Other Revenue	**13.938**	13.953	(0.1%)	15.213
Total Revenue	**255.412**	249.323	2.4%	263.197
EBITDA	**132.227**	127.524	3.7%	134.511
EBIT	**105.889**	103.633	2.2%	109.447
Pre tax Profit	**59.097**	53.279	10.9%	57.017
Income Tax Expense	**(21.723)**	(22.323)	(2.7%)	(23.796)
Operating Profit After Tax and Minorities	**37.101**	30.714	20.8%	32.964
Earnings Per Unit	**15.2c**	12.6c	20.6%	13.5c

Pipeline revenue grew by $6.570 million or 3.8% compared to the pcp. This is mainly a result of:

- higher revenues in respect of the RBP,
- increased equity contribution from the GGT,
- growth in revenue from Hill 60 lateral on the Mid West Pipeline connecting to Mt Magnet power station; and
- increased contribution from N.T. Gas Distribution Pty Ltd.

These increases were in part offset by the predicted load reduction on the Moomba to Sydney pipeline due to the competing Eastern Gas Pipeline.

Operating expenses, deprecation and amortisation increased due to the commissioning of additional pipeline assets during the year.

Interest expense (net) reduced by $3.562 million or 7.1% from $50.354 million in the pcp to $46.792 million. This reflects the general reduction in interest rates and effective interest rate hedging strategy adopted.

Although the pre tax profit increased, income tax expense reduced $0.600 million due to the reduction, from 34% to 30%, in the corporate tax rate. The effective income tax rate reduced from 41.9% pcp to 36.8% in the current year.

APA's earnings per unit increased by 2.6 cents or 20.6% from 12.6 cents in the pcp to 15.2 cents for the current year.

The principal liability of APA is the long term syndicated unsecured bank borrowing equating to $754.000 million in term and revolving debt. During the year, APA borrowed an additional $21.000 million in revolving debt to part fund capital investment.

The deferred income tax liability of $146.853 million reflects the potential future tax payment resulting from accelerated tax depreciation compared to accounting depreciation on pipeline assets. Given the impact that changes to tax treatment can have on assets, APA is a keen participant in discussions and submissions to the Government and regulators on long life assets. APA welcomed the recent proposed changes to tax legislation, which set a depreciable 20 year life for gas transmission pipelines.

The actual underlying annual cashflow as adjusted for non-cash transactions such as depreciation and amortisation, showed a significant improvement from pcp of $78.730 million to increase $7.728 million or 9.8%, to $86.458 million. The net Operating cash flows from operating activities reduced $16.508 million from $101.594 million pcp to $85.086 million. This change was a result of a number of cross period timing matters and some minor increases in working capital.

During the year $48.516 million was invested in pipeline assets and $51.240 million was paid in distributions to unitholders of APA.

Regulatory

Discussion and submissions to governments and regulators on matters relating to the regulation of gas transmission pipelines continued to have a significant impact on APA's resources. Over the last year, APA contributed to industry submissions and discussion in forums including the:

- Review of Part III A of the Trade Practices Act 1974;
- Council of Australian Governments energy markets review;
- The Prime Minister's Task Force on gas market issues; and

A Federal Government initiated review of the impact of regulation on the Pipeline Industry should commence following the completion of the above mentioned review of the Trade Practices Act 1974. APA welcomes this review and believes it is critical to ensuring that the future regulatory environment is conducive to investment in pipelines for the benefit of the Australian community.

East Australian Pipeline Limited continues to pursue revocation of regulatory coverage over the Moomba to Sydney Pipeline System following the Australian Competition Tribunal's decision to revoke regulatory coverage over the competing Eastern Gas Pipeline, owned by Duke Energy.

Investment

The major assets of APA are pipelines and an equity investment in GGT. During the year $48.516 million was invested in increasing the throughput capacity of the assets. The major areas of investment included:

- completion of Looping Stage five project on the RBP pipeline which supplies gas to CS Energy for its combined cycle gas turbine power station at Swanbank,
- construction of spur lines to supply gas to railway sleeper factories on the Darwin to Adelaide railway line project,
- Looping Stage six expansion on the RBP pipeline and the construction of a compression station at Morney Tank on the Carpentaria Gas Pipeline System to cater for growing customer needs.

Changes in State of Affairs

During the financial year, there was no significant change in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

Subsequent Events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

Future Developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

Environmental Regulations

The operation, construction and maintenance of APA's pipeline assets are subject to licences issued pursuant to various Commonwealth, State and Territory environmental legislation. These licences require compliance with AS2885, Pipelines Gas and Liquid Petroleum Standard. The Standard has a requirement for the management of the environmental matters associated with all aspects of the high pressure pipeline industry and APA has a requirement to comply.

Environmental plans are prepared and independently audited for construction activities, and in accordance with Part 3 of the Standard, environmental plans are in place and are managed in accordance with APA's contracts and the terms and conditions of the licences that APA has been issued.

All pipeline assets owned by APA are designed, constructed, tested, operated and maintained in accordance with pipeline licences issued by the relevant jurisdictions and Australian standards.

Ongoing monitoring of these requirements is achieved through the use of an environmental audit process carried out by an accredited external auditor.

The Board reviews the external audit reports and, on a monthly basis, the internal reports prepared relating to environmental issues. No breaches have been reported during the financial year and APA has complied fully with the environmental management plans that are in place.

Distributions

During financial year ended 30 June 2002, the following distributions were made to the unitholders:

		Capital Distribution		Income Distribution[a]	
Relevant Period	**Date Paid**	**per Unit (cents)**	**$'000**	**per Unit (cents)**	**$'000**
Final distribution for year ended 30 June 2001	26 September 2001	1.0	2,440	5.0	12,200
1 July 2001 to 30 September 2001	21 December 2001	2.0	4,880	3.0	7,320
1 October 2001 to 31 December 2001	28 March 2002	2.0	4,880	3.0	7,320
1 January 2002 to 31 March 2002	26 June 2002	2.0	4,880	3.0	7,320

[a] The income component of all the above distributions were unfranked.

The final distribution for the financial year ended 30 June 2002 will be 6.5 cents per unit, comprised entirely of unfranked income distribution. This equates to a total cash distribution of $15,860 million and will be paid on 30 September 2002.

Options Granted

No Options were:

(a) granted over unissued units in APA during or since the end of the financial year; and

(b) granted to the responsible entity.

No unissued units in APA were under option as at the date on which this report was made.

No units were issued in APA during or since the end of the financial year as a result of the exercise of an option over unissued units in APA.

Indemnification of Officers and Auditors

During the financial year, the responsible entity paid a premium in respect of a contract insuring the Directors of the responsible entity (as named above), the responsible entity's secretary, Mr A J V James, and all executive officers of the responsible entity and of any related body corporate of APA against a liability incurred as such a Director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The responsible entity has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the responsible entity or of any related body corporate of APA against a liability incurred as such an officer or auditor.

Directors' Meetings

The following table sets out the number of Directors' meetings (including meetings of committees of the directors) held during the financial year and the number of meetings attended by each director (while they were a director or a committee member). During the financial year, ten Board Meetings, two Remuneration Committee meetings and four Audit and Risk Management Committee meetings were held.

	Board of Directors		Remuneration Committee		Audit and Risk Management Committee	
Directors	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
G H Bennett	10	10	2	2	-	-
L J Fisk	10	9	2	2	-	-
J A Fletcher	10	10	-	-	4	4
T C Ford	10	10	-	-	4	4
M Muhammad	10	5	2	2	-	-
R J Wright	10	10	-	-	4	4
Ng Chong Wah (alternate for M Muhammad)	10	10	-	-	-	-
J K McDonald	1[a]	1[a]	-	-	-	-

[a] Mr J K McDonald was appointed to the Board on 3 June 2002.

Directors' Unitholdings

The following table sets out each Director's relevant interest in units of APA or a related body corporate as at the date of this report:

Directors	Fully Paid Units as at 30 June 2001	Units Acquired during the Financial Year	Units Disposed of during the Financial Year	Fully Paid Units as at 30 June 2002
G H Bennett	15,000	-	-	**15,000**
L J Fisk	5,000	-	-	**5,000**
J A Fletcher	4,000	-	-	**4,000**
T C Ford	40,000	-	30,000	**10,000**
M Muhammad	10,000	-	-	**10,000**
R J Wright	10,000	-	-	**10,000**
Ng Chong Wah	2,000	-	-	**2,000**
J K McDonald	6,000	9,000	-	**15,000**

There are no contracts to which a Director is a party or under which the Director is entitled to a benefit and that confer a right to call for or deliver interests in the scheme.

Directors' and Executives' Remuneration

The Remuneration Committee reviews the remuneration packages of all Directors and executive officers on an annual basis and makes recommendations to the Board. Remuneration packages are reviewed with due regard to performance and other relevant factors.

In order to retain and attract executives of sufficient calibre to facilitate the efficient and effective management of APA's operations, the Remuneration Committee seeks the advice of external advisers in connection with the structure of remuneration packages.

Remuneration packages contain the following key elements:

(a) salary/fees;
(b) benefits - including the provision of motor vehicle and superannuation benefits; and
(c) incentive schemes - including performance-related bonuses.

The following table discloses the remuneration of the Directors of Australian Pipeline Limited as responsible entity for APA:

Name	Salary/Fees	Benefits	Incentive Schemes	Total
Non-Executive Directors				
G H Bennett	$80,000	$6,400	-	$86,400
L J Fisk	$40,000	-	-	$40,000
J A Fletcher	$40,000	-	-	$40,000
T C Ford	$40,000	$3,200	-	$43,200
M Muhammad	$40,000	-	-	$40,000
R J Wright	$40,000	$3,200	-	$43,200
Ng Chong Wah	-	-	-	-
Executive Director				
J K McDonald[a]	$29,943	$9,739	$11,700	$51,382

[a] Mr J K McDonald was appointed Managing Director on 3 June 2002. Accordingly, one twelfth of his total remuneration for the financial year ended 30 June 2002 has been included in Directors' remuneration.

During the financial year, the Remuneration Committee approved a retirement benefit program for non-executive, non-corporate appointee Directors. The program complies with the statutory formula under the Corporations Act 2001. A Director needs to complete three years service to be eligible for partial benefit under the program.

The following table discloses the remuneration of the six highest remunerated executives of the consolidated entity:

Name	Salary/Fees	Benefits	Incentive Schemes	Total
Consolidated Entity				
J K McDonald[a]	$359,312	$116,865	$140,400	$616,577
G N Williams	$202,238	$49,756	$74,250	$326,244
M J McCormack	$165,948	$71,382	$64,500	$301,830
A J V James	$183,819	$44,251	$67,200	$295,270
K F Dixon	$187,439	$17,361	$61,200	$266,000
I H Haddow	$125,574	$69,785	$57,600	$252,959

[a] Mr J K McDonald was appointed as Managing Director on 3 June 2002. The amounts shown above are total remuneration for the financial year ended 30 June 2002.

Scheme Information in the Financial Report

Fees paid to the responsible entity and its associates (including Directors and secretaries of the responsible entity, related body corporates and directors and secretaries of related body corporates) out of APA property during the financial year are disclosed in this Directors' Report and Note 38 to the financial statements.

The responsible entity does not hold any units in APA. The Australian Gas Light Company, a 50% shareholder in the responsible entity, holds 30% of the units in APA. The number of units in APA issued during the financial year, withdrawals from APA during the financial year, and the number of units in APA at the end of the financial year are disclosed in Note 26 to the financial statements.

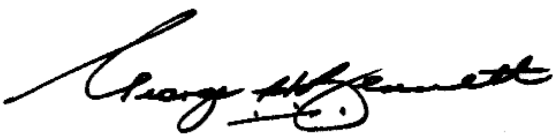
The value of APA's assets as at the end of the financial year is disclosed in the statement of financial position Total Assets and the basis of valuation is included in Note 1 to the financial statements.

Rounding Off Of Amounts

APA is an entity of the kind referred to in Australian Securities and Investments Commission 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 off to the nearest thousand dollars.

Signed in accordance with a resolution of the Directors of the responsible entity made pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the Directors



G H Bennett
Chairman

R J Wright
Director

SYDNEY, 5 September, 2002

STATEMENT OF FINANCIAL PERFORMANCE

For the Financial Year ended 30 June 2002

		Consolidated		Trust	
		1 July 2001 - 30 June 2002	17 March 2000 - 30 June 2001	1 July 2001 - 30 June 2002	17 March 2000 - 30 June 2001
	Note	$'000	$'000	$'000	$'000
Revenue from ordinary activities		**244,474**	254,479	**38,827**	32,668
Share of net profits of joint venture entities accounted for using the equity method		**10,938**	8,718	**-**	-
Pipeline operation and management expenses		**(40,496)**	(41,310)	**-**	-
Depreciation and amortisation expense		**(26,338)**	(25,064)	**-**	-
Other pipeline costs		**(61,053)**	(65,447)	**-**	-
Borrowing costs		**(59,741)**	(66,472)	**(40)**	(161)
Other expenses from ordinary activities		**(8,687)**	(7,887)	**(967)**	(1,030)
Profit from Ordinary Activities before Income Tax Expense	2	**59,097**	57,017	**37,820**	31,477
Income tax expense relating to ordinary activities	4	**(21,723)**	(23,796)	**-**	-
Profit from Ordinary Activities after Income Tax Expense		**37,374**	33,221	**37,820**	31,477
Net Profit Attributable to Outside Equity Interests		**(273)**	(257)	**-**	-
Net Profit Attributable to Unitholders of the Parent Entity		**37,101**	32,964	**37,820**	31,477
Total Changes in Equity other than those Resulting from Transactions with Unitholders as Owners		**37,101**	32,964	**37,820**	31,477
Earnings per Unit (cents per unit)					
Earnings used to calculate earnings per unit		**37,101**	32,964		
Basic earnings per unit based on profit from ordinary activities after income tax attributable to unitholders of the parent entity (cents)		**15.21**	13.51		
Weighted average number of units on issue used in the calculation of basic earnings per unit (million)		**244**	244		

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

Notes to the financial statements are included on pages 27 to 56.

As at 30 June 2002

	Note	Consolidated 2002 $'000	Consolidated 2001 $'000	Trust 2002 $'000	Trust 2001 $'000
Current Assets					
Cash		**15,691**	12,237	**95**	103
Receivables	6	**17,810**	25,741	**86**	101
Inventories	7	**66**	175	**-**	-
Other	8	**1,005**	988	**-**	-
Total Current Assets		**34,572**	39,141	**181**	204
Non-Current Assets					
Receivables	9	**253**	354	**-**	-
Investments accounted for using the equity method	10	**130,240**	129,753	**-**	-
Other financial assets	11	**-**	-	**475,963**	488,295
Property, plant and equipment	12	**1,232,010**	1,208,739	**-**	-
Intangibles	13	**8,516**	9,680	**-**	-
Deferred tax assets	14	**7,176**	7,526	**1**	-
Other	15	**4,102**	5,646	**-**	-
Total Non-Current Assets		**1,382,297**	1,361,698	**475,964**	488,295
Total Assets		**1,416,869**	1,400,839	**476,145**	488,499
Current Liabilities					
Payables	16	**49,853**	62,836	**17,925**	20,025
Interest-bearing liabilities	17	**209**	206	**-**	-
Current tax liabilities		**1**	-	**1**	-
Provisions excluding tax liabilities	18	**17,266**	15,771	**15,860**	14,640
Other	19	**7,316**	6,587	**-**	-
Total Current Liabilities		**74,645**	85,400	**33,786**	34,665
Non-Current Liabilities					
Payables	20	**-**	33	**4,415**	1,250
Interest-bearing liabilities	21	**756,025**	735,011	**-**	-
Deferred tax liabilities	22	**146,853**	125,597	**-**	-
Provisions	23	**131**	97	**-**	-
Other	24	**468**	600	**-**	-
Total Non-Current Liabilities		**903,477**	861,338	**4,415**	1,250
Total Liabilities		**978,122**	946,738	**38,201**	35,915
Net Assets		**438,747**	454,101	**437,944**	452,584
Equity					
Contributed equity	26	**437,943**	452,583	**437,943**	452,583
Retained profits	27	**769**	1,488	**1**	1
Parent Entity Interest		**438,712**	454,071	**437,944**	452,584
Outside Equity Interests	28	**35**	30	**-**	-
Total Equity		**438,747**	454,101	**437,944**	452,584

Notes to the financial statements are included on pages 27 to 56.

STATEMENT OF CASH FLOWS

For the Financial Year ended 30 June 2002

		Consolidated		Trust	
		1 July 2001 - 30 June 2002	17 March 2000 - 30 June 2001	1 July 2001 - 30 June 2002	17 March 2000 - 30 June 2001
	Note	$'000	$'000	$'000	$'000
Cash Flows from Operating Activities					
Receipts from customers		**267,635**	282,554	**988**	497
Payments to suppliers and employees		**(148,211)**	(133,723)	**(943)**	(1,330)
Dividends received		**10,450**	7,206	**37,820**	31,476
Interest received		**6,960**	13,717	**20**	695
Interest and other costs of finance paid		**(51,747)**	(52,456)	**(40)**	(161)
Income tax paid		**(1)**	(4,529)	**-**	-
Net Cash Provided by Operating Activities	39 (d)	**85,086**	112,769	**37,845**	31,177
Cash Flows from Investing Activities					
Payment for property, plant and equipment		**(48,783)**	(53,291)	**-**	-
Proceeds from sale of property, plant and equipment		**102**	142	**-**	-
Purchase of controlled entities , net of cash acquired	39 (c)	**(2,109)**	(341,270)	**(2,109)**	(351,551)
Net Cash Used in Investing Activities		**(50,790)**	(394,419)	**(2,109)**	(351,551)
Cash flows From Financing Activities					
Proceeds from issues of units		**-**	488,000	**-**	488,000
Payment for unit issue costs		**-**	(13,213)	**-**	(13,213)
Proceeds from borrowings		**190,500**	914,855	**-**	-
Repayment of borrowings		**(169,717)**	(1,056,258)	**-**	-
Proceeds from repayment of related party receivables		**-**	-	**15,496**	-
Amounts advanced to related parties		**-**	-	**-**	(115,270)
Distributions and dividends paid		**(51,625)**	(39,497)	**(51,240)**	(39,040)
Net Cash (Used in)/Provided by Financing Activities		**(30,842)**	293,887	**(35,744)**	320,477
Net Increase/(Decrease) In Cash Held		**3,454**	12,237	**(8)**	103
Cash at the Beginning of the Financial Period		**12,237**	-	**103**	-
Cash at the End of the Financial Period	39 (a)	**15,691**	12,237	**95**	103

Notes to the financial statements are included on pages 27 to 56.

1. Summary of Accounting Policies

Financial Reporting Framework

The financial report is a general purpose financial report which has been prepared in accordance with the Constitution, the Corporations Act 2001, applicable Accounting Standards and Urgent Issues Group Consensus Views, and complies with other requirements of the law.

The financial report has been prepared on the basis of historical cost and except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Significant Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Principles of Consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being Australian Pipeline Trust (the parent entity) and its controlled entities as defined in Accounting Standard AASB 1024 "Consolidated Accounts".

A list of controlled entities appears in Note 33. Consistent accounting policies have been employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each controlled entity from the date on which APA obtains control and until such time as APA ceases to control such entity.

In preparing the consolidated financial statements, all inter-entity balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(b) Payables

Trade payables and other payables are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

For the Financial Year ended 30 June 2002

1. Summary of Accounting Policies (continued)

(c) Acquisition of Assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present values as at the date of acquisition.

(d) Interest-Bearing Liabilities

Bank loans and other loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis.

Ancillary costs incurred in connection with the arrangement of interest-bearing liabilities are deferred and amortised over the period of the interest-bearing liability.

(e) Capitalisation of Borrowing Costs

Borrowing costs directly attributable to assets under construction are capitalised as part of the cost of those assets.

(f) Date of Registration and Comparative Amounts

The Australian Pipeline Trust was registered with the Australian Securities and Investments Commission as a Managed Investment Scheme pursuant to the Managed Investments Act 1998 on 17 March 2000. Accordingly, the prior period comparatives shown in this report reflect the financial performance of APA and the consolidated entity for the period from 17 March 2000 to 30 June 2001.

As previous period figures are for a term of more than 12 months, they are not directly comparable with current year figures. A comparison of financial performance on a year on year basis is shown on page 17 in Review of Operations in the Directors' Reports.

(g) Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on either a straight line or throughput basis depending on the nature of the asset so as to write off the net cost of each asset over its estimated useful life. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The following estimated useful lives are used in the calculation of depreciation:

• buildings	50 years
• compressors	up to 25 years
• pipelines	up to 60 years
• other plant and equipment	3 - 20 years

1. Summary of Accounting Policies (continued)

(h) Intangibles

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable net assets acquired, is amortised on a straight line basis over a period of 20 years.

The right to receive a pipeline tariff is being amortised on a straight line basis until 2011, being termination of the contract to which the right relates.

(i) Derivative Financial Instruments

The consolidated entity enters into derivative financial instruments including forward interest rate contracts and interest rate swap contracts to manage its exposure to interest rate risk. Further details are disclosed in Note 42.

Interest Rate Swaps
Gains and losses on interest rate swap contracts are included in the determination of interest expense.

(j) Employee Entitlements

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of wages and salaries, annual leave, and other employee entitlements (long service leave) expected to be settled within 12 months, are measured at their nominal values.

Provisions made in respect of other employee entitlements (long service leave) which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to the reporting date.

(k) Financial Instruments Issued by APA

Transaction Costs on the Issue of Equity Instruments
Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and Distributions
Interest and distributions are classified as expenses or as distributions of profit consistent with the statement of financial position classification of the related debt or equity instruments or component parts of compound instruments.

1. Summary of Accounting Policies (continued)

(l) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except:

(a) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(b) for receivables and payables which are recognised inclusive of GST, except for accrued revenue and expense at balance date which excludes GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

GST receivable or GST payable is only recognised once a tax invoice has been received or issued.

(m) Income Tax

Tax effect accounting principles have been adopted whereby income tax expense has been calculated on Pre Tax Profit after adjustment for permanent differences. The tax effect of timing differences, which occur when items are included or allowed for income tax purposes in a period different to that for accounting, is shown at current taxation rates in deferred tax liabilities and deferred tax assets, as applicable.

(n) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories on hand by the method most appropriate to each particular class of inventories, with the majority being valued on a first in first out basis.

(o) Investments

Investments in controlled entities are recorded at cost. Investments in joint venture entities have been accounted for under the equity method in the consolidated financial statements. Other investments are recorded at cost.

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on an accrual basis.

(p) Joint Ventures

Joint Venture Operations
Interests in joint venture operations are reported in the financial statements by including the consolidated entity's share of assets employed in the joint ventures, the share of liabilities incurred in relation to joint ventures and the share of any expenses incurred in relation to joint ventures in their respective classification categories.

Joint Venture Entities
Interests in joint venture entities which are not partnerships are accounted for under the equity method in the consolidated financial statements and the cost method in APA's financial statements.

1. Summary of Accounting Policies (continued)

(q) Leased Assets

Leased assets classified as finance leases are capitalised as fixed assets. The amount initially brought to account is the present value of minimum lease payments. A finance lease is one which effectively transfers from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased property.

Capitalised leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Finance lease payments are allocated between interest expense and reduction of the lease liability over the term of the lease. The interest expense is determined by applying the interest rate implicit in the lease to the outstanding lease liability at the beginning of each lease payment period.

Operating lease payments are charged as an expense in the period in which they are incurred.

(r) Receivables

Trade receivables and other receivables are recorded at amounts due less any provision for doubtful debts.

(s) Recoverable Amount of Non-Current Assets

Non-current assets are written down to recoverable amount where the carrying value of any non-current asset exceeds recoverable amount. In determining the recoverable amount of non-current assets, the expected net cash flows have been discounted to their present value, using discount rates in the range of 7.5% to 9.0% per annum (2001: 7.5% to 9.0% per annum) depending on the risk profile of the particular assets, except for intangibles, deferred tax assets and other assets where undiscounted cash flows have been used.

(t) Revenue Recognition

Disposal of Assets
Revenue from the disposal of assets is recognised when the consolidated entity has passed control of the assets to the buyer.

Rendering of Services
Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

2. Profit From Ordinary Activities

	Consolidated		Trust	
	1 July 2001 - 30 June 2002 $'000	17 March 2000 - 30 June 2001 $'000	1 July 2001 - 30 June 2002 $'000	17 March 2000 - 30 June 2001 $'000
Profit from ordinary activities before income tax includes the following items of revenue and expense:				
(a) Operating Revenue				
Sales revenue:				
Pipeline transportation revenue	**169,483**	173,819	**-**	-
Other pipeline revenue – passthrough	**61,053**	65,447	**-**	-
	230,536	239,266	**-**	-
Interest revenue:				
Other entities	**12,949**	14,042	**19**	695
Dividends - wholly-owned controlled entities	**-**	-	**37,820**	31,476
Share of net profits from joint venture entities accounted for using the equity method (Note 41)	**10,938**	8,718	**-**	-
Other	**884**	1,029	**988**	497
	255,307	263,055	**38,827**	32,668
(b) Non-Operating Revenue				
Proceeds from disposal of property, plant and equipment	**105**	142	**-**	-
	255,412	263,197	**38,827**	32,668
(c) Expenses				
Borrowing costs:				
Interest:				
Other entities	**59,181**	63,346	**40**	161
Amortisation of deferred borrowing costs	**1,390**	2,958	**-**	-
Finance lease finance charges	**40**	60	**-**	-
Other borrowing costs	**393**	574	**-**	-
	61,004	66,938	**40**	161
Less: amounts capitalised as part of the carrying value of pipeline assets [a]	**(1,263)**	(466)	**-**	-
	59,741	66,472	**40**	161

[a] Capitalisation rate applicable to funds borrowed generally - 7.85% per annum (2001: 9.88% per annum)

2. Profit From Ordinary Activities (continued)

	Consolidated		Trust	
	1 July 2001 - 30 June 2002 $'000	17 March 2000 - 30 June 2001 $'000	1 July 2001 - 30 June 2002 $'000	17 March 2000 - 30 June 2001 $'000
Net bad and doubtful debts arising from other entities	**567**	11	**-**	-
Recoverable amount writedowns				
Property, plant and equipment	**203**	-	**-**	-
Inventory:				
Writedowns and other losses	**119**	-	**-**	-
Depreciation of non-current assets:				
Property, plant and equipment	**24,824**	22,539	**-**	-
Amortisation of non-current assets:				
Deferred expenditure	**155**	1,013	**-**	-
Goodwill	**464**	487	**-**	-
Leased assets	**195**	290	**-**	-
Right to receive pipeline tariff	**700**	735	**-**	-
	26,338	25,064	**-**	-
Other pipeline costs – passthrough:				
Operating lease rental expense	**15,735**	20,101	**-**	-
Gas pipeline costs	**45,318**	45,346	**-**	-
	61,053	65,447	**-**	-
Net transfers to provisions:				
Employee entitlements	**180**	506	**-**	-

3. Sales of Assets

Sales of assets in the ordinary course of business have given rise to the following profits and losses:				
Net Profits				
Property, plant and equipment	**82**	62	**-**	-
Net Losses				
Property, plant and equipment	**-**	-	**-**	-

4. Income Tax

	Consolidated		Trust	
	1 July 2001 - 30 June 2002 $'000	17 March 2000 - 30 June 2001 $'000	1 July 2001 - 30 June 2002 $'000	17 March 2000 - 30 June 2001 $'000
(a) The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:				
Profit from Ordinary Activities	**59,097**	57,017	**37,820**	31,477
Income tax expense calculated at 30% (2001: 34%) of operating profit	**17,729**	19,460	**11,346**	10,712
Permanent Differences:				
Non-allowable depreciation	**2,179**	2,546	**-**	-
Non-allowable interest expense	**1,885**	2,149	**-**	-
Amortisation of intangible assets	**349**	417	**-**	-
Equity share of joint venture entities' net profit (less unfranked dividends received)	**(146)**	(514)	**-**	-
Rebateable dividends	**-**	-	**(11,346)**	(10,702)
Effect on deferred tax balances due to the change in tax rate	**-**	(1,887)	**-**	(10)
Other	**(273)**	1,625	**-**	-
Income Tax Expense Attributable to Operating Profit	**21,723**	23,796	**-**	-
(b) Future income tax benefits not brought to account as assets:				
Tax losses - revenue	**684**	821	**-**	-
Tax losses - capital	**90,341**	90,341	**-**	-
	91,025	91,162	**-**	-

The taxation benefit of tax losses not brought to account will only be obtained if:

(a) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;

(b) the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation; and

(c) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the loss.

The tax liability pursuant to the current year income tax expense is included in the Deferred Tax Liability in note 22, as a result of accelerated tax depreciation on the consolidated entity's pipeline assets.

5. Distributions

	Consolidated and Trust			
	1 July 2001 - 30 June 2002		17 March 2000 - 30 June 2001	
	Cents per Unit	Total $'000	Cents per Unit	Total $'000
First interim distribution paid on 21 December 2001 (2001: 20 December 2000)				
Income distribution [a]	**3.0**	**7,320**	2.9	7,076
Capital distribution	**2.0**	**4,880**	3.1	7,564
Second interim distribution paid on 28 March 2002 (2001: 28 March 2001)				
Income distribution [a]	**3.0**	**7,320**	2.5	6,100
Capital distribution	**2.0**	**4,880**	2.5	6,100
Third interim distribution paid on 26 June 2002 (2001: 27 June 2001)				
Income distribution [b]	**3.0**	**7,320**	2.5	6,100
Capital distribution	**2.0**	**4,880**	2.5	6,100
Final distribution payable on 30 September 2002 (2001: 26 September 2001)				
Income distribution [c]	**6.5**	**15,860**	5.0	12,200
Capital distribution	**-**	**-**	1.0	2,440
	21.5	**52,460**	22.0	53,680

	Consolidated		Trust	
	2002 $'000	2001 $'000	2002 $'000	2001 $'000
Adjusted franking account balance at 30%	**844**	985	**3**	-

[a] Income distribution for 2002 unfranked (2001: franked to 38% at corporate tax rate of 34%)

[b] Income distribution for 2002 unfranked (2001: franked to 60% at corporate tax rate of 34%)

[c] Income distribution for 2002 unfranked (2001: unfranked)

6. Current Receivables

	Consolidated		Trust	
	2002 $'000	2001 $'000	2002 $'000	2001 $'000
Trade receivables	**18,532**	28,954	**-**	-
Provision for doubtful debts	**(753)**	(3,306)	**-**	-
	17,779	25,648	**-**	-
Goods and services tax recoverable	**-**	-	**86**	101
Other receivables	**31**	93	**-**	-
	17,810	25,741	**86**	101

7. Current Inventories

Finished goods - at cost	**66**	175	**-**	-

8. Other Current Assets

Prepayments	**1,005**	988	**-**	-

9. Non-Current Receivables

Other receivables	**253**	354	**-**	-

10. Investments Accounted for Using the Equity Method

Joint venture entities - not quoted on stock exchange (Note 41)	**130,240**	129,753	**-**	-

11. Other Non-Current Financial Assets

	Consolidated		Trust	
	2002 $'000	2001 $'000	2002 $'000	2001 $'000
Shares in controlled entities - at cost	-	-	**371,551**	371,551
Non-trade receivables from:				
Wholly-owned controlled entities	-	-	**104,412**	116,744
	-	-	**475,963**	488,295

12. Property, Plant and Equipment

	Consolidated ($'000)					
	Freehold Land & Buildings at Cost	Leasehold Improve-ments at Cost	Pipeline Assets at Cost	Plant and Equipment at Cost	Work in Progress at Cost	Total
Gross Carrying Amount						
Balance at 30 June 2001	5,869	429	1,206,825	4,862	14,512	1,232,497
Additions	32	2	43,122	1,002	4,358	48,516
Disposals	-	-	-	(311)	-	(311)
Recoverable amount writedowns	-	-	(179)	-	-	(179)
Transfers	(45)	-	11,978	273	(12,206)	-
Balance at 30 June 2002	5,856	431	1,261,746	5,826	6,664	1,280,523
Accumulated Depreciation						
Balance at 30 June 2001	(134)	(150)	(22,381)	(1,093)	-	(23,758)
Depreciation expense	(128)	(144)	(23,348)	(1,399)	-	(25,019)
Disposals	-	-	-	288	-	288
Recoverable amount writedowns	-	-	(24)	-	-	(24)
Transfers	13	-	(13)	-	-	-
Balance at 30 June 2002	(249)	(294)	(45,766)	(2,204)	-	(48,513)
Net Book Value						
As at 30 June 2001	5,735	279	1,184,444	3,769	14,512	1,208,739
As at 30 June 2002	5,607	137	1,215,980	3,622	6,664	1,232,010

12. Property, Plant and Equipment (continued)

	Trust ($'000)					
	Freehold Land & Buildings at Cost	Leasehold Improve-ments at Cost	Pipeline Assets at Cost	Plant and Equipment at Cost	Work in Progress at Cost	Total
Gross Carrying Amount						
Balance at 30 June 2001	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Recoverable amount writedowns	-	-	-	-	-	-
Balance at 30 June 2002	-	-	-	-	-	-
Accumulated Depreciation						
Balance at 30 June 2001	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Recoverable amount writedowns	-	-	-	-	-	-
Balance as at 30 June 2002	-	-	-	-	-	-
Net Book Value						
As at 30 June 2001	-	-	-	-	-	-
As at 30 June 2002	-	-	-	-	-	-

The value of freehold land and buildings determined in accordance with independent valuation carried out by licensed valuers, on the basis of market value - in use, as at 30 June 2002 was $7.933 million.

13. Intangibles

	Consolidated		Trust	
	2002 $'000	2001 $'000	2002 $'000	2001 $'000
Goodwill	**7,916**	7,916	**-**	-
Less: accumulated amortisation	**(6,053)**	(5,589)	**-**	-
	1,863	2,327	**-**	-
Right to receive pipeline tariff	**15,677**	15,677	**-**	-
Less: accumulated amortisation	**(9,024)**	(8,324)	**-**	-
	6,653	7,353	**-**	-
	8,516	9,680	**-**	-

Aggregate amortisation allocated during the financial period is recognised as an expense in Note 2

For the Financial Year ended 30 June 2002

14. Deferred Tax Assets

	Consolidated		Trust	
	2002 $'000	2001 $'000	2002 $'000	2001 $'000
Future income tax benefit:				
Tax losses - revenue	**1,532**	1,896	**-**	-
Timing differences	**5,644**	5,630	**1**	-
	7,176	7,526	**1**	-

15. Other Non-Current Assets

Debt issue costs	**8,450**	8,450	**-**	-
Less: accumulated amortisation	**(4,348)**	(2,958)	**-**	-
	4,102	5,492	**-**	-
Other	**-**	154	**-**	-
	4,102	5,646	**-**	-

Aggregate amortisation allocated during the financial period is recognised as an expense in Note 2

16. Current Payables

Trade payables	**22,015**	32,791	**18**	25
Other payables	**27,838**	30,045	**17,907**	20,000
	49,853	62,836	**17,925**	20,025

For the Financial Year ended 30 June 2002

17. Current Interest-Bearing Liabilities

	Consolidated		Trust	
	2002 $'000	2001 $'000	2002 $'000	2001 $'000
Finance lease liabilities[a] (Note 31)	**209**	206	**-**	-

[a] Secured by the assets leased, the current market value of which exceeds the value of the finance lease liability

18. Current Provisions

Unitholder distributions	**15,860**	14,640	**15,860**	14,640
Employee entitlements (Note 25)	**702**	556	**-**	-
Other	**704**	575	**-**	-
	17,266	15,771	**15,860**	14,640

19. Other Current Liabilities

Unearned revenue - interest	**6,560**	6,284	**-**	-
Unearned revenue - other	**756**	303	**-**	-
	7,316	6,587	**-**	-

20. Non-Current Payables

Non-trade payables to:				
Wholly-owned controlled entities	**-**	-	**4,415**	1,250
Others	**-**	33	**-**	-
	-	33	**4,415**	1,250

21. Non-Current Interest-Bearing Liabilities

	Consolidated		Trust	
	2002 $'000	2001 $'000	2002 $'000	2001 $'000
Unsecured				
Syndicated bank borrowings	**754,000**	733,000	**-**	-
Secured				
Bank borrowings[a]	**1,645**	1,645	**-**	-
Finance lease liabilities[b] (Note 31)	**380**	366	**-**	-
	2,025	2,011	**-**	-
	756,025	735,011	**-**	-

[a] Secured over buildings located in the Northern Territory.

[b] Secured by the assets leased, the current market value of which exceeds the value of the finance lease liability.

22. Deferred Tax Liabilities

Deferred income tax	**146,853**	125,597	**-**	-

23. Non-Current Provisions

Employee entitlements (Note 25)	**131**	97	**-**	-

24. Other Non-Current Liabilities

	Consolidated		Trust	
	2002 $'000	2001 $'000	2002 $'000	2001 $'000
Unearned revenue - other	**468**	600	**-**	-

25. Employee Entitlements

	Consolidated		Trust	
	2002 $'000	2001 $'000	2002 $'000	2001 $'000
The aggregate employee entitlement liability recognised and included in the financial statements is as follows:				
Provision for employee entitlements				
Current (Note 18)	**702**	556	**-**	-
Non-current (Note 23)	**131**	97	**-**	-
	833	653	**-**	-

	Consolidated		Trust	
	2002 No.	2001 No.	2002 No.	2001 No.
Number of employees at the end of financial period	**14**	14	**-**	-

26. Contributed Equity

	Consolidated		Trust	
	2002	**2001**	**2002**	**2001**
	$'000	**$'000**	**$'000**	**$'000**
Contributed Equity				
Balance at the beginning of the financial period	**452,583**	-	**452,583**	-
Issue of 244,000,000 fully paid units	**-**	488,000	**-**	488,000
Payment of issue costs	**-**	(13,213)	**-**	(13,213)
Capital distributions (Note 5)	**(14,640)**	(22,204)	**(14,640)**	(22,204)
Balance at the end of the financial period	**437,943**	452,583	**437,943**	452,583

	Consolidated		Trust	
	2002	**2001**	**2002**	**2001**
	'000	**'000**	**'000**	**'000**
Fully Paid Units				
Balance at the beginning of the financial period	**244,000**	-	**244,000**	-
Issue of fully paid units	**-**	244,000	**-**	244,000
Balance at the end of the financial period	**244,000**	244,000	**244,000**	244,000

Fully paid units carry one vote per unit and carry the right to distributions.

27. Retained Profits

	Consolidated		Trust	
	2002	**2001**	**2002**	**2001**
	$'000	**$'000**	**$'000**	**$'000**
Balance at the beginning of the financial period	**1,488**	-	**1**	-
Net profit for the financial period	**37,101**	32,964	**37,820**	31,477
Distributions provided for or paid	**(37,820)**	(31,476)	**(37,820)**	(31,476)
Balance at the end of the financial period	**769**	1,488	**1**	1

28. Outside Equity Interests

	Consolidated		Trust	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
Outside equity interests in controlled entities comprise:				
Issued capital	**4**	4	-	-
Retained profits	**30**	25	-	-
Reserves	**1**	1	-	-
	35	30	-	-

29. Commitments for Expenditure

	Consolidated		Trust	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
(a) Capital Expenditure Commitments				
Plant and Equipment				
Not longer than 1 year	**12,671**	42,001	-	-
Longer than 1 year but not longer than 5 years	-	-	-	-
Longer than 5 years	-	-	-	-
	12,671	42,001	-	-
Consolidated Entity's Share of Joint Venture Entities Commitments				
Not longer than 1 year	**60**	944	-	-
Longer than 1 year but not longer than 5 years	-	-	-	-
Longer than 5 years	-	-	-	-
	60	944	-	-
(b) Other Expenditure Commitments				
Consolidated Entity's Share of Joint Venture Entities Commitments				
Not longer than 1 year	**723**	287	-	-
Longer than 1 year but not longer than 5 years	-	44	-	-
Longer than 5 years	-	-	-	-
	723	331	-	-

30. Contingent Liabilities

	Consolidated		Trust	
	2002	2001	2002	2001
Bank guarantees	**35**	19	-	-

One of APA's controlled entities has undertaken to provide financial support, as and when required, to certain others of APA's wholly-owned controlled entities, so as to enable those controlled entities to pay their debts as and when such debts become due and payable.

31. Leases

	Consolidated		Trust	
	2002 $'000	2001 $'000	2002 $'000	2001 $'000
Finance Leases				
Leasing arrangements				

Finance leases relate to leases of general property, plant and equipment. There are no contingent rental payments due or payable. There are no renewal or purchase options and escalation clauses or restrictions imposed by the lease arrangements concerning distributions, additional debt and further leasing.

Finance lease liabilities				
No later than 1 year	**243**	242	**-**	-
Later than 1 year and not later than 5 years	**413**	400	**-**	-
Later than 5 years	**-**	-	**-**	-
Minimum finance lease payments	**656**	642	**-**	-
Less: future finance charges	**(67)**	(70)	**-**	-
Present value of lease payments	**589**	572	**-**	-
Included in the financial statements as:				
Current interest-bearing liabilities (Note 17)	**209**	206	**-**	-
Non-current interest-bearing liabilities (Note 21)	**380**	366	**-**	-

Non-Cancellable Operating Leases

Leasing arrangements

Operating leases relate to leases of office space and the lease of transmission pipelines in the Northern Territory. There are no renewal or purchase options and escalation clauses or restrictions imposed by the lease arrangements concerning distributions, additional debt and further leasing. Various operating leases have standard lease renewal options. Office space lease is subject to annual increases based on Consumer Price Index ("CPI").

In respect of the transmission pipelines, the Northern Territory Government has guaranteed a minimum income to APA to meet the operating lease commitments as detailed.

Non-cancellable Operating Leases - Transmission Pipelines				
Not longer than 1 year	**14,945**	17,092	**-**	-
Longer than 1 year but not longer than 5 years	**67,839**	68,807	**-**	-
Longer than 5 years	**133,447**	148,204	**-**	-
	216,231	234,103	**-**	-

Non-cancellable Operating Leases - Other				
Not longer than 1 year	**184**	174	**-**	-
Longer than 1 year but not longer than 5 years	**696**	141	**-**	-
Longer than 5 years	**338**	29	**-**	-
	1,218	344	**-**	-

32. Joint Venture Operations

Joint Venture	Principal Activity	Interest of Consolidated Entity 2002	Interest of Consolidated Entity 2001
Carpentaria Gas Pipeline	Gas pipeline operation – Queensland	**70%**	70%
Mid West Pipeline	Gas pipeline operation – Western Australia	**50%**	50%
Roma to Brisbane Pipeline	Gas pipeline operation – Queensland	**-**	a

a During the financial period ended 30 June 2001, the consolidated entity purchased the remaining 15% to move to 100% ownership of this pipeline operation.

The consolidated entity's interest in assets employed in the above joint venture operations is detailed below. The amounts are included in the financial statements and consolidated financial statements under their respective asset categories:

	2002 $'000	2001 $'000
Current Assets		
Cash	**384**	121
Receivables	**1,900**	226
Other	**126**	104
Non-Current Assets		
Property, plant and equipment	**147,627**	146,390
Total Assets	**150,037**	146,841

33. Controlled Entities

Name of Entity	Country of Incorporation/Registration	Ownership Interest 2002 (%)	Ownership Interest 2001 (%)
Parent Entity			
Australian Pipeline Trust	Australia		
Controlled Entities			
APT Pipelines Limited	Australia	**100**	100
ACN 006 699 378 Pty Limited	Australia	**100**	100
Agex Pty Limited	Australia	**100**	100
Amadeus Gas Trust	Australia	**96**	96
APT Management Services Pty Limited	Australia	**100**	100
APT Petroleum Pipelines Holdings Pty Limited	Australia	**100**	100
APT Petroleum Pipelines Limited	Australia	**100**	100
APT Pipelines (NSW) Pty Limited	Australia	**100**	100
APT Pipelines (NT) Pty Limited	Australia	**100**	100
APT Pipelines (Qld) Pty Limited	Australia	**100**	100
APT Pipelines (WA) Pty Limited	Australia	**100**	100
APT Pipelines Investments (NSW) Pty Limited	Australia	**100**	100
APT Pipelines Investments (WA) Pty Limited	Australia	**100**	100
East Australian Pipeline Limited	Australia	**100**	100
Gasinvest Australia Pty Limited	Australia	**100**	100
NT Gas Distribution Pty Limited	Australia	**96**	96
NT Gas Easements Pty Limited	Australia	**100**	100
NT Gas Pty Limited	Australia	**96**	96
Roverton Pty Limited	Australia	**100**	100
Sopic Pty Limited	Australia	**100**	100

34. Acquisition of Controlled Entities

During the financial period ended 30 June 2001, APA acquired APT Pipelines Limited and its controlled entities (as disclosed in Note 33 above) from The Australian Gas Light Company for consideration of $351.551 million. Further details of the acquisition are disclosed in Note 39(c).

35. Segment Information

The consolidated entity operates predominantly in one business segment, being gas transmission infrastructure, and one geographical segment, being Australia. The consolidated entity earns revenue by selling transportation and related services to the producers, consumers and aggregators of gas.

	Consolidated		Trust	
	1 July 2001 - 30 June 2002 $'000	17 March 2000 - 30 June 2001 $'000	1 July 2001 - 30 June 2002 $'000	17 March 2000 - 30 June 2001 $'000

36. Directors' and Executives' Remuneration[a]

Aggregate income paid or payable, or otherwise made available to:				
Directors of Australian Pipeline Limited, as responsible entity for APA[b]	**344,182**	301,883	**344,182**	301,883
Executives whose remuneration equals or exceeds $100,000[c]	**2,058,880**	1,755,065	**2,058,880**	1,755,065

The number of Directors and executives whose total remuneration falls within each successive $10,000 band:

Directors				
$0 to $9,999	**-**	-	**1**	1
$40,000 to $49,999	**-**	-	**5**	5
$50,000 to $59,999	**-**	-	**1**	-
$80,000 to $89,999	**-**	-	**1**	-
$90,000 to $99,999	**-**	-	**-**	1
Executives				
$120,000 to $129,999	**-**	1	**-**	1
$210,000 to $219,999	**-**	1	**-**	1
$240,000 to $249,999	**-**	1	**-**	1
$250,000 to $259,999	**1**	-	**1**	-
$260,000 to $269,999	**1**	1	**1**	1
$280,000 to $289,999	**-**	1	**-**	1
$290,000 to $299,999	**1**	-	**1**	-
$300,000 to $309,999	**1**	-	**1**	-
$320,000 to $329,999	**1**	-	**1**	-
$610,000 to $619,999[c]	**1**	-	**1**	-
$620,000 to $629,999	**-**	1	**-**	1

[a] Remuneration for each Director and executive officer includes salary, bonus, superannuation, retirement payments and other benefits.

[b] Mr J K McDonald was appointed Managing Director on 3 June 2002. Accordingly, one twelfth of his total remuneration for the financial year ended 30 June 2002 has been included in Directors' remuneration.

[c] Payment made by an entity within the consolidated entity.

37. Remuneration of Auditors

	Consolidated		Trust	
	1 July 2001 - 30 June 2002 $'000	17 March 2000 - 30 June 2001 $'000	1 July 2001 - 30 June 2002 $'000	17 March 2000 - 30 June 2001 $'000
Remuneration of the auditors of APA for:				
Auditing the financial report	**163,000**	177,000	**4,000**	5,000
Compliance Plan audit	**11,000**	16,450	**-**	-
Initial Systems Implementation support	**-**	33,155	**-**	-
Other Accounting and Assurance Services	**82,850** [a]	53,395	**-**	-
	256,850	280,000	**4,000**	5,000

[a] Services provided were in accordance with the auditor independence policy recently established by the responsible entity.

38. Related Party Disclosures

(a) Responsible Entity

The responsible entity of Australian Pipeline Trust is Australian Pipeline Limited ACN 091 344 704. Australian Pipeline Limited is 50% owned by The Australian Gas Light Company and 50% owned by unrelated parties.

(b) Equity Interests in Related Parties

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 33 and the details of the percentage of ordinary shares held in joint venture entities are disclosed in Note 41.

(c) Directors' Remuneration

Details of Directors' remuneration is disclosed in Note 36.

(d) Equity Holdings of Directors of Australian Pipeline Limited	Units of APA	
	2002	2001
Number held at the beginning of the financial period by Directors and their director-related entities	**86,000**	-
Purchased during the financial period by Directors and their director-related entities	**9,000**	86,000
Newly appointed Director's, existing holding	**6,000**	-
Disposed during the financial period by Directors and their director-related entities	**(30,000)**	-
Number held at the end of the financial year by Directors and their director-related entities	**71,000**	86,000

(e) Transactions Between APA and Controlled Entities

Details of dividend revenue from controlled entities are disclosed in Note 2 to the financial statements. Aggregate amounts receivable from and payable to controlled entities are disclosed in Notes 11 and 20 to the financial statements.

(f) Transactions With Related Parties

Transactions with related parties have taken place at arms length and in the ordinary course of business.

Australian Pipeline Limited

Management fees of $0.964 million (2001: $1.029 million) were paid to the responsible entity as reimbursement of costs incurred on behalf of APA. No amounts were paid directly by APA to the Directors of Australian Pipeline Limited.

38. Related Party Disclosures (continued)

(f) Transactions With Related Parties (continued)

The Australian Gas Light Company ("AGL")

The relationship between APA and AGL is governed by a number of agreements including the Pipeline Management Agreement ("PMA") and the Pipeline Development Agreement ("PDA").

Under the PMA, a controlled entity of AGL, Agility Management Pty Limited, provides technical services and certain marketing and transitional services in respect of the consolidated entity's gas transmission assets. Compensation for these services is a combination of agreed costs and an annual management fee partially indexed to CPI. The initial term of the PMA is twenty years and rolling five year terms thereafter, terminable on twelve months' notice. The costs for specified technical and marketing services are fixed until 2005, but are reviewable thereafter. After 30 June 2005, the consolidated entity may request Agility Management Pty Limited to introduce contestability in the provision of certain of the services.

The PDA sets out the terms governing the future transfer of assets between APA and AGL. Pursuant to this agreement, both parties agree that they will jointly seek out and examine opportunities to develop projects. The agreement provides the consolidated entity with a first right to purchase at least 20% of the Papua New Guinea Gas Pipeline and AGL's entire interest in other future gas transmission projects in Australia. Under the agreement, the Board will review any future project offered and determine whether or not to purchase the project on terms negotiated with AGL. The annual amount payable for these services is the greater of costs (determined by reference to hourly rates) and $250,000 (increasing in accordance with CPI). The initial term of the PDA is twenty years and rolling five year terms thereafter, terminable on twelve months' notice.

During the financial year, various controlled entities of AGL provided services to the consolidated entity as follows:

Controlled Entity of AGL	Nature of Services	2002 $'000	2001 $'000
Agility Management Pty Limited	Technical/Marketing services under PMA.	**27,455**	28,774
Agility Services Pty Limited	Pipeline maintenance and other services	**4,799**	8,549
Agility Management Pty Limited	Pipeline maintenance and other services	**4,897**	4,147
Other AGL controlled entities	Advisory and other services	**276**	1,110
		37,427	42,580
Agility Team Build Pty Limited	Capital construction project	**44,225**	36,463
		81,652	79,043

The Gas Transportation Deed ("GTD") between East Australian Pipeline Limited ("EAPL"), an entity in the wholly-owned group, and AGL Wholesale Gas Limited is the main revenue contract for the Moomba to Sydney Pipeline System and expires on 1 January 2017. Until 1 January 2007, AGL Wholesale Gas Limited will, pursuant to the GTD, pay a series of minimum monthly payments to EAPL to be offset against AGL Wholesale Gas Limited's liability to pay for gas transported, determined using the minimum published reference tariff from time to time. As at 1 January 2007, any amounts that are not required to satisfy AGL Wholesale Gas Limited's liability to pay for transportation services are retained by EAPL.

For the period from 1 January 2007 until 1 January 2017, EAPL must provide AGL Wholesale Gas Limited firm transportation service with a grant of transportation reservation to a defined maximum daily quantity. The tariff for this service will be the minimum published reference tariff from time to time.

During the financial year, APA provided gas transportation and other services to AGL and its controlled entities. The total gas transportation and related services revenue was $100.759 million (2001: $107.303 million). Of this amount transportation revenue under the GTD with AGL Wholesale Gas Limited was $93.159 million (2001: $95.484 million).

AGL has provided a $5 million guarantee to enable the responsible entity to meet its Dealers' Licence requirements under the Corporations Act 2001.

39. Notes to the Statement of Cash Flows

	Consolidated 2002 $'000	Consolidated 2001 $'000	Trust 2002 $'000	Trust 2001 $'000
(a) Reconciliation of Cash				
For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the Statement of Financial Position as follows:				
Cash at bank and on hand	**10,297**	6,406	**95**	103
Short term deposits	**5,394**	5,831	**-**	-
	15,691	12,237	**95**	103
(b) Financing Facilities				
Unsecured syndicated bank borrowings:				
Amount used	**754,000**	733,000	**-**	-
Amount unused	**91,000**	112,000	**-**	-
	845,000	845,000	**-**	-

	Consolidated 1 July 2001 - 30 June 2002 $'000	Consolidated 17 March 2000 - 30 June 2001 $'000	Trust 1 July 2001 - 30 June 2002 $'000	Trust 17 March 2000 - 30 June 2001 $'000
(c) Controlled Entities Acquired (Note 34)				
Consideration:				
Cash[a]	**2,109**	351,551	**2,109**	351,551
Other assets	**-**	-	**-**	-
	2,109	351,551	**2,109**	351,551
Fair value of net assets acquired:				
Cash	**-**	10,281	**-**	-
Receivables	**-**	43,654	**-**	-
Investments	**-**	128,240	**-**	371,551
Property, plant and equipment	**-**	1,176,142	**-**	-
Intangibles	**-**	10,902	**-**	-
Deferred expenditure	**-**	8,766	**-**	-
Deferred tax assets	**-**	2,222	**-**	-
Other assets	**-**	1,209	**-**	-
Payables	**2,109**	(186,815)	**2,109**	(20,000)
Unearned revenue	**-**	(1,245)	**-**	-
Borrowings	**-**	(740,392)	**-**	-
Deferred tax liabilities	**-**	(101,161)	**-**	-
Other provisions	**-**	(147)	**-**	-
Outside equity interests	**-**	(105)	**-**	-
Total	**2,109**	351,551	**2,109**	351,551

[a] Payment in financial year 2002 relates to stamp duty creditor pertaining to the APT Pipelines Limited acquisition.

39. Notes to the Statement of Cash Flows (continued)

(c) Controlled Entities Acquired (Note 34) (continued)

	Consolidated		Trust	
	1 July 2001 - 30 June 2002 $'000	17 March 2000 - 30 June 2001 $'000	1 July 2001 - 30 June 2002 $'000	17 March 2000 - 30 June 2001 $'000
Net cash outflow on acquisition				
Cash consideration	**2,109**	351,551	**2,109**	351,551
Less: cash balances acquired	**-**	(10,281)	**-**	-
Total outflow of cash	**2,109**	341,270	**2,109**	351,551

(d) Reconciliation of Profit from Ordinary Activities After Income Tax to Net Cash Flows from Operating Activities

Profit from ordinary activities after income tax expense	**37,374**	33,221	**37,820**	31,477
(Profit)/loss on sale of non-current assets	**(82)**	(62)	**-**	-
Share of joint venture entities profit (net of dividends received)	**(488)**	(1,513)	**-**	-
Depreciation and amortisation of non-current assets	**27,931**	28,022	**-**	-
Changes in assets and liabilities, net of effects from acquisitions of businesses:				
Current receivables	**7,931**	15,421	**16**	(101)
Current inventories	**110**	(13)	**-**	-
Other current assets	**(17)**	59	**-**	-
Current payables	**(10,376)**	10,734	**9**	(199)
Other current liabilities	**1,006**	7,022	**-**	-
Non-current assets	**101**	-	**-**	-
Non-current liabilities	**(130)**	(76)	**-**	-
Increase/(decrease) in income tax balances	**21,726**	19,954	**-**	-
Net cash from operating activities	**85,086**	112,769	**37,845**	31,177

40. Economic Dependency

(a) A significant amount of the consolidated entity's revenues are derived pursuant to the Gas Transportation Deed between AGL Wholesale Gas Limited and a wholly-owned controlled entity of APA.

(b) The consolidated entity is dependent to a significant extent on the technical and marketing services provided by Agility Management Pty Limited pursuant to the Pipeline Management Agreement that covers certain of the consolidated entity's gas transmission pipelines.

41. Investments Accounted For Using The Equity Method

Name of Entity	Principal Activity	Ownership Interest 2002 %	2001 %
SCP Investments (No.1) Pty Ltd	Transmission of natural gas	**45**	45

	Consolidated 2002 $'000	2001 $'000
Movement in Investment in Joint Venture Entity		
Equity accounted amount of investment at the beginning of the financial year	**129,753**	128,240
Share of net profit from ordinary activities after income tax expense	**10,740**	8,538
Adjustment for dissimilar accounting policies	**486**	490
Additional amortisation on acquisition	**(289)**	(310)
Share of dividends received	**(10,450)**	(7,205)
Equity accounted amount of investment at the end of the financial year	**130,240**	129,753
Share of Assets and Liabilities of Joint Venture Entity		
Assets		
Cash	**17,844**	10,458
Other current assets	**5,962**	7,238
Property, plant and equipment	**234,538**	238,951
Liabilities		
Current payables	**(4,767)**	(2,797)
Current interest-bearing liabilities	**(7,212)**	(5,803)
Non-current liabilities	**(135,111)**	(137,084)
Net assets	**111,254**	110,963
Share of Net Profit of Joint Venture Entity		
Revenues from ordinary activities	**35,094**	33,849
Expenses from ordinary activities	**(19,114)**	(20,956)
Profit from ordinary activities before income tax expense	**15,980**	12,893
Income tax (expense) attributable to ordinary activities	**(5,240)**	(4,355)
Profit from ordinary activities after income tax expense	**10,740**	8,538
Share of Reserves of Joint Venture Entity		
Retained profits		
At the beginning of the financial year	**2,665**	-
At the end of the financial year	**2,955**	2,665

The capital commitments arising from the consolidated entity's interest in joint venture entities are disclosed in Note 29.

42. Financial Instruments

(a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1.

(b) Interest Rate Contracts

The consolidated entity enters into various types of interest rate contracts in managing interest rate exposure, including interest rate swap contracts and forward interest rate contracts. The consolidated entity does not enter into such instruments for speculative purposes.

Under interest rate swap contracts, the consolidated entity agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the consolidated entity to mitigate the risk of rising interest rates.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts and forward interest rate contracts outstanding as at the reporting date:

Outstanding Contracts	Weighted Average Interest Rate 2002 % pa	Notional Principal Amount 2002 $'000	Weighted Average Interest Rate 2001 % pa	Notional Principal Amount 2001 $'000
Less than 1 year	**6.9550**	**50,000**	4.8408	225,000
1 to 2 years	**-**	**-**	6.9550	50,000
2 to 5 years	**6.4951**	**645,000**	7.0314	70,000
5 years and more	**-**	**-**	7.1371	350,000
		695,000		**695,000**

(c) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The consolidated entity measures credit risk on a fair value basis. The consolidated entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any provisions, represents the consolidated entity's maximum exposure to credit risk in relation to those assets.

42. Financial Instruments (continued)

(d) Interest Rate Risk

The consolidated entity's exposure to interest rate risk and the effective interest rate on financial instruments at the reporting date are detailed in the following table.

2002	Average Interest Rate %	Variable Interest Rate $'000	Fixed Interest Rate Maturity: Less than 1 Year $'000	Fixed Interest Rate Maturity: 1 to 5 Years $'000	Fixed Interest Rate Maturity: More than 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Financial Assets							
Cash	4.39	15,691	-	-	-	-	15,691
Receivables	-	-	-	-	-	18,063	18,063
		15,691	-	-	-	18,063	33,754
Financial Liabilities							
Payables	-	-	-	-	-	49,853	49,853
Bank loans	5.96	754,000	-	-	-	-	754,000
Bank loan [a]	-	-	-	-	-	1,645	1,645
Interest rate contracts	6.53	(695,000)	50,000	645,000	-	-	-
Financial lease liabilities	6.99	589	-	-	-	-	589
Distribution payable	-	-	-	-	-	15,860	15,860
Employee entitlements	-	-	-	-	-	833	833
Other - unearned interest	-	-	-	-	-	6,560	6,560
- unearned revenue	-	-	-	-	-	1,224	1,224
		59,589	50,000	645,000	-	75,975	830,564

[a] residual payment due to financiers on expiration of lease.

42. Financial Instruments (continued)

(d) Interest Rate Risk (continued)

2001	Average Interest Rate %	Variable Interest Rate $'000	Fixed Interest Rate Maturity: Less than 1 Year $'000	Fixed Interest Rate Maturity: 1 to 5 Years $'000	Fixed Interest Rate Maturity: More than 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Financial Assets							
Cash	**4.82**	**12,237**	**-**	**-**	**-**	**-**	**12,237**
Receivables	**-**	**-**	**-**	**-**	**-**	**26,095**	**26,095**
		12,237	**-**	**-**	**-**	**26,095**	**38,332**
Financial Liabilities							
Payables	**-**	**-**	**-**	**-**	**-**	**62,869**	**62,869**
Bank loans	**5.80**	**733,000**	**-**	**-**	**-**	**-**	**733,000**
Bank loan [a]	**-**	**-**	**-**	**-**	**-**	**1,645**	**1,645**
Interest rate contracts	**6.37**	**(695,000)**	**225,000**	**120,000**	**350,000**	**-**	**-**
Financial lease liabilities	**7.09**	**572**	**-**	**-**	**-**	**-**	**572**
Distribution payable	**-**	**-**	**-**	**-**	**-**	**14,640**	**14,640**
Employee entitlements	**-**	**-**	**-**	**-**	**-**	**653**	**653**
Other - unearned interest	**-**	**-**	**-**	**-**	**-**	**6,284**	**6,284**
- unearned revenue		**-**	**-**	**-**	**-**	**903**	**903**
		38,572	**225,000**	**120,000**	**350,000**	**86,994**	**820,566**

[a] Residual payment due to financiers on expiration of lease.

(e) Net Fair Values

Except as detailed in the following table, the carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1.

The net fair value of financial assets and liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow theory.

	Carrying Amount 2002 $'000	Carrying Amount 2001 $'000	Net Fair Value 2002 $'000	Net Fair Value 2001 $'000
Financial Assets - not readily traded				
Favourable interest rate swap contracts	**(75)**	23	**3,231**	643
Financial Liabilities - not readily traded				
Unfavourable interest rate swap contracts	**(789)**	(898)	**(18,304)**	(18,568)

DIRECTORS' DECLARATION

The financial statements and notes thereto of the Australian Pipeline Trust ("APA") for the financial year ended 30 June 2002 have been prepared by Australian Pipeline Limited ("the responsible entity") in accordance with the Corporations Act 2001.

The Directors of the responsible entity declare that:

(a) the attached financial statements and notes thereto comply with Accounting Standards;

(b) the attached financial statements and notes thereto give a true and fair view of the financial position and performance of APA and the consolidated entity;

(c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and

(d) in the Directors' opinion, there are reasonable grounds to believe that APA will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors of the responsible entity made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Directors

G H Bennett
Chairman

R J Wright
Director

SYDNEY, 5 September, 2002

to the Unitholders of Australian Pipeline Trust

Scope

We have audited the financial report of Australian Pipeline Trust ("the Trust") for the financial year ended 30 June 2002 as set out on pages 24 to 57. The financial report includes the consolidated financial statements of the consolidated entity comprising the Trust and the entities it controlled at the financial year's end or from time to time during the financial year. The Directors of Australian Pipeline Limited, as responsible entity for the Trust, are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the unitholders of the Trust.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the Trust's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Australian Pipeline Trust is in accordance with:

(a) the Corporations Act 2001, including:

- i. giving a true and fair view of the Trust's and consolidated entity's financial position as at 30 June 2002 and of their performance for the financial year ended on that date; and
- ii. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

DELOITTE TOUCHE TOHMATSU

J H W Riddell
Partner
Chartered Accountants
SYDNEY, 5 September, 2002

The liability of Deloitte Touche Tohmatsu is limited by, and to the extent of, the Accountants' Scheme under the Professional Standards Act 1994 (NSW).

ADDITIONAL STOCK EXCHANGE INFORMATION

20 Largest Unitholders As at 5th September, 2002	Fully paid units '000's	Total issued units %
The Australian Gas Light Company	73,200	30.0
Petronas Australia Pty Limited	24,400	10.0
Questor Financial Services Limited <TPS RF A/C>	2,396	0.98
National Nominees Limited	2,060	0.84
JP Morgan Nominees Australia Limited	1,781	0.73
Commonwealth Custodial Services Limited	1,706	0.70
Westpac Custodian Nominees Limited	1,619	0.66
Sandhurst Trustees Ltd <Aust Ethical Balanced A/C>	828	0.34
Permanent Trustee Company Ltd <PTC0040 A/C>	750	0.31
Health Super Pty Ltd	632	0.26
RBC Global Services Australia Nominees Pty Limited <Flexiplan A/C>	621	0.25
The Presbyterian Church of Victoria Trusts Corporation	540	0.22
Lady Norma Trescowthick	530	0.22
Huntley Investment Company Limited	501	0.21
Ms Thelma Joan Martin-Weber	500	0.20
Sandhurst Trustees Ltd <Aust Ethical Large Co A/C>	489	0.20
Custodial Services Limited	370	0.15
Questor Financial Services Limited <TPS PIP A/C>	347	0.14
UBS Warburg Private Clients Nominees Pty Ltd	338	0.14
Westpac Financial Services	317	0.13
Total	113,925	46.69
Total Other Investors	130,075	53.31
Grand Total	**244,000**	**100**

As at 13th September, 2002	Quoted Fully Paid Units with Full Voting Rights Unitholders	Units %
Distribution of Unitholders and Unitholdings		
Class of holder		
Individuals	23,996	38.54
Companies and other	4,525	61.46
Size of holding		
1 – 1,000	4,192	1.63
1,001 – 5,000	19,005	22.48
5,001 – 10,000	3,572	11.84
10,001 – 100,000	1,748	14.94
100,001 and over	49	49.12
Holding less than a marketable parcel	50	

Enquiries

Unitholders with enquiries about their unitholdings should contact the unit registry:
Telephone: 02 8280 7132
Facsimile: 02 8280 7599
Email: registrars@aprl.com.au
Address:
APA Unit Registry
C/- ASX Perpetual Registrars Limited
Locked Bag A14
Sydney South NSW 1232.

Distribution

The 2002 final distribution of 6.5 cents per unit is to be paid on 30 September 2002.

Change of Address

Unitholders who have changed their address should advise the registry in writing.

Direct Payment to Bank Accounts

Distributions may be paid direct to bank, building society or credit union accounts in Australia. Payments are electronically credited on the distribution payment date and confirmed by post. Unitholders who wish their distributions to be paid in this way must advise the registry in writing prior to the record date of the first distribution payment they wish to be paid by direct credit.

To Consolidate Unitholdings

Unitholders who wish to consolidate their separate unitholdings into one account should advise the registry in writing.

Removal from Annual Report Mailing List

It is at the discretion of unitholders to decide their preferred arrangements for receipt of APA's various annual report documents. We communicated with you in Issue 4 June edition of 'In the Pipeline' that only a full annual report will be produced due to cost. Therefore, all unitholders who elected to receive a report, whether concise or full annual report, will receive the same document. If you do not wish to receive a report, please advise the registry by phone or in writing.

Tax File Numbers

Australian resident unitholders, including minors, should advise their tax file number or exemption details to the registry either by phone or in writing. If a tax file number is not quoted and no exemption details are provided by a unitholder, APA is required by law to deduct tax at the top marginal rate of tax plus Medicare levy from the unfranked part of distributions paid to that unitholder.

GLOSSARY OF TERMS

ACCC
Australian Competition and Consumer Commission

APA or **Trust**
Australian Pipeline Trust

ASX
Australian Stock Exchange Limited

Co-generation
The simultaneous production of electrical energy plus heat from a single fuel source, such as natural gas.

CSM
Coal Seam Methane – The extraction of natural gas from a coal seam.

EBITDA
Earnings before interest, tax, depreciation and amortisation.

EBIT
Earnings before interest and tax

GGT
Goldfields Gas Transmission Pipeline System

Looping
Increasing the capacity of the pipeline by installation of a second pipeline, parallel to and joined with the original.

Meter Station
The point where gas is metered, which can be either the inlet or the outlet of the pipeline.

MSP
Moomba to Sydney Pipeline System

MW
Megawatts

Natural Gas
Naturally occurring hydrocarbons consisting mainly of methane, often associated with petroleum.

NCC
National Competition Council

PNG Project
Papua New Guinea Project

RBP
Roma to Brisbane Pipeline System

SEDA
Sustainable Energy Development Authority

SCP
SCP Investments (No. 1) Pty Ltd which has an indirect interest in the Goldfields Gas Transmission Pipeline System

Year, YEJ or **Financial Year**
The 12 months ended 30 June

DIRECTORY

Responsible Entity
Registered Office
Australian Pipeline Limited ABN 99 091 344 704
Level 5, Airport Central Tower, 241 O'Riordan Street
(PO Box 934), Mascot NSW 2020
Telephone: (02) 9693 0000
Facsimile: (02) 8339 0005
Website address: www.pipelinetrust.com.au

Directors of the Responsible Entity
Mr George H Bennett (Chairman)
Mr Les J Fisk
Mr John A Fletcher
Mr Thomas C Ford
Mr Muri Muhammad
Mr Robert J Wright
Mr Ng Chong Wah (Alternate Director to Muri Muhammad)
Mr James K McDonald (Managing Director)

Chief Financial Officer
Mr Graeme N Williams

Company Secretary
Mr Austin J V James

Auditors of the Trust
Deloitte Touche Tohmatsu

ASX Code
APA

FINANCIAL CALENDAR

SEPTEMBER 2002
Final distribution payable (30th)

OCTOBER 2002
Annual Unitholder Information Meeting (24th)
Hotel Inter-Continental, Sydney

DECEMBER 2002
Interim distribution payable (20th)

MARCH 2003
Interim distribution and half year results announced (5th)
Interim distribution payable (31st)

JUNE 2003
Interim distribution payable (26th)
Year end (30th)

INVITATION TO THE ANNUAL UNITHOLDER INFORMATION MEETING
The Annual Unitholder Information Meeting will be held in the Hotel Inter-Continental, 117 Macquarie Street, Sydney, on Thursday 24 October 2002 at 10.30am. The formal Notice of Meeting is enclosed with this report.

TERMS AND ABBREVIATIONS
This report uses terms and abbreviations relevant to APA's activities and financial accounts. A glossary of the terms and abbreviations used in this report is provided on this page.

AUSTRALIAN PIPELINE TRUST ONLINE
For an overview to the APA and access to the businesses announcements, investor information and financial performance, visit www.pipelinetrust.com.au.

Australian Pipeline Trust ABN 21 858 175 226

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