



WHAT'S IN THE PIPELINE?



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**AUSTRALIAN PIPELINE TRUST
AND ITS CONTROLLED ENTITIES**
ARSN 091 678 778

DIRECTORS' REPORT

The directors of Australian Pipeline Limited ("Responsible Entity") submit their report and the annual financial report of Australian Pipeline Trust ("APT") and its controlled entities (together "APA" or "Consolidated Entity") for the financial year ended 30 June 2011. This report refers to the consolidated results of APT and APT Investment Trust ("APTIT").

DIRECTORS

The names of the directors of the Responsible Entity during the year and since the year end are:

Leonard Bleasel AM	Chairman
Steven Crane	Appointed 1 January 2011
John Fletcher	
Russell Higgins AO	
Patricia McKenzie	Appointed 1 January 2011
Muri Muhammad	
George Ratilal	Resigned 26 August 2010
Robert Wright	
Michael McCormack	Managing Director

Details of the directors, their qualifications, experience, special responsibilities and directorships of other listed entities are set out on pages 10 to 12.

George Ratilal was appointed as alternate director for Muri Muhammad on 26 August 2010.

DISTRIBUTIONS

Distributions paid to securityholders during the year were:

	FINAL FY 2010 DISTRIBUTION PAID 15 SEPTEMBER 2010		SEMI-ANNUAL FY 2011 DISTRIBUTION PAID 17 MARCH 2011	
	Cents per security	Total distribution \$000	Cents per security	Total distribution \$000
APT profit distribution	1.73	9,364	9.55	52,681
APT capital distribution	8.58	46,552	2.46	13,592
APTIT profit distribution	3.67	19,928	3.75	20,629
APTIT capital distribution	3.02	16,350	0.75	4,127
Total	17.0	92,194	16.5	91,029

On 24 August 2011, the directors declared a final distribution for APA for the year of 17.9 cents per security payable 15 September 2011, made up of:

	FINAL FY 2011 DISTRIBUTION PAYABLE 15 SEPTEMBER 2011	
	Cents per security	Total distribution \$000
APT profit distribution	3.42	19,054
APT capital distribution	8.41	46,761
APTIT profit distribution	3.41	18,951
APTIT capital distribution	2.66	14,793
Total	17.9	99,559

Total distribution for the financial year ended 30 June 2011 is 34.4 cents per security, an increase of 1.65 cents or 5.0% on last year.

Distribution information is presented on an accounting classification basis. The APA Group Annual Tax Statement and Annual Tax Return Guide (released in September 2011) provides the classification of distribution components for the purposes of preparation of securityholder income tax returns.

COMPANY SECRETARY

Mark Knapman

Details of the Company Secretary, his qualifications and experience are set out on page 11.

PRINCIPAL ACTIVITIES

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

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

During the year APA acquired the Emu Downs wind farm as part of its strategy to maintain or increase revenue from its portfolio of gas transmission and distribution assets. Consequently, APA has changed the name of the segment previously known as 'Gas Transmission and Distribution' to 'Energy Infrastructure' which includes the Emu Downs wind farm as well as the gas transmission and distribution assets.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

DIRECTORS' REPORT

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FINANCIAL AND OPERATIONAL REVIEW

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

YEAR ENDED 30 JUNE	2011 \$000	2010 \$000	CHANGES	
			\$000	%
Operating results including significant items				
Total revenue excluding pass-through ⁽¹⁾	720,256	659,548	60,708	9.2
Total revenue	1,101,989	989,490	112,499	11.4
EBITDA	492,109	459,975	32,134	7.0
Depreciation and amortisation expense	(100,350)	(91,426)	(8,924)	(9.8)
EBIT	391,759	368,549	23,210	6.3
Net interest expense	(247,072)	(229,369)	(17,704)	(7.7)
Pre-tax profit	144,687	139,180	5,506	4.0
Income tax expense	(35,862)	(38,672)	2,810	7.3
Minorities	(316)	(150)	(166)	(110.8)
Operating profit after tax and minorities, including significant items	108,508	100,358	8,150	8.1
Significant items after income tax ⁽²⁾	(432)	-	(432)	-
Profit after income tax and minorities, excluding significant items	108,940	100,358	8,582	8.6
Operating cash flow ^{(3) (5)}	290,029	267,761	22,268	8.3
Operating cash flow per security (cents) ⁽⁵⁾	52.6	51.9	0.7	1.4
Earnings per security (cents) ⁽⁵⁾	19.7	19.4	0.2	1.3
Distribution per security (cents)	34.4	32.75	1.65	5.0
Distribution payout ratio ⁽⁴⁾	65.7	64.4		
Net tangible asset per security	\$1.51	\$1.28	\$0.23	18.0
Weighted average number of securities (000)	551,222	516,243		

(1) Pass-through revenue is revenue on which no margin is earned. It arises in the NT Gas business and the asset management operations in respect of costs incurred in, and passed on to Envestra Limited in respect of, the operation of the Envestra Limited assets

(2) Significant items in the 12 months to 30 June 2011 include APA's equity share of the EII2 investment allowance concession benefit (\$6.9 million), profit on the sale of APA's investment in CAMS (\$1.7 million) offset by transaction costs of the Emu Downs wind farm acquisition (\$9.0 million). Refer to Note 8 of the financial statements

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

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

(5) Adjusted for significant items

APA reported operating profit after tax and minorities of \$108.5 million, an increase of 8.1% compared with \$100.4 million last year. APA's profit contained three significant items with an overall net negative impact of \$0.4 million.

Revenue (excluding pass-through) increased by \$60.7 million to \$720.3 million, an increase of 9.2% on last year, while earnings before interest, tax, depreciation and amortisation ("EBITDA") increased by \$32.1 million to \$492.1 million, an increase of 7.0%.

The main factors driving the increase in operating profit and EBITDA include:

- growth in Queensland and Victorian transmission pipeline revenue, offset somewhat by flood damage repair costs in Queensland and reduced revenue from Western Australian pipelines;
- growth in Asset Management third party work and revenue for managing Envestra Limited's assets;
- increase in Energy Investments revenue due to an increase in APA's investment in Hastings Diversified Utilities Fund and Envestra Limited; and
- increase in debt costs due to an increase in debt margins which have been experienced globally.

Operating cash flow increased by 8.3% to \$290.0 million (2010: \$267.8 million), while operating cash flow per security increased by 1.4% or 0.7 cents to 52.6 cents per security (2010: 51.9 cents per security).

APA's distributions for the financial year total 34.4 cents per security, an increase of 5.0%, or 1.65 cents on last year. APA achieved its guidance of at least 5% growth in distributions for the 2011 financial year while maintaining a prudent payout ratio. The distribution payout ratio for the year was 65.7%, further demonstrating APA's ability to fully fund its distributions out of operating cash flows.

CAPITAL MANAGEMENT

During the year, APA undertook capital raising activities to assist in the funding of the continuing strong growth of the business. This involved issuance of new securities under the operation of the Distribution Reinvestment Plan and an institutional placement.

APA issued the following two tranches of new securities under its Distribution Reinvestment Plan:

- on 15 September 2010, 9,370,489 securities at \$3.69 per security raising \$34.6 million; and
- on 17 March 2011, 4,504,833 securities at \$3.95 per security raising \$17.8 million.

On 23 June 2011, APA announced an institutional placement to fund the Emu Downs wind farm acquisition and to partially fund organic expansion of APA's energy infrastructure over the period to June 2012. On 29 June 2011, APA

DIRECTORS' REPORT

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issued 77,922,078 new securities at \$3.85 per security through this institutional placement, raising \$300.0 million. The securities issued were not entitled to the final distribution for the year which will be paid on 15 September 2011.

As at 30 June 2011, there were 634,116,029 securities on issue (30 June 2010: 542,318,629).

APA continued to use the Distribution Reinvestment Plan in providing equity support to its ongoing strong organic growth and investment projects.

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

On 30 June 2011, APA successfully refinanced \$165 million of bilateral debt facilities (drawn to \$145.3 million) which were due to mature in July 2011. APA replaced these three bilateral bank facilities with three new facilities, each providing a commitment of \$75 million, totalling \$225 million. The new facilities have a term of just over three years, maturing in mid July 2014, and will be used for general corporate purposes.

At 30 June 2011, APA's debt portfolio has a broad spread of maturities extending out to 2022, with an average maturity of 4.5 years. APA has gearing of 66.2%¹ at 30 June 2011, down from 69.8% at 30 June 2010.

At 30 June 2011, APA had in excess of \$320 million in cash and committed undrawn facilities available to meet the continued capital growth needs of the business.

APA has a prudent treasury policy which requires conservative levels of hedging of interest rate exposures to minimise the potential impacts from adverse movements in rates. All interest rates and foreign currency exposures on US Private Placement Notes have been hedged. APA also enters into interest rate hedges for a proportion of the interest rate exposure on its other floating rate borrowings. At 30 June 2011, 73.5% of interest obligations were either hedged or at fixed interest rates for varying periods extending out for 11 years.

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

At 30 June 2011, current liabilities exceed current assets by \$888.6 million due primarily to the fact that \$900.0 million of syndicated facilities are due for repayment in June 2012. APA has a number of Debt Capital Market programs in place and underway which, along with the local bank syndication market, will provide sources from which APA will undertake refinancing of this facility in coming months.

BORROWINGS AND FINANCE COSTS

As at 30 June 2011, APA had borrowings of \$3,239.9 million (\$3,156.8 million at 30 June 2010), principally from syndicated bank debt facilities, bilateral debt facilities, US Private Placement notes and Australian Medium Term Notes. Following the \$300 million Australian Medium Term Note issue in July 2010, significant additional debt facility headroom was created. This headroom was reduced in December to a more normalised position by cancelling \$412 million of syndicated bank facilities which were otherwise due to mature on 1 July 2011.

The increase in borrowings compared with last year is primarily due to the additional funds drawn (\$83 million) to support equity and operating cash flows retained to fund APA's strong organic growth and investments (\$498 million).

Net underlying finance costs increased by \$17.7 million, or 7.7%, to \$247.1 million (2010: \$229.4 million) over last year primarily as a result of increased floating interest rates and borrowing margins, amortisation of borrowing costs related to bank debt facilities and increased commitment fees associated with maintaining a higher level of debt facility headroom during the first half of the year. The average interest rate (including credit margins) applying to drawn debt was 7.47% for the year.

APA's interest cover ratio for the year decreased to 2.03 times from 2.11 times last year, while remaining well in excess of its debt covenant default ratio of 1.1 times, and distribution lock up ratio of 1.3 times.

CREDIT RATING

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

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

INCOME TAX

The effective income tax rate before significant items is 24.8%, down from 27.8% last year. The decrease has arisen predominantly as a result of amendments to prior year tax returns following changes to tax consolidation rules dealing with "rights to future income" and recognition of deductions for previous equity raising costs, plus the impact of investment allowances credits for the current year.

CAPITAL AND INVESTMENT EXPENDITURE

Capital and investment expenditure totalled \$516.0 million, \$163.9 million or 47% higher than last year (2010: \$352.1 million). This includes stay in business or maintenance capex of \$18.0 million.

Expenditure was generally either fully underwritten through long-term revenue arrangements or had regulatory approval through the relevant access arrangement.

¹ Gearing ratio determined in accordance with covenants in all debt facilities as net debt to net debt plus book equity

DIRECTORS' REPORT

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Capital and investment expenditure for the year is detailed in the table below.

CAPITAL AND INVESTMENT EXPENDITURE ⁽¹⁾	DESCRIPTION OF 2011 MAJOR PROJECTS	2011 \$ MILLION	2010 \$ MILLION
Growth expenditure			
<i>Regulated</i>			
Victorian Transmission System	Northern augmentation project	33.4	32.3
APA Gas Networks (Qld)	Includes southern network expansion	16.1	21.2
		49.5	53.5
<i>Major projects</i>			
Queensland	Roma Brisbane Pipeline expansion and lateral	19.6	11.6
New South Wales	Moomba Sydney Pipeline expansion; Young to Wagga looping project; Young Marsden compression project	34.3	31.1
Western Australia	Mondarra Gas Storage Facility	39.8	14.4
Other	Corporate financial and Customer Management systems	12.2	10.0
		105.8	67.1
<i>Acquisitions</i>			
Energy Infrastructure	Amadeus Gas Pipeline; Emu Downs wind farm	228.8	83.3
Energy Investments	Increased interest in SEA Gas Pipeline, Envestra Limited and Hastings Diversified Utilities Fund; EII2 equity	113.9	137.2
		342.6	220.5
Total growth capex		498.0	341.1
Stay in business capex		18.0	14.7
Total capex		516.0	355.8

(1) The capital expenditure shown in this table represents actual cash payments as disclosed in the cash flow statement; it excludes accruals brought forward from the prior year and carried forward to next year

DIRECTORS' REPORT

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BUSINESS SEGMENT PERFORMANCES

APA's operations and financial result for the year reflects strong growth across all business segments.

Statutory reported revenue and EBITDA performance of APA's business segments is set out in the following table:

YEAR ENDED 30 JUNE	2011 \$000	2010 \$000	CHANGES	
			\$000	%
Revenue				
<i>Energy Infrastructure</i>				
Queensland	164,308	151,204	13,104	8.7
New South Wales	126,657	120,773	5,884	4.9
Victoria	151,209	136,852	14,357	10.5
South Australia	2,049	2,005	44	2.2
Western Australia	143,643	144,145	(502)	(0.3)
Northern Territory	13,850	11,242	2,608	23.2
Energy Infrastructure total	601,716	566,221	35,495	6.3
Asset Management	68,647	60,053	8,594	14.3
Energy Investments	27,121	19,408	7,713	39.7
Total segment revenue	697,484	645,682	51,802	8.0
Pass-through revenue	381,733	329,942	51,791	15.7
Unallocated revenue	12,932	13,866	(934)	(6.7)
Significant items ⁽¹⁾	9,839	-		
Total revenue	1,101,989	989,490	112,498	11.4
EBITDA				
<i>Energy Infrastructure</i>				
Queensland	106,799	103,302	3,497	3.4
New South Wales	101,266	96,841	4,425	4.6
Victoria	114,263	103,987	10,276	9.9
South Australia	1,618	1,720	(102)	(5.9)
Western Australia	94,223	100,800	(6,577)	(6.5)
Northern Territory	5,578	1,938	3,640	187.8
Energy Infrastructure total	423,747	408,588	15,159	3.7
Asset Management	38,740	32,317	6,423	19.9
Energy Investments	27,102	19,070	8,032	42.1
Total segment EBITDA	489,588	459,975	29,614	6.4
Significant items ⁽¹⁾	2,521	-	2,521	
Total EBITDA	492,109	459,975	32,134	7.0

(1) EBITDA contribution of significant items in the 12 months to 30 June 2011 (net \$2.5 million) includes APA's equity share of the EII2 Investment Allowance Concession benefit (\$9.8 million in revenue and EBITDA), profit on the sale of APA's investment in CAMS (\$1.7 million) offset by transaction costs of the Emu Downs wind farm acquisition (\$9.0 million)

DIRECTORS' REPORT

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ENERGY INFRASTRUCTURE

APA has changed the name of the segment previously known as 'Gas Transmission and Distribution' to 'Energy Infrastructure'. The segment includes the Emu Downs wind farm acquired in June 2011, as well as the gas transmission and distribution assets.

The Energy Infrastructure segment contributed 86% of revenue and 87% of EBITDA. Revenue (excluding pass-through revenue) was \$601.7 million, an increase of 6.3% on the \$566.2 million reported last year. EBITDA increased by 3.7% to \$423.7 million (2010: \$408.6 million).

The following key factors contributed to this result:

- Victorian revenue and EBITDA contributed the greatest increase, with higher gas volumes through the Victorian Transmission System due to colder weather, together with the annual increase in tariffs;
- Queensland revenue increase was due to the increased use of the pipeline asset (gas volume and peak capacity) and general tariff increases across all assets, and a full year of earnings from the Berwyndale Wallumbilla Pipeline (2010: 3 months). EBITDA was impacted by the repair costs on the Roma Brisbane Pipeline and APA Gas Network following the summer flood events;
- New South Wales revenue and EBITDA was boosted by the new revenues for additional capacity and services on the Young to Wagga lateral, offset by the loss of short term contract revenue on the Moomba Sydney Pipeline system; and
- Western Australian earnings were lower primarily due to the regulatory tariff reduction on the Goldfields Gas Pipeline and lower gas volumes transported through the Parmelia Gas Pipeline.

APA continues to focus on the operation and development of its Energy Infrastructure assets across mainland Australia.

Queensland

- Roma Brisbane Pipeline

During the year APA entered into commercial agreements that underpin a \$50 million expansion of the pipeline. The additional capacity has been substantially contracted under long term transportation agreements with an energy retailer and a major industrial gas user. The pipeline's capacity will be increased by approximately 10% by means of additional compression, pipeline pressure upgrades and augmentation of the pipeline in the Brisbane metropolitan area. Design and procurement activities for the expansion project commenced with the expansion scheduled to be completed in the second half of 2012.

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

- APA Gas Network, Queensland

Network meter connections in the year increased by 2,837, taking connections to 84,799 at 30 June 2011 (81,962 at 30 June 2010). Gas volume transported through the network and to large customers was 12.9 PJ, 0.8 PJ or 6% below the 13.7 PJ last year, mainly due to a large gas user connecting directly to the Roma Brisbane Pipeline and ceasing to be a network customer.

Expansion of the gas network continued, including reticulation into new housing developments in the Gold Coast area. Gas mains laid for the year totalled 38 km, reaching over 2,500 new and existing home sites.

On 17 June 2011, the Australian Energy Regulator released its final decision on APA's access arrangement proposal for APA Gas Network, Queensland (Allgas). Further information on the submission and process is found on page 9 under 'Regulatory matters'.

- Berwyndale Wallumbilla Pipeline

In the first full 12 months of APA ownership, the pipeline is performing in line with acquisition expectations. APA and AGL entered into commercial agreements to build a lateral between the Berwyndale Wallumbilla Pipeline and the Silver Springs Pipeline owned by AGL. This work was completed in July 2011.

- Carpentaria Gas Pipeline

In December 2010, in response to the Queensland Government's 'Northwest Region Energy Review', APA submitted a proposal to supply gas-fired electricity to major energy users in the Mt Isa region, which is competing with alternative electricity options. The proposal is for a 240 MW gas-fired power station to commence generation in 2013, with gas volumes underpinning pipeline capacity on the Carpentaria Gas Pipeline. The gas fired-power station proposal is being jointly developed by APA and AGL, and is currently the preferred gas generation proposal for the two major energy users within the Mt Isa region. The competing non-gas option is known as "Copper String" which is the construction of an electricity transmission line between Townsville and Mt Isa. Copper String's viability is heavily reliant on both state and federal government financial support.

New South Wales

- Moomba Sydney Pipeline

Work continued on the \$100 million five-year capacity expansion program of the Moomba Sydney Pipeline. Capital expenditure for this year, the third year of the program, was \$9 million, bringing the total spent thus far to \$56 million.

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

During the year compressors at Young and Marsden were reconfigured to increase pipeline capacity on the Moomba Sydney Pipeline and the Central West Pipeline.

Victoria and South Australia

- Victorian Transmission System

Total gas volume transported through the Victorian Transmission System this year was the highest recorded at 245.7 PJ, up 7.6% on last year's volume of 228.4 PJ and 0.4% above the previous record volume (244.6 PJ in FY09). Colder than normal winters in 2010 and 2011 contributed to the increased volume of gas used by residential and commercial users and broadly improved economic activity lead to higher gas consumption by base load industrial customers.

APA completed the northern section expansion of the Victorian Transmission System in March 2011. The work included the upgrade of the Wollert Compressor Station and an increase in the working pressure for a section of the pipeline, which has resulted in increased capacity for gas transmission between NSW and Victoria. The expansion is included in the system's regulatory arrangement.

APA is constructing the first stage of the Western Outer Ring Main expansion at Sunbury to satisfy organic and future growth on the Victorian Transmission System, and will also maintain uninterrupted gas supply to the Sunbury and Ballarat regions.

- Dandenong LNG facility, Victoria

During the year, the use of the LNG facility for trucking transport fuel increased, contributing to increased earnings. Contracts were renegotiated with customers using the facility for gas supply 'peak shaving' storage, which also contributed to the increase.

DIRECTORS' REPORT

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Western Australia

– *Goldfields Gas Pipeline*

On 5 August 2010, the Economic Regulatory Authority of Western Australia issued its further final decision on APA's proposed access arrangement. Refer to 'Regulatory matters' on page 9 of this report for additional information.

– *Mondarra Gas Storage Facility*

In May 2011, APA entered into commercial agreements that will lead to the further development and expansion of its Mondarra Gas Storage Facility. The foundation contract is with Verve Energy, Western Australia's government-owned electricity generator, for a substantial part of the increased capacity of the facility. APA is in discussions with other potential customers for further gas storage services.

During the year, APA progressed the initial stages of expansion, including reservoir analysis, engineering and design, and procurement work. Over the next two years APA will construct further surface facilities, pipeline interconnects and treatment plants, with expected capital expenditure of up to \$140 million.

Completion of the expanded capacity is scheduled for 2013. The facility will continue to operate its existing contracted storage services during the expansion period.

The expansion is expected to result in commercial storage capacity of 15 PJ and a significant increase in daily injection and withdrawal rates. The expanded facility will provide APA's customers with supply options and flexibility to better manage their gas supply and demand portfolios.

The Mondarra expansion project has been welcomed by the Western Australian Government, which recognises the major role the expanded facility will play in enhancing future gas supply security for the state.

– *Emu Downs*

In June 2011, APA acquired the Emu Downs wind farm and development site in Western Australia. The 80 MW wind farm has been in operation since 2006 and is located 200 km north of Perth, 10 kilometres from APA's existing Parmelia Gas Pipeline.

APA secured long term revenue agreements for the total output of the 80 MW wind farm - both the electricity and Renewable Energy Certificates (RECs) - for the remaining operating life of this asset of approximately 20 years. These agreements are with large, highly creditworthy energy retailers, including the Western Australian government owned energy retailer Synergy. Operations and maintenance services are provided by the wind turbine manufacturer under a comprehensive service and availability agreement for the medium term.

The acquisition price of \$171.9 million includes the 80 MW wind farm and the wind farm development rights for a further 130 MW on adjacent land. This excludes stamp duty and transaction costs which total \$8.6 million.

Northern Territory

– *Amadeus Gas Pipeline*

APA acquired the Amadeus Gas Pipeline and associated infrastructure for \$63 million in June 2011. Since 1986, the Amadeus Gas Trust has leased the pipeline from a consortium of financial institutions, and NT Gas as trustee for the Amadeus Gas Trust has managed and operated the pipeline. APA holds a 96% interest in NT Gas and the Amadeus Gas Trust. APA acquired the pipeline and associated assets at the end of that lease.

The acquisition is supported by a new long term gas transportation agreement between APA and Power and Water Corporation, the Northern Territory's government-owned electricity provider.

On 20 July 2011, the Australian Energy Regulator released its final decision

on APA's access arrangement proposal for the Amadeus Gas Pipeline. Further information is found on page 9 under 'Regulatory matters'.

ASSET MANAGEMENT

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

Revenue (excluding pass-through revenue) from such services increased by 14.3% to \$68.6 million (2010: \$60.1 million) and EBITDA increased by 19.9% to \$38.7 million (2010: \$32.3 million), mainly due to increased Envestra Limited revenue and additional third party work.

During the year, Envestra Limited acquired the Wagga Wagga Gas Network. The operation and asset management of this network has been added to APA's asset management of Envestra Limited's networks, under the same terms and conditions. Consequently, APA employed 14 existing Wagga Wagga network operations personnel and integrated operations into APA's management of Envestra Limited's assets.

ENERGY INVESTMENTS

APA has an interest in a number of energy investments across Australia, including Envestra Limited, SEA Gas Pipeline, Energy Infrastructure Investments, Ethane Pipeline Income Fund, EI12 and Hastings Diversified Utilities Fund. APA holds a number of roles in respect of these vehicles in addition to its ownership interest.

All investments are equity accounted, with the exception of APA's interests in Ethane Pipeline Income Fund and Hastings Diversified Utilities Fund.

– *Envestra Limited*

APA increased its interest in Envestra Limited from 31.7% to 33.0% by participating in Envestra Limited's Distribution Reinvestment Plan in October 2010 and March 2011. The total value of distributions reinvested during the year was \$24.8 million.

– *SEA Gas Pipeline*

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

In August 2011, SEA Gas successfully refinanced its non-recourse debt facility for a further five years.

– *EI12*

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

All turbines on the wind farm were constructed and the wind farm connected to the grid by December 2010, ahead of schedule. As a result of the commencement of generation from the wind farm, accounting profits were generated within EI12 (APA share: \$9.6 million) primarily due to an investment allowance concession benefit recognised on commencement of generation (included as a significant item). Final handover from the EPC (engineering procurement and construction) constructor occurred in June 2011. APA's funding commitment for equity arose in June 2011, at which time APA provided \$19.7 million for its EI12 investment.

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

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DIRECTORS' REPORT CONTINUED

– Hastings Diversified Utilities Fund

During the year, APA increased its interest in Hastings Diversified Utilities Fund from 16.8% to 19.4% at a cost of \$22.5 million. This investment is consistent with APA's strategy of long term investment in gas transmission pipelines.

APA FLOOD AND WEATHER IMPACT

Eastern Australia was subjected to a number of extreme weather events during the year which had an impact on both APA's assets and people. These weather events included heavy rain, flooding and a cyclone (Cyclone Yasi). Assets affected by the flood and weather included the Roma Brisbane Pipeline and APA Gas Network in Queensland, and the Central Ranges Pipeline in New South Wales.

The impact on APA's assets and operations from these events has been managed safely and efficiently by local and interstate APA staff, in accordance with APA's sound and well developed emergency response and asset management plans, with the result that there was minimal disruption of gas transportation services.

Repairs to APA assets were substantially completed within the year. There was minimal impact on APA operations and the costs associated with these events have been fully provided for.

REGULATORY MATTERS

Key regulatory matters addressed during the year included:

APA Gas Networks access arrangement

On 30 September 2010, APA submitted the access arrangement proposal for its Gas Network (Allgas) in Queensland to the Australian Energy Regulatory ("AER"). The proposal establishes the basis for the terms and conditions of access for users and prospective users of the gas distribution network for the period 1 July 2011 to 30 June 2016. AER released its draft decision on 16 February 2011 and its final decision on 17 June 2011.

AER's final decision on 17 June 2011 did not approve APA's proposed revised access arrangement and instead AER has issued its own revised access arrangement and access arrangement information for APA Gas Network.

The final decision accepted APA's forecast operating and capital expenditure for the period. However, APA does not agree with AER's approach in respect of some key elements of the weighted average cost of capital and has sought a merits review by the Australian Competition Tribunal of AER's decision in respect of the debt risk premium.

Amadeus Gas Pipeline access arrangement

On 23 December 2010, APA submitted the access arrangement proposal for the Amadeus Gas Pipeline to AER. The access arrangement proposal outlines the proposed terms and conditions of access for the transmission pipeline for the period 1 July 2011 to 30 June 2016. Following the release of AER's draft decision in March 2011, APA submitted a revised access arrangement proposal. AER released its final decision on 20 July 2011, which did not approve APA's revised access arrangement proposal. Instead, the final decision outlined the revisions required to the access arrangement, including the reference tariffs and terms and conditions. AER approved and published its own access arrangement and access arrangement information for the Amadeus Gas Pipeline on 27 July 2011. The gas transportation agreement between APA and Power and Water Corporation is not impacted by this access arrangement.

Goldfields Gas Pipeline access arrangement

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

On 5 August 2010, ERA released its further final decision on the proposed

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

APA has pursued the merits review process available within the regulatory framework.

Short-term trading market in gas

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

APA is working with AEMO and market participants to introduce the STTM in Queensland, with a natural gas trading hub in Brisbane. Trials will commence on 1 September 2011, and market operations are scheduled to commence on 1 December 2011.

HEALTH, SAFETY AND ENVIRONMENT

Health and Safety reporting

The Lost Time Injury Frequency Rate ("LTIFR") for APA employees was 6.2 for this year, up from 4.9 last year. There were 13 reportable lost time injuries during the year, compared with 10 last year.

APA remains committed to a 'zero harm' environment and is developing a National APA Group Health Safety & Environment Management System, integrating the various legacy systems and adopting best practice across the Group. The system, known as SAFEGUARD, will be launched on 1 September 2011.

Environmental regulations

All pipeline, distribution and gas processing assets owned and/or operated by APA are designed, constructed, tested, operated and maintained in accordance with pipeline and distribution licences issued by the relevant state and territory technical regulators. All licences require compliance with relevant federal, state and territory environmental legislation and Australian standards.

The pipeline licences also require compliance with the Australian Standard AS 2885 "Pipelines – Gas and Liquid Petroleum", which has specific requirements for the management of environmental matters associated with all aspects of the high pressure pipeline industry.

Environmental management plans satisfying Part A of the Australian Pipeline Industry Association Code of Environmental Practice are prepared and independently audited for construction activities. In accordance with Part 3 of AS 2885, environmental management plans satisfying Part B of the Code are in place for all operating pipelines and are managed in accordance with APA's contracts and the terms and conditions of the licences that APA has been issued.

The Safety and Operating Plan for APA's distribution networks have been audited in accordance with the Queensland and New South Wales technical regulator requirements.

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

DIRECTORS' REPORT

CONTINUED

Environmental reporting

In October 2010 APA complied with Australia's National Greenhouse and Energy Reporting obligations for financial year 2010. Energy reporting for financial year 2011 will be submitted in October 2011.

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

FINANCIAL YEAR	2010	2009	CHANGE	
Scope 1 CO ₂ emissions (tonnes)	305,076	298,906	6,170	+2.1%
Energy consumption (GJ)	3,248,069	3,260,347	-12,278	-0.4%

Impact of carbon policy

The impact of the currently proposed federal carbon policy, Clean Energy Future, will depend on its final form. However, APA expects its costs will be immaterial. APA expects to recover all carbon related costs from its regulated assets under the access arrangement review process. For non-regulated assets, APA has implemented changes to its contracts with carbon pass-through clauses included in all new contracts. APA's financial exposure is limited to some legacy contracts that do not contain the pass-through of carbon costs to customers. APA will have virtually no carbon costs if the proposed carbon policy is deemed a change in tax law.

SUBSEQUENT EVENTS

Except as disclosed elsewhere in this report, the directors are unaware of any matter or circumstance that has occurred since the current period end 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 years.

FUTURE DEVELOPMENTS

Disclosure of information regarding likely developments in the operation of the Consolidated Entity in future years and the expected results of those operations, other than information disclosed elsewhere in this report, is likely to result in unreasonable prejudice to the Consolidated Entity. Accordingly, this information has not been disclosed in this report.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

Information relating to the qualifications and experience of the directors and Company Secretary is set out below:

Leonard Bleasel AM

FAICD FAIM

Independent Chairman

Appointed 28 August 2007

Appointed Chairman

30 October 2007

Leonard (Len) Bleasel is a non-executive director of QBE Insurance Group Limited and a director of O'Connell Street Associates Pty Limited. He is Chairman of the Taronga Conservation Society Australia and Chairman of the Advisory Council for RBS Group (Australia) Pty Limited.

Len had a long career in the energy industry before retiring from management in 2001. He started his career in AGL in 1958 and worked in a variety of roles, culminating in the position of Managing Director and Chief Executive Officer from 1990 to 2001.

Len's past appointments have included Chairman of Foodland Associated Limited, ABN AMRO Australia Holdings Pty Limited, Solaris Power, the Australian Gas Association, Natural Gas Corporation Holdings Ltd (New Zealand), Elgas Ltd, Auscom Holdings Pty Ltd, Industrial Pipe Systems Pty Ltd and East Australian Pipeline Ltd, a director of St George Bank Limited and Gas Valpo (Chile) and Vice President of the Royal Blind Society.

Len was awarded an AM in the General Division of the Order of Australia for services to the Australian gas and energy industries and the community.

Steven Crane

BComm FAICD SFFin

Independent Director

Appointed 1 January 2011

Steven Crane has over 30 years experience in the financial services industry. Steven's background is in investment banking, having previously been Chief Executive Officer of ABN AMRO Australia (now RBS Group Australia) and BZW Australia.

Steven has considerable experience as a non-executive director of listed entities. He is currently a director of Bank of Queensland Limited, Transfield Services Limited and NIB Holdings Limited, and was formerly Chairman of Adelaide Managed Funds Limited, Investa Property Group Limited and formerly a director of Adelaide Bank Limited, Foodland Associated Limited and APA Ethane Limited, the responsible entity of Ethane Pipeline Income Fund.

Steven is a member of the Audit and Risk Management Committee and the Remuneration Committee.

John Fletcher

BSc MBA FAICD

Independent Director

Appointed 27 February 2008

John Fletcher has over 35 years experience in the energy industry, having held a number of executive positions in AGL prior to his retirement in 2003, including Chief Financial Officer. John has previously been a director of Integral Energy, Natural Gas Corporation Holdings Ltd (New Zealand), Foodland Associated Limited and Alinta Energy Group. He brings a wide commercial and financial practical knowledge to the board.

John was previously an AGL appointed director of Australian Pipeline Limited from 2000 to 2005. He is also a director of Sydney Water.

John is the Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee.

DIRECTORS' REPORT

CONTINUED

<p>Russell Higgins AO BEc FAICD <i>Independent Director</i> Appointed 7 December 2004</p>	<p>Russell Higgins has extensive experience both locally and internationally in the energy sector and in economic and fiscal policy. He was Secretary and Chief Executive Officer of the Department of Industry, Science and Resources from 1997 to 2002 and Chairman of the Australian Government's Energy Task Force from 2003 to 2004.</p> <p>Russell is a director of Telstra Corporation Limited. He is the Chairman of the Global Carbon Capture and Storage Institute and the CSIRO Energy Transformed Flagship Advisory Committee, and a director of Ricegrowers Limited (trading as SunRice) and the St James Ethics Foundation. He is a former Chairman of the Snowy Mountains Council and the Australian Government's Management Improvement Advisory Committee and a former director of Australian Biodiesel Group Limited, EFIC (Export Finance and Insurance Corporation), CSIRO, Austrade, the Australian Industry and Development Corporation as well as a former member of the Australian Government's Joint Economic Forecasting Group. In 2006-07, he was a member of the Prime Ministerial Task Group on Emissions Trading.</p> <p>Russell is Chairman of the Health Safety and Environment Committee and a member of the Audit and Risk Management Committee.</p>
<p>Patricia McKenzie LLB MAICD <i>Independent Director</i> Appointed 1 January 2011</p>	<p>Patricia McKenzie has considerable expertise and experience in energy market regulation and, as a qualified solicitor, extensive corporate legal experience. She was formerly a director of Australian Energy Market Operator Limited (AEMO), the national energy market operator for electricity and gas, and the Chief Executive Officer of Gas Market Company Limited, the market administrator for retail competition in the gas industry in New South Wales and the Australian Capital Territory. Patricia is also Chair of Diabetes Australia Limited.</p> <p>Patricia is a member of the Health Safety and Environment Committee and the Remuneration Committee.</p>
<p>Muri Muhammad MSc <i>Director</i> Appointed 8 March 2000</p>	<p>Muri Muhammad retired from Petronas in August 2002 and was reappointed as Petronas' Adviser, Gas Business in the President's Office until 30 March 2005. He brings 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.</p> <p>Muri was Petronas' Vice President for Gas Business from 1998 until his retirement and held several directorships, some as Chairman, of a number of Petronas' subsidiaries and associate companies in Malaysia and abroad. He currently sits on the boards of gas transmission companies Transportadora de Gas Del Norte of Argentina, Petronas Gas Berhad of Malaysia, and Papua New Guinea's national petroleum and minerals corporation, Petromin PNG Holdings Limited. He was also a member of the Malaysian Energy Commission, a Malaysian Government regulatory body.</p> <p>Muri is a member of the Remuneration Committee and the Health Safety and Environment Committee.</p>
<p>George Ratilal MBA <i>Director</i> Appointed 31 July 2007 Resigned 26 August 2010 <i>Alternate Director</i> Appointed 26 August 2010</p>	<p>Manharlal (George) Ratilal is Executive Vice President (Finance) of Petronas. He is a member of Petronas' board and Executive Committee. Prior to joining Petronas in 2003, he was employed by a local Malaysian merchant bank for 18 years. During that time, George specialised in corporate finance where he advised on mergers and acquisitions and the capital markets.</p>
<p>Robert Wright BComm FCPA <i>Independent Director</i> Appointed 11 February 2000</p>	<p>Robert Wright has over 30 years financial management experience, having held a number of Chief Financial Officer positions, including Finance Director of David Jones Limited. He is currently the Chairman of SAI Global Limited, Super Cheap Auto Group Limited, RCL Group Limited and APA Ethane Limited, the responsible entity of Ethane Pipeline Income Fund and was previously Chairman of Dexion Limited.</p> <p>Robert is the Chairman of the Audit and Risk Management Committee and a member of the Health Safety and Environment Committee.</p>
<p>Michael McCormack BSurv GradDipEng MBA FAICD <i>Managing Director</i> Appointed Managing Director 1 July 2006</p>	<p>Michael (Mick) McCormack has been Chief Executive Officer of APA since 1 July 2005 and Managing Director since 1 July 2006. Mick has over 25 years experience in the energy infrastructure sector in Australia, with particular focus on gas pipeline and distribution infrastructure, where he has worked on the development, construction and operation of new and existing pipelines and distribution networks across Australia.</p> <p>Mick is Chairman of NT Gas Pty Ltd and a director of Envestra Limited and the Australian Pipeline Industry Association.</p>
<p>Mark Knapman BComm LLB FCIS <i>Company Secretary</i> Appointed 16 July 2008</p>	<p>In addition to being responsible for the secretariat function, Mark Knapman oversees corporate governance and the legal, risk management and financial services compliance functions.</p> <p>Mark has extensive experience as a Company Secretary. He was Company Secretary and General Counsel of an ASX-listed company and Asia Pacific Legal Counsel and Company Secretary for a US multinational company prior to joining APA. Prior to those roles, he was a partner of an Australian law firm.</p> <p>Mark is a Fellow of the Chartered Institute of Company Secretaries and is admitted to practice as a solicitor.</p>

DIRECTORS' REPORT

CONTINUED

DIRECTORSHIPS OF OTHER LISTED COMPANIES

Directorships of other listed companies held by directors at any time in the three years immediately before the end of the year are as follows:

NAME	COMPANY	PERIOD OF DIRECTORSHIP
Leonard Bleasel AM	QBE Insurance Group Limited	Since January 2001
Steven Crane	Transfield Services Limited	Since February 2008
	Bank of Queensland Limited	Since December 2008
	NIB Holdings Limited	Since September 2010
	APA Ethane Limited ⁽¹⁾	July 2008 to June 2011
John Fletcher	Alinta Energy Group	October 2006 to April 2010
Russell Higgins AO	Telstra Corporation Limited	Since September 2009
	Ricegrowers Limited	Since December 2005
Patricia McKenzie	-	-
Muri Muhammad	-	-
George Ratilal ⁽²⁾	-	-
Robert Wright	SAI Global Limited	Since October 2003
	Super Cheap Auto Group Limited	Since May 2004
	RCL Group Limited	Since May 2006
	APA Ethane Limited ⁽¹⁾	Since 10 July 2008
	Dexion Limited	March 2005 to August 2010
Michael McCormack	Envestra Limited	Since July 2007

(1) APA Ethane Limited is the responsible entity of the registered investment schemes that comprise Ethane Pipeline Income Fund, the securities in which are quoted on the ASX

(2) George Ratilal resigned as a director and was appointed an alternate director for Muri Muhammad on 26 August 2010

OPTIONS GRANTED

In this report, the term "APA securities" refers to the stapled securities each comprising a unit in Australian Pipeline Trust stapled to a unit in APT Investment Trust and traded on the Australian Securities Exchange ("ASX") under the ticker symbol "APA".

No options over unissued APA securities were granted during or since the end of the year.

No unissued APA securities were under option as at the date of this report.

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

INDEMNIFICATION OF OFFICERS AND EXTERNAL AUDITOR

During the year, the Responsible Entity paid a premium in respect of a contract insuring the directors of the Responsible Entity, the Responsible Entity's Company Secretary, and all executive officers of the Responsible Entity and any related body corporate of APA against any liability incurred in performing those roles 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.

Australian Pipeline Limited, in its capacity as Responsible Entity of Australian Pipeline Trust and APT Investment Trust, indemnifies each person who is or has been a director or Company Secretary of the Responsible Entity or of any related body corporate of APA under a range of deed polls and indemnity agreements which have been in place since 1 July 2000. This indemnity may extend to such other officers or former officers of APA as the board in each case determines. The indemnity operates to the full extent allowed by law but only to the extent not covered by insurance and is on terms the board considers usual for arrangements of this type.

Under its constitution, Australian Pipeline Limited (in its personal capacity) indemnifies each person who is or has been a director, Company Secretary or executive officer of that company. The indemnity operates to the full extent allowed by law but only to the extent not covered by insurance.

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

DIRECTORS' REPORT

CONTINUED

DIRECTORS' MEETINGS

During the year, 16 board meetings, three Remuneration Committee meetings, four Audit and Risk Management Committee meetings and three Health Safety and Environment Committee meetings were held. The following table sets out the number of meetings attended by each director while they were a director or a committee member:

DIRECTORS	BOARD		REMUNERATION COMMITTEE		AUDIT AND RISK MANAGEMENT COMMITTEE		HEALTH SAFETY AND ENVIRONMENT COMMITTEE	
	A	B	A	B	A	B	A	B
Leonard Bleasel AM ⁽¹⁾	16	16	-	-	-	-	-	-
Steven Crane ⁽²⁾	8	8	1	1	1	1	-	-
John Fletcher	16	16	3	3	4	4	-	-
Russell Higgins AO	16	16	2	2	4	4	3	3
Patricia McKenzie ⁽²⁾	8	8	1	1	-	-	1	1
Muri Muhammad	16	15	3	3	-	-	3	2
Robert Wright	16	15	-	-	4	4	3	3
Michael McCormack	16	16	-	-	-	-	-	-
George Ratilal ⁽³⁾	2	1	-	-	-	-	-	-

A: Number of meetings held during the time the director held office or was a member of the committee during the year

B: Number of meetings attended

(1) The Chairman also attends all committee meetings ex officio

(2) Appointed 1 January 2011

(3) George Ratilal resigned as director and was appointed as alternate director for Muri Muhammad on 26 August 2010

DIRECTORS' SECURITYHOLDINGS

The aggregate number of APA securities held directly, indirectly or beneficially by directors or their director related entities at the 30 June 2011 is 862,422 (2010: 710,620).

The following table sets out directors' relevant interests in APA securities as at 30 June 2011:

DIRECTORS	FULLY PAID SECURITIES AS AT 1 JULY 2010	SECURITIES ACQUIRED	SECURITIES DISPOSED	FULLY PAID SECURITIES AS AT 30 JUNE 2011
Leonard Bleasel AM	359,771	15,634	-	375,405
Steven Crane	100,000 ⁽¹⁾	-	-	100,000
John Fletcher	56,807	3,219	-	60,026
Russell Higgins AO	72,954	6,549	-	79,503
Patricia McKenzie	-	-	-	-
Muri Muhammad	42,818	-	-	42,818
Robert Wright	31,265	2,806	-	34,071
Michael McCormack	147,005	23,614	-	170,619
George Ratilal ⁽²⁾	-	-	-	-
	810,620	51,882	-	862,442

(1) These securities were held by Steven Crane at the date of his appointment during the year

(2) George Ratilal resigned as a director and was appointed an alternate director for Muri Muhammad on 26 August 2010

The directors hold no other rights or options over APA securities. 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 APA securities.

The Company Secretary holds 4,484 APA securities.

DIRECTORS' REPORT

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REMUNERATION REPORT

Introduction

At APA, we are committed to disclosing a clear and transparent summary of our remuneration arrangements.

This report explains our approach to remuneration and sets out key 2011 remuneration details for the directors of the Responsible Entity and key management personnel of APA.

The people currently in these positions are listed below:

DIRECTORS OF THE RESPONSIBLE ENTITY

Leonard Bleasel AM	Chairman APA Group
Steven Crane	
John Fletcher	Chairman Remuneration Committee
Russell Higgins AO	Chairman Health Safety and Environment Committee
Patricia McKenzie	
Muri Muhammad	
Robert Wright	Chairman Audit and Risk Management Committee
Michael McCormack	Chief Executive Officer and Managing Director

KEY MANAGEMENT PERSONNEL

Michael McCormack	Chief Executive Officer and Managing Director
Peter Fredricson	Chief Financial Officer
Ross Gersbach	Group Manager Commercial
Stephen Ohl	Group Manager Operations
Mark Knapman	Company Secretary
Peter Wallace	Group Manager Human Resources

Have there been any changes to the executive remuneration structure during FY 2011?

There have been no changes to the remuneration structure during the year. However, the remuneration structure remains continuously under review to ensure that the organisation maintains appropriate pay structures to attract and retain suitably qualified staff.

Remuneration Committee

What is the role of the Remuneration Committee?

The Remuneration Committee has been established by the board to govern and oversee executive remuneration. The role of the Remuneration Committee is to:

- ensure the provision of a robust remuneration and reward system that provides for the alignment of employee and securityholder interests;
- consider and make recommendations to the board on remuneration policies and packages applicable to directors and to senior executives of APA;
- facilitate effective attraction, retention and development of talented employees; and
- ensure compliance with relevant legislation and corporate governance principles on remuneration practices and employment policies.

The members of the Remuneration Committee, all of whom are non-executive directors, are:

- John Fletcher (Chairman);
- Steven Crane;
- Patricia McKenzie; and
- Muri Muhammad.

The Chairman of the board attends all meetings of the Remuneration Committee and the Managing Director attends by invitation. The Remuneration Committee met three times during the year.

The Remuneration Committee may seek external professional advice on any matter within its terms of reference.

Our approach to non-executive director remuneration

We seek to attract and retain a high calibre of directors who are equipped with diverse skills to oversee all functions of APA in an increasingly complex environment.

We aim to fairly remunerate directors for their services relative to similar sized organisations.

Non-executive director remuneration comprises:

- a base board fee;
- an additional fee for serving on a committee of the board; and
- superannuation guarantee levy contributions.

The board determines base board fees and committee fees annually. The board acts on advice from the Remuneration Committee which obtains external professional advice from independent remuneration specialists. Such advice includes market comparisons paid by comparable companies in the ASX 200.

Non-executive directors do not receive incentive payments of any type. One off 'per diems' may be paid in exceptional circumstances. No payments have been made under this arrangement in this reporting period.

In 2003, the board terminated the non-executive directors' retirement benefit plan so that the benefits to participating directors that had accrued up to that termination date were then quantified and preserved for payment on retirement of those directors. Robert Wright is the only current director entitled to benefits under the plan on his retirement from the board.

DIRECTORS' REPORT

CONTINUED

Board approved fees and committee fees

Following external benchmarking and a review of APA's performance relative to other companies, base board fees and fees for serving on a committee of the board were increased effective 1 January 2011.

Base board fees and committee fees excluding superannuation guarantee levy are outlined below:

		CHAIRMAN \$000/PA	MEMBER \$000/PA
Effective 1 January 2011	Board fees	280	102
	Remuneration Committee fees	23	11.5
	Audit and Risk Management Committee fees	32	16
	Health Safety and Environment Committee fees	23	11.5
Effective 1 January 2010 to 31 December 2010	Board fees	265	96
	Remuneration Committee fees	22	11
	Audit and Risk Management Committee fees	30	15
	Health Safety and Environment Committee fees	22	11

Actual payments for period

Actual remuneration received by non-executive directors during the year is outlined in the table below:

NON-EXECUTIVE DIRECTORS ⁽¹⁾	FEES \$	SUPERANNUATION \$	TOTAL PAID 2011 \$	TOTAL PAID 2010 \$
Leonard Bleasel AM	272,500	20,750	293,250	271,300
Steven Crane ⁽²⁾	57,875	5,209	63,084	-
John Fletcher	107,000	42,335	149,335	135,937
Russell Higgins AO	145,375	13,077	158,452	149,320
Patricia McKenzie ⁽²⁾	56,750	5,108	61,858	-
Muri Muhammad	121,500	-	121,500	113,000
Robert Wright	141,250	12,715	153,965	143,875
George Ratilal ⁽³⁾	16,000 ⁽⁴⁾	-	16,000	93,000
Total	918,250	99,194	1,017,444	906,432

(1) The remuneration for the Chief Executive Officer and Managing Director, Michael McCormack, is included with the actual remuneration disclosures for key management personnel for FY 2011 on page 18

(2) Appointed 1 January 2011

(3) George Ratilal resigned as a director and was appointed an alternate director for M Muhammad on 26 August 2010

(4) George Ratilal's board fees were paid to Petronas Australia Pty Ltd

DIRECTORS' REPORT

CONTINUED

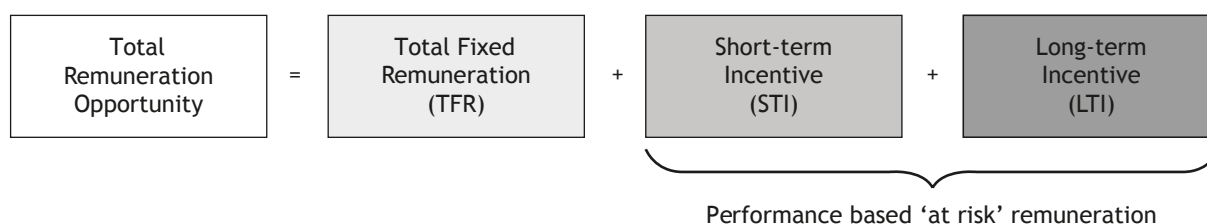
Our approach to executive remuneration

What is our executive remuneration strategy?

Our executive remuneration strategy is to:

- attract and retain key executives who will create long-term sustainable value for securityholders;
- motivate and reward executives having regard to the overall performance of APA, the performance of the executive measured against pre-determined objectives and the external compensation environment;
- target at least the market median using external benchmark data;
- appropriately align the interests of executives with those of securityholders; and
- comply with applicable legal requirements and appropriate standards of governance.

We aim to pay competitive remuneration and this is communicated as Total Remuneration Opportunity ("TRO").

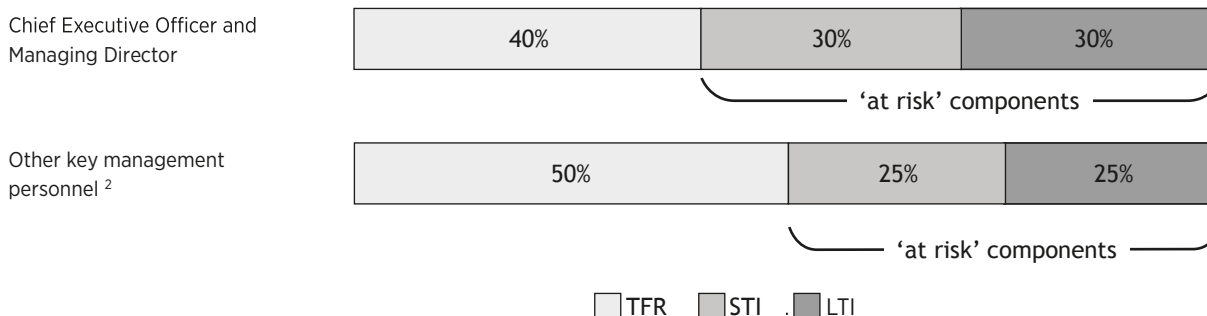


Each individual's TRO is dependent on their level in the organisation and their capacity to influence outcomes.

What is the remuneration mix?

APA's remuneration mix for senior executives is structured as a mix of fixed remuneration and 'at risk' short and long-term incentive components. The proportion of fixed versus 'at risk' remuneration varies at different levels within APA, reflecting the varying capacity of employees to influence APA's operational performance and returns to securityholders.

For the Chief Executive Officer and Managing Director and other key management personnel, the remuneration mix is:



An overview of remuneration components

Each remuneration component has a different purpose:

REMUNERATION COMPONENT	PURPOSE	HOW REWARD IS DELIVERED
Total Fixed Remuneration ("TFR")	To reflect the market value of the role and the individual's skills and experience.	The total of base salary (which includes cash, superannuation guarantee levy, vehicles and parking) and incidental benefits paid in monthly instalments.
'AT RISK' COMPONENTS		
Short-term incentive ("STI")	To reward strong performance against the achievement of specific business objectives.	Cash-based incentive based on a mix of financial and non-financial key performance indicators paid annually after the audited accounts are approved.
Long-term incentive ("LTI")	To link executive reward with securityholder value.	Cash-settled incentive based on achievement of an annual board mandated key financial hurdle paid in three equal annual instalments starting one year after the year of allocation.

2 Other than the Company Secretary who has a mix of 58%, 21% and 21%

DIRECTORS' REPORT

CONTINUED

Total Fixed Remuneration ("TFR")

The total of base salary, including cash, superannuation guarantee levy, vehicles and parking and incidental benefits.

TFR is reviewed annually and is determined by reference to independent external remuneration benchmarking information, taking into account an individual's responsibilities, performance, qualifications and experience.

'At risk' remuneration

'At risk' remuneration is made up of two elements, STI and LTI. Before any STI payments or LTI allocations are made the organisation must achieve at least the board approved performance hurdle. Each of these components is discussed in more detail below.

What is the key performance hurdle for 'at risk' remuneration?

Operating cash flow per security ("OCFPS") has been chosen by the board as the current key performance hurdle for 'at risk' remuneration. This is directly linked to APA's strategic goal of increasing operating cash flows over the medium term, thereby improving total securityholder value.

Using OCFPS as the key performance hurdle ensures the interests of executives and securityholders are aligned. If the security price rises over the period of allocation, both parties benefit and likewise if it falls, both are similarly affected.

At the start of the year, the board, having regard to the longer term strategy and annual budget, established the OCFPS gateway that needs to be achieved before any STI and LTI was triggered. The OCFPS gateway was not changed over the course of the year.

Short-term incentive ("STI")

A cash-based incentive used to reward strong performance against the achievement of financial and non-financial targets or key performance indicators.

What is the purpose of the STI plan?

The STI plan is designed to put a proportion of executive remuneration 'at risk' against meeting key performance indicators ("KPIs") linked to:

- various financial measures such as cost control, revenue and cash generation and capital expenditure management. This reflects APA's strategic goal of increasing OCFPS over the medium term, thereby increasing securityholder returns and aligning the interests of STI participants with those of securityholders; and
- non-financial targets through the delivery of individual KPIs linked to long-term strategic measures including health, safety and environment targets, and reinforcement of an ethical and values based culture.

At least 50% of the key management personnels' KPIs are linked to financial measures.

How is performance measured?

At the beginning of the financial year, the board, at the recommendation of the Remuneration Committee, determines the appropriate financial and non-financial KPIs for the Chief Executive Officer.

The board also reviews the KPIs the Chief Executive Officer will use to assess the performance of his direct reports.

At the end of the financial year, after the audited financial results are available and provided that the performance hurdle is met, the board determines the performance against KPIs of the Chief Executive Officer and the Chief Executive Officer's direct reports and approves the STI amounts to be paid.

What is the performance hurdle?

STI payments are made from the general operating budget. Executives participating in the STI will not receive any incentive payments unless the performance hurdle for the financial year is reached and individual KPIs have been achieved.

What is the value of the STI opportunity?

The STI amount payable is capped at the STI target amount. That is, the Chief Executive Officer's STI is capped at 30% of TRO and for his direct reports at 25% of TRO³.

How is the STI reward delivered?

All STI payments are made in cash and paid in September of the new financial year following the completion of audit of the annual accounts.

For FY 2011, the STI outcomes are shown in the table below for all key management personnel:

KEY MANAGEMENT PERSONNEL	STI EARNED (\$)	STI EARNED (%)	STI FORFEITED (\$)	STI FORFEITED (%)
Michael McCormack	621,000	90.00	69,000	10.00
Peter Fredricson	270,750	95.00	14,250	5.00
Ross Gersbach	308,750	95.00	16,250	5.00
Stephen Ohl	201,375	89.50	23,625	10.50
Mark Knapman	130,706	90.25	14,122	9.75
Peter Wallace ⁽¹⁾	34,356	95.00	1,808	5.00

(1) Appointed 4 April 2011. STI has been prorated

3 Other than for the Company Secretary whose STI is capped at 21% of TRO

DIRECTORS' REPORT

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Long-term incentive ("LTI")

A cash-settled incentive used to link executive reward to securityholder value based on the achievement of key financial measures.

What is the purpose of the LTI?

The LTI plan is designed to put a proportion of executive remuneration at risk against meeting financial targets linked to OCFPS.

This reflects APA's strategic goal of increasing OCFPS over the medium term, thereby increasing total securityholder value and aligning the interests of LTI participants with those of securityholders.

What form does the LTI take?

Eligible participants are entitled to an LTI allocation in the form of reference units which exactly mirror the value of APA securities. The reference units allocated under the LTI plan are not actual APA securities, but notional securities with a value equivalent to the LTI allocation.

Each reference unit is valued at the equivalent of the 30 day volume weighted average market price ("VWAP") of an APA security immediately prior to the opening of the APA security trading window, following the announcement of APA's annual financial results to the ASX.

What is the value of the LTI opportunity?

LTI participants are advised of their maximum LTI opportunity, expressed as a percentage of their TRO. The actual individual LTI allocation is determined at the completion of the financial year and is based on OCFPS performance relative to the achievement of the performance target.

The maximum LTI allocation is capped at 120% of the participant's maximum LTI opportunity.

What is the performance target?

No LTI allocations are made unless APA achieves the target OCFPS and the OCFPS result determines the size of participants' LTI allocations up to their maximum LTI allocation.

How are the LTI allocations delivered?

An LTI allocation vests in three equal instalments over the three financial years following the allocation, with the initial one-third vesting at the end of the first financial year, one-third at the end of the second financial year, and one-third at the end of the third financial year.

As LTI allocations are subject to the achievement of a pre-allocation performance hurdle, they are not subject to further performance tests at the

vesting dates. However, participants must remain employed by APA to access the vested benefit.

Upon vesting, the LTI is delivered in cash. The cash payment is equal to the number of reference units vesting on the vesting date multiplied by the 30 day VWAP of APA securities immediately prior to the opening of the APA security trading window, following the announcement of APA's annual financial results to the ASX. APA provides fully in its accounts for the obligations of the LTI in the year in which the LTI allocation is made.

What rights are attached to an LTI reference unit?

The LTI is a cash-settled plan and participants are not allocated APA securities. LTI allocations do not entitle participants to vote at securityholders meetings or to be paid distributions.

No options or other equity instruments are issued to APA employees or directors under the LTI plan.

Actual remuneration received during FY 2011

Actual remuneration received by the Chief Executive Officer and Managing Director and other key management personnel is defined as the 'take home' pay received by them in the relevant year.

Actual LTI payments represent the amount of reference units that vested and were converted to cash payments to the individual during the year, regardless of when the LTI was initially allocated.

What amounts are excluded?

The table below does not show LTI allocations in FY 2011 or previous years that are still subject to performance or employment conditions because those LTI allocations are still at-risk of forfeiture.

The table below sets out **actual cash payments** made to the relevant key management personnel during FY 2011. This table differs from the information disclosed in Note 44 of the financial report for Australian Pipeline Trust and Note 18 of the financial report for APT Investment Trust that reflects the **total remuneration earned** by key management personnel in FY 2011, but not yet fully paid due to future vesting of LTI earned.

The major differences are in respect of STI entitlements for which the amount paid in FY 2011 represents the amount earned in FY 2010, and LTI allocations for which the amounts paid in FY 2011 relate to allocations made in prior years that have vested in FY 2011.

The following table outlines the actual remuneration received by key management personnel during FY 2011:

KEY MANAGEMENT PERSONNEL	TOTAL FIXED REMUNERATION \$	STI \$	LTI \$	OTHER \$	TOTAL PAID 2011 \$	TOTAL PAID 2010 \$
Michael McCormack ⁽¹⁾	920,000	538,130	521,984	-	1,980,114	2,146,533
Peter Fredricson ⁽²⁾	570,000	228,125	-	-	798,125	501,800
Ross Gersbach	650,000	260,062	192,660	-	1,102,722	921,883
Stephen Ohl	450,000	181,562	168,122	-	799,684	642,809
Mark Knapman	400,000	121,180	67,901	-	589,081	489,600
Peter Wallace ⁽³⁾	73,809	-	-	-	73,809	-
Total	3,063,809	1,329,059	950,667	-	5,343,535	4,702,625

(1) 2010 included a retention payment paid to the Chief Executive Officer as agreed by the board in 2006 when the organisation was under threat of takeover by the then Alinta Energy

(2) Peter Fredricson joined APA as CFO in June 2009. LTI earned for FY 2010 and FY 2011 but not paid until future years are disclosed in the financial report

(3) Peter Wallace joined APA as Group Manager Human Resources on 4 April 2011. STI and LTI earned for FY 2011 but not paid until future years are disclosed in the financial report

DIRECTORS' REPORT

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Current LTI reference units outstanding

The following table sets out the number of reference units that have been allocated to key management personnel but have not yet vested or been paid, and the years in which they will vest, based on an estimated VWAP of \$3.9760:

KEY MANAGEMENT PERSONNEL	BALANCE OF REFERENCE UNITS ⁽¹⁾	2011 ⁽²⁾	VESTING YEAR		
			2012	2013	2014
Michael McCormack	615,599	189,901	220,638	135,643	69,417
Peter Fredricson	166,780	26,921	55,593	55,595	28,671
Ross Gersbach	282,241	82,558	103,598	63,388	32,697
Stephen Ohl	204,260	62,419	74,224	44,981	22,636
Mark Knapman	124,135	32,901	47,471	29,192	14,571
Peter Wallace ⁽³⁾	10,920	-	3,640	3,640	3,640

(1) Includes reference units subject to allocation by the board in August 2011

(2) Reference units multiplied by 30 day VWAP to be paid as cash in September 2011

(3) Peter Wallace joined APA as Group Manager Human Resources in April 2011

Executive contracts

The terms of the contractual arrangements for each of the key management personnel are set out below:

NAME AND TITLE AND COMMENCEMENT DATE	TERM AND TERMINATION PROVISIONS/BENEFITS
Michael McCormack <i>Managing Director</i> since 1 July 2006	No defined term. On termination with cause or following long-term illness or incapacity, APA will pay any TFR due and owing at the date of termination and any accrued leave entitlements.
<i>Chief Executive Officer</i> 1 July 2005 to 30 June 2006 Commenced 1 March 2000.	On termination without cause, APA will pay 52 weeks TFR, any incentives earned but not paid on their due date and any accrued leave entitlement. APA will also pay any TRO due and owing at the date of termination. Mr McCormack is required to give APA one months notice.
Peter Fredricson <i>Chief Financial Officer</i> Commenced 1 June 2009.	No defined term. On termination with cause or following long-term illness or incapacity, APA will pay any TFR due and owing at the date of termination and any accrued leave entitlements. On termination without cause, APA will pay 26 weeks TFR, any incentives earned but not paid on their due date and any accrued leave entitlement. APA will also pay any TRO due and owing at the date of termination. Mr Fredricson is required to give APA three months notice.
Ross Gersbach <i>Group Manager Commercial</i> Commenced 1 February 2008.	No defined term. On termination with cause or following long-term illness or incapacity, APA will pay any TFR due and owing at the date of termination and any accrued leave entitlements. On termination without cause, APA will pay 26 weeks TFR, any incentives earned but not paid on their due date and any accrued leave entitlement. APA will also pay any TRO due and owing at the date of termination. If Mr Gersbach gives notice to terminate his employment, APA may (after consulting with the board) at its discretion agree to make a termination payment of an amount up to 26 weeks TFR. Mr Gersbach is required to give APA three months notice.
Stephen Ohl <i>Group Manager Operations</i> Commenced 2 May 2005.	No defined term. On termination with cause or following long-term illness or incapacity, APA will pay any TFR due and owing at the date of termination and any accrued leave entitlements. On termination without cause, APA will pay 26 weeks TFR, any incentives earned but not paid on their due date and any accrued leave entitlement. APA will also pay any TRO due and owing at the date of termination. If Mr Ohl gives notice to terminate his employment, APA may (after consulting with the board) at its discretion agree to make a termination payment of an amount up to 26 weeks TFR. Mr Ohl is required to give APA six months notice.

DIRECTORS' REPORT

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NAME AND TITLE AND COMMENCEMENT DATE	TERM AND TERMINATION PROVISIONS/BENEFITS
Mark Knapman Company Secretary Commenced 16 July 2008.	No defined term. On termination with cause or following long-term illness or incapacity, APA will pay any TFR due and owing at the date of termination and any accrued leave entitlements. On termination without cause, APA will pay 26 weeks TFR, any incentives earned but not paid on their due date and any accrued leave entitlement. APA will also pay any TRO due and owing at the date of termination. Mr Knapman is required to give APA three months notice.
Peter Wallace General Manager Human Resources Commenced 4 April 2011	No defined term. On termination with cause or following long-term illness or incapacity, APA will pay any TFR due and owing at the date of termination and any accrued leave entitlements. On termination without cause, APA will pay 26 weeks TFR, any incentives earned but not paid on their due date and any accrued leave entitlement. APA will also pay any TRO due and owing at the date of termination. Mr Wallace is required to give APA three months notice.

Remuneration advisers

During FY 2011, the following remuneration information was sought:

- Egan & Associates were appointed by the Chairman of the Remuneration Committee to provide remuneration benchmarking information for all directors;
- Ernst & Young were appointed by the Chairman of the Remuneration Committee to provide benchmarking information for the Chief Executive Officer and Managing Director and key management personnel; and
- both those advisers were engaged directly on instruction by the committee, reported directly to the committee and were independent and free from influence by key management personnel.

INFORMATION REQUIRED FOR REGISTERED SCHEMES

Fees paid to the Responsible Entity and its associates (including directors and secretaries of the Responsible Entity, related bodies corporate and directors and secretaries of related bodies corporate) out of APA scheme property during the year are disclosed in Note 45 to the financial statements.

Except as disclosed in this report, neither the Responsible Entity nor any of its associates holds any APA securities.

The number of APA securities issued during the year, and the number of APA securities at the end of the year, are disclosed in Note 28 to the financial statements.

The value of APA's assets as at the end of the year is disclosed in the balance sheet in total assets, and the basis of valuation is included in Note 3 to the financial statements.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on page 86.

ROUNDING OF AMOUNTS

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

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the directors



Leonard Bleasel AM
Chairman



Robert Wright
Director

SYDNEY, 24 August 2011

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APA Group ("APA") comprises two registered investment schemes, Australian Pipeline Trust and APT Investment Trust, the securities in which are "stapled" together, and their controlled entities.

Australian Pipeline Limited ("Responsible Entity") is the responsible entity of those trusts and is responsible for APA's corporate governance practices.

The ASX Corporate Governance Council's Corporate Governance Principles and Recommendations articulate eight core principles of good corporate governance and, for each of those principles, recommendations as to their implementation. Adoption of the Council's recommendations is not compulsory. However, under the Listing Rules of ASX Limited ("ASX") companies are required to provide a statement in their annual report disclosing the extent to which they have followed the recommendations in the reporting period and, where companies have not followed all the recommendations, they must identify which ones they have not followed and give reasons for not following them.

In 2010, the ASX Corporate Governance Council released amendments to the Corporate Governance Principles and Recommendations relating to diversity (in particular, gender diversity on boards and with respect to senior management and other employees), share trading policies, shareholder communications and remuneration committees. Those amendments will apply to companies with a July/June financial year from and including the year ending 30 June 2012 with appropriate disclosures to be made in the 2012 annual report, but APA has decided to report against those amendments in this statement.

Each of the principles of good corporate governance has been responded to in turn in this statement and the table at the rear of this statement provides a checklist of APA's adoption of the ASX Corporate Governance Council's recommendations. Explanations for departures from the recommendations are set out in this statement.

Various references are made below to APA's website as a source of information on corporate governance practices and documentation. The home page for APA's website is www.apa.com.au, and the link entitled "About APA" leads to the corporate governance material. Securityholders who do not have internet access but wish to read that material should telephone 1800 992 312 (or +61 2 8280 7132, if calling from outside Australia) and ask for a copy of the relevant material to be sent to them.

In this statement the term "Reporting Period" means the period of 12 months to 30 June 2011.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Board and its committees

The board of directors of the Responsible Entity ("board") is accountable to securityholders for the proper management of APA's business and affairs. It operates in accordance with a charter, which is published on APA's web site.

The board normally meets 11 times each year, with additional meetings being held as required. The number of times it met during the Reporting Period and directors' attendance at those meetings are set out in the directors' report for that period.

To assist the board in carrying out its responsibilities, the following standing committees of its members have been established:

- Audit and Risk Management Committee;
- Remuneration Committee; and
- Health Safety and Environment Committee.

Each committee has its own charter that describes the roles and responsibilities delegated to the committee by the board, and those charters are published on APA's web site. The charters for the board and its committees are reviewed by

the board annually, and were last reviewed in July 2011.

The board delegates responsibility for implementing the strategic direction and managing the day-to-day operations of APA to the Managing Director. The Managing Director consults with the Chairman, in the first instance, on matters that are sensitive, extraordinary or of a strategic nature.

Non-executive directors' letter of appointment

The current non-executive directors have each received a letter of appointment documenting, among other issues:

- the roles and responsibilities of the board and each of its committees;
- expectations of the time commitment to be made by directors in serving on the board and its committees, and of their participation in an annual review of the board, its committees and individual directors;
- requirements with respect to the disclosure of directors' interests;
- the fees payable to the directors; and
- key policies that directors are required to comply with, such as APA's securities trading policy.

Management: service contracts, induction and performance evaluations

The Managing Director, Chief Financial Officer and other senior management have service contracts setting out their responsibilities, conditions of service and termination entitlements.

Newly appointed senior executives complete an induction program on the management of the business covering topics that include financial matters, strategic direction, operations, risk management, health and safety, environmental issues and governance matters. APA also conducts annual processes relating to talent and succession management, and the development of leadership capabilities.

APA has processes in place to review the performance of senior management. Each senior executive, including the Managing Director, has personal objectives as well as objectives related to the performance of business or functional units and APA as a whole. They are reviewed against those objectives at least annually. A performance review of senior management has been conducted during the Reporting Period.

Performance evaluation of the Managing Director is handled by the Chairman with the assistance of the Remuneration Committee and a report is provided to and reviewed by the board. Assessment and monitoring of the performance of other senior executives are handled by the Managing Director who reports on those matters to the Chairman and the Remuneration Committee.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Board membership

The board determines its size and composition, subject to limits imposed by the Responsible Entity's constitution. The constitution provides for a minimum of three directors and a maximum of 12.

The names of the current directors and their experience, terms of office and membership of board committees are set out in the directors' report for the Reporting Period.

The composition of the board is determined in accordance with the following principles:

- a majority of the board will be comprised of independent directors;
- the Chairman will be an independent director; and
- a person cannot hold the positions of both Chairman and Chief Executive Officer.

Under the Responsible Entity's constitution, Petronas Australia Pty Limited is entitled to appoint one director of the Responsible Entity while the Petronas Group holds not less than 10% of the issued securities in APA.

The Responsible Entity's constitution requires one-third of its directors

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(excluding the Managing Director, the Petronas-appointed director and any director who is standing for re-election after having been appointed as an additional director or to fill a vacancy) to retire from office at the annual general meeting of the Responsible Entity each year. If the calculation of that one-third is not a whole number, the number of directors required to retire by this "rotation" process is rounded to the nearest whole number. Retiring directors are eligible for re-election.

The Responsible Entity's constitution also provides that if the board appoints a director to fill a vacancy or as an addition to the board, the new director will hold office until the end of the next annual general meeting of the Responsible Entity and is eligible for re-election.

Securityholders' right to nominate a director and to vote on nominees

The Deed Poll executed by the Responsible Entity in 2004 (a copy of which is available on APA's web site) affords APA securityholders certain rights in respect to nominees for the position of director on the board.

At least 60 days before annual general meetings of the Responsible Entity, securityholders are notified by an announcement to ASX that they may nominate a person to fill a vacancy on the board that arises on retirement of either a director under the "rotation" process or a director appointed by the board since the last annual general meeting.

If securityholders wish to exercise that right, at least 45 days before the annual general meeting they must send the Responsible Entity a signed nomination form and the nominee's signed consent to act as a director.

The Responsible Entity advises securityholders of all candidates who have been validly nominated and presents its nominations to the annual meeting of securityholders.

Independence of directors

The board assesses the independence of non-executive directors on appointment and annually having regard to the independence of directors policy (published on APA's web site).

The directors' report for the Reporting Period identifies which directors are considered to be independent at the date of the report. A majority of the current directors are independent.

Selection and appointment of directors

The former Nominations and Remuneration Committee of the board became the Remuneration Committee in early 2008 so that the functions with respect to selection and appointment of new directors and related matters previously handled by that committee then reverted to the board. Ultimate responsibility for such matters rests with the full board and the board considers the efficient handling of those matters is not diminished by the absence of a Nominations Committee.

The board considers that a diverse range of skills, experience and backgrounds is required on the board to effectively govern the business. It determines and reviews from time to time the mix of skills and diversity that it looks to achieve in its membership. Having regard to the nature of APA's business, that mix includes financial, strategic, operational, legal, regulatory and general commercial expertise.

When looking to appoint a new director, the board predefines the skills and experience required of candidates for the role to ensure that the required mix of skills and experience will be represented on the board and, based on that work, seeks a list of potential candidates believed to satisfy those requirements.

If the board is not satisfied with the quality or diversity of the candidates identified in that process, it may consider it appropriate to instruct a search firm to identify additional suitable candidates. The board recognises that an experienced search firm with a clear brief from the board as to the required characteristics of candidates can assist in identifying potentially suitable

candidates from diverse backgrounds.

The Chairman conducts an initial interview of the short-listed candidates and, subject to them being available for and interested in the position, they are then interviewed by the board. The board assesses potential candidates against the predefined requirements and also considers their qualifications, backgrounds and personal qualities before the new director is appointed.

In the interest of gender diversity, the board has determined that the short-listed candidates for an available board position must include at least one qualified female candidate and, where a search firm is engaged, the board will instruct them accordingly.

Annual review of performance of the board, its committee and directors

A review process to assess the performance of the board, its committees and individual directors is undertaken each year. The last review was conducted in September 2010 and the review for the Reporting Period will be completed in October 2011.

Each director completes a questionnaire, the responses are collated and the board then meets to discuss and consider the results of that process and to determine any actions arising from the review. The Chairman also meets with each director to discuss the review and the director's own performance.

Matters covered by the review include the role and performance of the board and its committees, directors' understanding of APA's long-term objectives and key risks to the business and achievement of those objectives, succession planning and the effectiveness of the Chairman in leading the board.

Directors' access to records and information, management and professional advice

Subject to normal privacy requirements, directors have access to APA's records and information, and to the Company Secretary and other relevant senior management personnel. They receive regular detailed reports on financial and operational aspects of APA's business and may request elaboration or explanation of those reports.

While most board meetings are held in Sydney, where APA's head office is located, some are held in other locations where APA has a presence, providing directors with the opportunity to receive presentations from and speak to local APA employees about the business and to inspect APA's assets and facilities.

The board collectively, and each director individually, may seek independent professional advice at APA's expense. Prior approval of the Chairman is required, but this may not be unreasonably withheld.

Directors and senior management are encouraged to broaden their knowledge of APA's business and to keep abreast of developments in business more generally by attending relevant courses, seminars and conferences. Where appropriate, APA will meet expenses involved in such activities.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING **Code of conduct and policies**

The board and senior management are firmly committed to ensuring that they and all employees observe high standards of ethical behaviour and conduct.

APA's code of conduct sets out the behaviour required of directors and employees and recognises the responsibilities of APA and its personnel to securityholders, customers, suppliers, employees and the community. It also requires that breaches of the code are reported and provides a mechanism to enable breaches to be reported without fear of retribution. The code is published on APA's web site.

A number of APA's policies aim to foster a culture of compliance and ethical and responsible decision-making. APA's whistleblower policy encourages the reporting of matters of concern and suspected wrongdoing, such as dishonest or fraudulent conduct, breaches of legislation and other conduct that may

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cause financial loss to APA or be otherwise detrimental to its reputation or interests, and describes the protection to be afforded to whistleblowers who report such conduct against reprisals, discrimination, harassment or other disadvantage resulting from their reports.

APA's securities trading policy, published on its web site, provides that directors and designated management personnel may buy or sell APA securities only during:

- the periods, each of one calendar month, starting on the second business day after each of three events, namely the release to ASX of the half year and full year results and APA's annual meeting of securityholders; and
- at such other times as the board permits,

unless exceptional circumstances apply. Directors and employees are precluded from buying or selling securities at any time if they are aware of any price-sensitive information which has not been made public.

Diversity

Changes made to the ASX Corporate Governance Council's Principles and Recommendation in 2010 include the recommendation that companies establish a diversity policy that includes requirements for the board to establish measureable objectives for achieving gender diversity and to assess annually both the objectives and progress in achieving them.

APA values diversity and recognises that to continue to be a relevant and innovative organisation, it must leverage the full potential of its people. Embracing individual diversity encourages diversity of thought, which is conducive to better decision-making and opportunity for innovation. It is also about taking advantage of all available talent for the benefit of the organisation. Diversity in this context refers to all characteristics that distinguish individuals from each other, and includes ethnicity, religion, gender and age.

Historically, the industry in which APA operates has been dominated by men, to a greater degree than some other industries. Today, approximately 75% of APA's employees are involved in operating and maintaining APA's and third parties' gas and pipeline and infrastructure assets and that many of those roles require physical, field-based work has meant they have been predominantly filled by men.

APA is nevertheless committed to increasing the number of women in its workforce and the pool of talented women from which managers are drawn.

Under APA's equal employment opportunity policy, employment-related decisions are based on merit, with an additional emphasis towards proactively seeking to increase the female participation rate in senior management. With respect to the board, it is APA's intention, when looking to fill a board position, to always have at least one qualified female candidate on the short-list of candidates.

APA operates a talent program through which future leaders, both men and women, are identified and developed with a range of training programs with a view to them moving into leadership roles in the future.

APA respects that employees may have domestic responsibilities and seeks to retain such employees in the workforce, for example through its paid parental leave policy and flexible workplace practices policy. The latter provides a process where managers and employees can discuss and assess suitable workplace practices that enable employees to balance personal commitments, while also ensuring their work commitments are not negatively impacted, through options such as permanent part-time work, job share arrangements, working from home and flexible working hours.

APA is considering what, if any, measurable objectives may be appropriate with respect to the achievement of gender diversity on the board and within APA, and expects to resolve that issue, and to develop a diversity policy, over the course of the current financial year.

The following table sets out the proportion of women on the board and in senior management positions, and the proportion of women employees across APA:

Women on the board, as a percentage of the total number of directors	12.5%
Women in senior management positions (General Manager and above), as a percentage of the total number of those roles	9%
Women employees across APA, as a percentage of total employees	25%

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Audit and Risk Management Committee

The board has established an Audit and Risk Management Committee, the composition of which is determined in accordance with the following principles:

- the committee will have at least three members;
- all members of the committee will be independent, non-executive directors; and
- the committee Chairman cannot also be the Chairman of the board.

The directors' report for the Reporting Period identifies the current members of the committee and their qualifications and experience. The Chairman of the board, although not a member of the committee, usually attends committee meetings.

The roles and responsibilities delegated to the committee are set out in the committee's charter which is published on APA's web site.

The Managing Director, Chief Financial Officer, Company Secretary, Business Risk Manager, other senior management personnel, as required, and the external and internal auditors attend committee meetings at the discretion of the committee. The external and internal auditors receive all committee papers and regularly meet with the committee, without management present, at committee meetings.

The minutes of each meeting of the Audit and Risk Management Committee are reviewed at the subsequent meeting of the board and the committee Chairman reports to the board on the committee's activities and recommendations.

The committee is required by its charter to meet at least four times each year. The number of times it met during the Reporting Period and the committee members' attendance at those meetings are set out in the directors' report for that period.

Audit functions and independence of external auditor

Apart from reviewing the integrity of APA's financial reporting, the committee receives reports from the external and internal auditors, monitors their effectiveness and the independence of the external auditor, and makes recommendations to the board on the appointment or replacement (subject to securityholders' approval, if applicable) of the external auditor.

The external auditor appointment and independence policy (published on APA's web site) documents the process for appointment of the auditor and for monitoring the auditor's independence. Pursuant to that policy, the lead partner and the review or concurring partner of the external auditor must be rotated at least every five years, followed by a two year minimum time-out period during which they may not take part in the audit. APA's auditor is Deloitte Touche Tohmatsu and Greg Couttas of that firm was appointed the lead audit partner for the APA audit in December 2009.

The external auditor's independence could be impaired or compromised, or be interpreted as being impaired or compromised, through the provision of some non-audit services or by the quantum of fees paid to the auditor for such services. Accordingly, the Audit and Risk Management Committee has

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approved a list of non-audit services that the external auditor may perform and the process for those services being approved, identified a list of prohibited services and determined a maximum dollar limit on any non-audit services provided by the auditor in any financial year.

Reimbursement of Responsible Entity's costs

The Responsible Entity's costs incurred in acting as responsible entity of Australian Pipeline Trust and APT Investment Trust are reimbursed by APA. The actual cost recovery in the Reporting Period was \$2,238,000. The Responsible Entity does not make a profit, nor seek performance fees.

The constitutions of Australian Pipeline Trust and APT Investment Trust enable the Responsible Entity to charge fees up to 0.5% per annum of the value of gross assets; however, the right to charge such fees has been waived to the extent it exceeds the Responsible Entity's costs.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

APA's market disclosure policy, published on APA's web site, aims to ensure that information that a person could reasonably expect to have a material effect on the APA security price, whether the information is positive or negative, is announced to the market by release to ASX in accordance with the ASX Listing Rules and the Corporations Act 2001.

The Company Secretary is the nominated continuous disclosure officer.

All ASX announcements are posted on APA's web site as soon as reasonably possible after notification to ASX.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

Communications with securityholders

APA aims to ensure its securityholders are informed of all significant developments affecting APA's state of affairs and business. Information is communicated to securityholders by a number of means, including the following:

- an annual statutory report (comprising the financial report, directors' report and audit report) sent to securityholders who have elected to receive the report;
- an annual review sent to securityholders who elect to receive either the statutory report or the annual review alone;
- a biannual newsletter sent to securityholders who have not elected to receive the annual report, and to all securityholders on the announcement of the half year results;
- the interim (half yearly) report and directors' commentary on that report;
- announcements to ASX and media releases;
- "Open Briefings" prepared from time to time to provide an update to investors, and released to ASX;
- analyst briefings and investor presentations released to ASX;
- the Investor Centre section of APA's web site on which the reports, ASX and media releases, presentations and other documents referred to above are posted;
- the annual meeting of securityholders; and
- webcasting of half year and full year results presentations, the annual meeting and announcements of major events.

Securityholders and others may elect on APA's web site to receive ASX and media announcements and newsletters by email.

Annual meeting of securityholders

APA encourages securityholders to participate in its annual meetings. A notice of annual meeting setting out the agenda for the meeting and explaining resolutions on which securityholders may vote is sent to all securityholders and to ASX prior to the meeting. Securityholders who cannot attend a meeting in person may appoint a proxy and may also read the Chairman and Managing Directors' addresses that are sent to ASX and posted on APA's web site, and listen to a web cast of the meeting available through the web site.

At the annual meeting the Chairman encourages questions and comments from securityholders and seeks to ensure the meeting is managed to give securityholders an opportunity to participate. In the interests of clarity, questions on operational matters may be answered by the Managing Director or another appropriate member of senior management. Securityholders are also invited to send written questions ahead of the meeting and, where there is a common theme to a number of questions, either the Chairman or the Managing Director will commonly seek to provide an answer in their address.

The external auditor attends the annual meetings and is available to respond to questions from securityholders about the conduct of the audit and the preparation and content of the independent audit report.

The 2011 annual meeting of securityholders will be held in Sydney on 27 October 2011. A notice of that meeting and a proxy form will be sent to securityholders some weeks before the meeting, and details of the meeting are also available from APA's web site.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The identification and effective management of risk, including calculated risk-taking, are viewed as an essential part of APA's approach to creating long-term securityholder value.

The board is responsible for adopting and reviewing APA's approach to the identification, evaluation and management of business risks that are material to the fulfilment of APA's business objectives.

The board has delegated certain activities to its Audit and Risk Management Committee, the charter for which is published on APA's web site. With respect to business risk, the committee's primary function is to maintain and oversee a sound system of internal risk management controls based on the board's adopted risk management approach.

Specific risk management responsibilities of the Audit and Risk Management Committee include:

- reviewing and approving APA's updated risk profile, and risk management policy and framework;
- reviewing at least annually APA's implementation of the risk management policy and framework; and
- receiving and reviewing management's report on the effectiveness of risk management and internal control systems and otherwise monitoring the effectiveness of the risk management framework and the system of internal control, and progress against agreed risk management plans.

The Managing Director is accountable for ensuring that a risk management system is established, implemented and maintained in accordance with APA's risk management policy and framework.

Senior management is accountable for risk management within the areas under their control, including devolution of the risk management process to operational managers, and is responsible for:

- reviewing the measures of risk impact severity that underlies the identification of material business risks, to ensure the measures remain current to APA's context;
- identifying material business risks that may impact on APA's business plans and objectives and the development, implementation, performance and review of risk management plans. In doing so, senior management considers both financial risk and non-financial risk, including operational, environmental, strategic, market related, compliance and reputation risk;
- aggregating operational risk data across APA, and monitoring external factors, to facilitate monitoring of APA's risk profile; and
- contributing advice, leadership and facilitation in the development of group-wide risk control solutions.

CORPORATE GOVERNANCE STATEMENT

CONTINUED

The Business Risk Manager, who reports to the Company Secretary and usually attends meetings of the Audit and Risk Management Committee, is responsible for:

- overseeing and facilitating the co-ordination of the risk management activities of senior management;
- reporting regularly to the Audit and Risk Management Committee on APA's risk profile and the implementation and effectiveness of risk management plans;
- contributing leadership and facilitation of the implementation of group-wide risk control solutions; and
- working with senior management to design and develop risk education and communication forums.

APA's management has reported to the Audit and Risk Management Committee as to its assessment of the effectiveness of management by APA of its material risks.

In the course of approving the financial statements for the Reporting Period, the board considered a written statement from the Chief Executive Officer and the Chief Financial Officer to the effect that, to the best of their knowledge and belief, their declaration pursuant to section 295A of the Corporations Act 2001 (broadly, that the financial statements give a true and fair view in all material respects of APA's financial position and comply in all material respects with relevant accounting standards) is founded on a sound system of risk management and internal control and that system is operating effectively in all material respects in relation to financial reporting risks, based on the management framework adopted by APA.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Remuneration Committee

The board has established a Remuneration Committee to consider and make recommendations to the board on, among other things, remuneration policies applicable to board members and senior management.

The composition of the Remuneration Committee is determined in accordance with the following principles:

- the committee will have at least three members;
- all members of the committee will be non-executive directors and a majority of them will be independent directors; and
- the committee Chairman will be an independent director.

The directors' report for the Reporting Period identifies the current members of the committee and their qualifications and experience. The Chairman of the board, although not a member of the committee, usually attends committee meetings.

The roles and responsibilities delegated to the Remuneration Committee are set out in the committee's charter which is published on APA's web site.

The Managing Director attends meetings of the committee by invitation when required to report on and discuss senior management performance and other remuneration matters.

The committee Chairman reports to the board on the committee's activities and recommendations.

The committee is required by its charter to meet at least twice each year. The number of times it met during the Reporting Period and the committee members' attendance at those meetings are set out in the directors' report for that period.

External advice

The committee can seek external professional advice on any matter within its terms of reference. As stated in APA's remuneration report referred to below, independent remuneration consultants were engaged by the Chairman of the Remuneration Committee to review non-executive director and executive compensation during the Reporting Period.

Remuneration report

The Corporations Act 2001 does not require registered investment schemes like Australian Pipeline Trust and APT Investment Trust to include a remuneration report as part of the annual directors' report, but APA has chosen to do so for the Reporting Period and prior periods.

The remuneration report sets out details of APA's policies with respect to remuneration of non-executive directors, the Managing Director and other key management personnel, together with details of the components of remuneration and total remuneration paid to those individuals over the Reporting Period.

Retirement benefits

In 2003 the board terminated the non-executive directors' retirement benefit plan so that the benefits to participating directors that had accrued up to termination were then quantified and preserved for payment on retirement of those directors. Under the plan, after three years service a director was entitled to the equivalent of the emoluments received over the most recent 12 months. After 10 years service, the entitlement increased to the equivalent of emoluments received during the most recent three years. No additional entitlement accrued after 10 years. For periods between three and 10 years, the entitlement was calculated on a pro-rata basis.

Robert Wright is the only current director entitled to benefit under the plan on retirement from the board.

CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS ISSUED BY ASX CORPORATE GOVERNANCE COUNCIL

		COMPLY YES/NO
PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions	Yes
1.2	Companies should disclose the process for evaluating the performance of senior executives	Yes
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1	Yes
PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE		
2.1	A majority of the board should be independent directors	Yes
2.2	The chair should be an independent director	Yes
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	Yes
2.4	The board should establish a nomination committee	No (note 1)
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	Yes
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2	Yes

Note

1. The board has chosen not to have a separate nomination committee, as explained in the section of this statement entitled "Principle 2: Structure the board to add value" under the heading "Selection and appointment of directors"

CORPORATE GOVERNANCE STATEMENT

CONTINUED

	COMPLY YES/NO
PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING	
3.1 Companies should establish a code of conduct and disclose the code or a summary of that code as to: <ul style="list-style-type: none"> – the practices necessary to maintain confidence in the company's integrity – the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders – the responsibility and accountability of individuals for reporting and investigating reports of unethical practices 	Yes
3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them	No (note 2)
3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them	No (note 2)
3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior management positions and women on the board.	Yes
3.3 Companies should provide the information indicated in the Guide to reporting on Principle 3	Yes
PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING	
4.1 The board should establish an audit committee	Yes
4.2 The audit committee should be structured so that it: <ul style="list-style-type: none"> – consists only of non-executive directors – consists of a majority of independent directors – is chaired by an independent chair, who is not chair of the board – has at least three members 	Yes
4.3 The audit committee should have a formal charter	Yes
4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4	Yes
PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE	
5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	Yes
5.2 Companies should provide the information indicated in the Guide to reporting on Principle 5	Yes
PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS	
6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	Yes
6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6	Yes
PRINCIPLE 7: RECOGNISE AND MANAGE RISK	
7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	Yes
7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks	Yes
7.3 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks	Yes
7.4 Companies should provide the information indicated in the Guide to reporting on Principle 7	Yes
PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY	
8.1 The board should establish a remuneration committee	Yes
8.2 The remuneration committee should be structured so that it: <ul style="list-style-type: none"> – consists of a majority of independent directors – is chaired by an independent director – has at least three members 	Yes
8.3 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	Yes
8.4 Companies should provide the information indicated in the Guide to reporting on Principle 8	Yes

Note
2. Refer to the section of this statement entitled "Principle 3: Promote ethical and responsible decision-making" under the heading "Diversity"

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2011

	Note	CONSOLIDATED		TRUST	
		2011 \$000	2010 \$000	2011 \$000	2010 \$000
CONTINUING OPERATIONS					
Revenue	6	1,078,113	975,803	63,019	50,295
Share of net profits of associates and jointly controlled entities accounted for using the equity method	6	23,876	13,687	-	-
		1,101,989	989,490	63,019	50,295
Asset operation and management expenses		(82,190)	(75,959)	-	-
Depreciation and amortisation expense	7	(100,350)	(91,426)	-	-
Other operating costs - pass-through	7	(381,733)	(329,942)	-	-
Finance costs	7	(260,004)	(243,235)	(45)	-
Employee benefit expense	7	(114,923)	(97,859)	-	-
Other expenses	7	(18,102)	(11,889)	(31)	(4,965)
Profit before tax		144,687	139,180	62,943	45,330
Income tax expense	9	(35,862)	(38,672)	(3,555)	(5,236)
Profit for the year		108,825	100,508	59,388	40,094
Other comprehensive income					
(Loss)/gain on available-for-sale investments taken to equity		29,643	(389)	880	1,444
(Loss)/gain on cash flow hedges		(35,492)	294	-	-
Gain/(loss) on associate hedges taken to equity		(2,100)	13,622	-	-
Actuarial gain/(loss) on defined benefit plan		3,072	(8,153)	-	-
Income tax relating to other comprehensive income components		2,606	(16,651)	(263)	(62)
Other comprehensive income/(expense) in the year (net of tax)		(2,271)	34,471	617	1,382
Total comprehensive income for the year		106,554	134,979	60,005	41,476
Profit attributable to:					
Equityholders of the parent		69,585	62,584	59,388	40,094
Minority interest - APT Investment Trust equityholders		38,924	37,774	-	-
APA stapled securityholders		108,509	100,358	59,388	40,094
Minority interest - other		316	150	-	-
		108,825	100,508	59,388	40,094
Total comprehensive income attributable to:					
Equityholders of the parent		67,314	95,710	60,005	41,476
Minority interest - APT Investment Trust equityholders		38,924	39,119	-	-
APA stapled securityholders		106,238	134,829	60,005	41,476
Minority interest - other		316	150	-	-
		106,554	134,979	60,005	41,476
EARNINGS PER SECURITY					
Basic and diluted (cents per security)	35	19.7	19.4		

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

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Note	CONSOLIDATED		TRUST	
		2011 \$000	2010 \$000	2011 \$000	2010 \$000
CURRENT ASSETS					
Cash and cash equivalents	36	95,368	80,940	49	293
Trade and other receivables	11	145,698	142,529	485	485
Inventories	12	11,076	10,698	-	-
Other	13	3,357	3,757	-	-
Total current assets		255,499	237,924	534	778
NON-CURRENT ASSETS					
Receivables	14	25,860	21,402	536,161	355,751
Other financial assets	15	182,282	129,185	665,507	639,815
Investments accounted for using the equity method	16	479,409	403,528	-	-
Property, plant and equipment	17	3,768,342	3,483,328	-	-
Goodwill	18	515,344	520,779	-	-
Other intangible assets	19	192,903	179,282	-	-
Deferred tax assets	9	-	-	148,242	136,823
Other	20	7,966	7,008	192	-
Total non-current assets		5,172,106	4,744,512	1,350,103	1,132,389
Total assets		5,427,605	4,982,436	1,350,637	1,133,167
CURRENT LIABILITIES					
Trade and other payables	21	135,651	131,839	148,490	136,823
Borrowings	22	900,000	103,883	-	-
Other financial liabilities	23	44,986	8,738	-	-
Provisions	24	54,731	42,957	-	-
Other	25	2,347	10,874	-	-
Total current liabilities		1,137,715	298,291	148,490	136,823
NON-CURRENT LIABILITIES					
Borrowings	26	1,990,446	2,891,891	-	-
Other financial liabilities	27	263,786	66,691	-	-
Deferred tax liabilities	9	336,171	297,808	-	-
Provisions	24	30,840	31,685	-	-
Other	25	802	925	-	-
Total non-current liabilities		2,622,045	3,289,000	-	-
Total liabilities		3,759,760	3,587,291	148,490	136,823
Net assets		1,667,845	1,395,145	1,202,147	996,344

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

STATEMENT OF FINANCIAL POSITION

CONTINUED

As at 30 June 2011

	Note	CONSOLIDATED		TRUST	
		2011 \$000	2010 \$000	2011 \$000	2010 \$000
EQUITY					
Australian Pipeline Trust equity:					
Issued capital	28	1,192,779	984,936	1,192,779	984,936
Reserves	29	54,899	59,955	762	145
Retained earnings	30	19,054	9,364	8,606	11,263
Equity attributable to securityholders of the parent		1,266,732	1,054,255	1,202,147	996,344
Minority interests:					
APT Investment Trust:					
Issued capital	31	382,001	320,931	-	-
Reserves	31	534	(101)	-	-
Retained earnings	31	18,295	19,928	-	-
Equity attributable to securityholders of APT Investment Trust		400,830	340,758	-	-
Other minority interest	31	283	132	-	-
Total minority interests		401,113	340,890	-	-
Total equity		1,667,845	1,395,145	1,202,147	996,344

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

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2011

CONSOLIDATED

	AUSTRALIAN PIPELINE TRUST										APT INVESTMENT TRUST					OTHER MINORITY INTEREST				
	ISSUED CAPITAL \$000	ASSET REVALUATION RESERVE \$000	AVAILABLE-FOR-SALE INVESTMENT REVALUATION RESERVE \$000	HEDGING RESERVE \$000	RETAINED EARNINGS \$000	ATTRIBUTABLE TO OWNER OF THE PARENT \$000	ISSUED CAPITAL \$000	AVAILABLE-FOR-SALE INVESTMENT REVALUATION RESERVE \$000	RETAINED EARNINGS \$000	INVESTMENT TRUST \$000	ISSUED CAPITAL \$000	OTHER \$000	RETAINED EARNINGS \$000	OTHER MINORITY INTEREST \$000	ISSUED CAPITAL \$000	OTHER \$000	RETAINED EARNINGS \$000	OTHER MINORITY INTEREST \$000	TOTAL \$000	
Balance at 1 July 2009	894,435	8,669	(1,236)	13,690	(4,998)	910,560	358,450	(1,446)	10,810	367,814	4	1	76	81	1,278,455				1,278,455	
Profit for the year	-	-	-	-	62,584	62,584	-	-	37,774	37,774	-	-	150	150	100,507				100,507	
Other comprehensive income	-	-	(1,796)	40,628	(5,706)	33,126	-	1,345	-	1,345	-	-	-	-	34,471				34,471	
Total comprehensive income for the year	-	-	(1,796)	40,628	56,878	95,710	-	1,345	37,774	39,119	-	-	150	150	134,979				134,979	
Payment of distributions	-	-	-	-	(42,516)	(42,516)	-	-	(28,656)	(28,656)	-	-	(99)	(99)	(71,271)				(71,271)	
Issued under distribution reinvestment plan	41,720	-	-	-	-	41,720	15,134	-	-	15,134	-	-	-	-	56,854				56,854	
Equity values adjustment between stapled entities	9,868	-	-	-	-	9,868	(9,868)	-	-	(9,868)	-	-	-	-	-				-	
Security purchase plan	64,463	-	-	-	-	64,463	20,723	-	-	20,723	-	-	-	-	85,186				85,186	
Issue cost of securities	(230)	-	-	-	-	(230)	(74)	-	-	(74)	-	-	-	-	(304)				(304)	
Capital return to securityholders	(25,320)	-	-	-	-	(25,320)	(63,434)	-	-	(63,434)	-	-	-	-	(88,754)				(88,754)	
Balance at 30 June 2010	984,936	8,669	(3,032)	54,318	9,364	1,054,255	320,931	(101)	19,928	340,758	4	1	127	132	1,395,145				1,395,145	
Balance at 1 July 2010	984,936	8,669	(3,032)	54,318	9,364	1,054,255	320,931	(101)	19,928	340,758	4	1	127	132	1,395,145				1,395,145	
Profit for the year	-	-	-	-	69,585	69,585	-	-	38,924	38,924	-	-	316	316	108,825				108,825	
Other comprehensive income	-	-	21,259	(26,315)	2,150	(2,906)	-	635	-	635	-	-	-	-	(2,271)				(2,271)	
Total comprehensive income for the year	-	-	21,259	(26,315)	71,735	66,679	-	635	38,924	39,559	-	-	316	316	106,554				106,554	
Payment of distributions	-	-	-	-	(62,045)	(62,045)	-	-	(40,557)	(40,557)	-	-	(165)	(165)	(102,767)				(102,767)	
Issued under distribution reinvestment plan	39,782	-	-	-	-	39,782	12,590	-	-	12,590	-	-	-	-	52,372				52,372	
Institutional Placement	230,128	-	-	-	-	230,128	69,872	-	-	69,872	-	-	-	-	300,000				300,000	
Issue cost of securities	(2,746)	-	-	-	-	(2,746)	(915)	-	-	(915)	-	-	-	-	(3,661)				(3,661)	
Tax relating to security issue costs	824	-	-	-	-	824	-	-	-	-	-	-	-	-	824				824	
Capital return to securityholders	(60,145)	-	-	-	-	(60,145)	(20,477)	-	-	(20,477)	-	-	-	-	(80,622)				(80,622)	
Balance at 30 June 2011	1,192,779	8,669	18,227	28,003	19,054	1,266,733	382,001	534	18,295	400,830	4	1	278	283	1,667,845				1,667,845	

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

STATEMENT OF CHANGES IN EQUITY

CONTINUED

For the financial year ended 30 June 2011

	TRUST			
	ISSUED CAPITAL \$000	AVAILABLE-FOR-SALE INVESTMENT REVALUATION RESERVE \$000	RETAINED EARNINGS \$000	ATTRIBUTABLE TO OWNER OF THE PARENT \$000
Balance at 1 July 2009	894,435	(1,237)	13,685	906,883
Profit for the year	-	-	40,094	40,094
Other comprehensive income	-	1,382	-	1,382
Total comprehensive income for the year	-	1,382	40,094	41,476
Payment of distributions	-	-	(42,516)	(42,516)
Issued under distribution reinvestment plan	41,720	-	-	41,720
Equity values adjustment between stapled entities	9,868	-	-	9,868
Security purchase plan	64,463	-	-	64,463
Issue cost of securities	(230)	-	-	(230)
Capital return to securityholders	(25,320)	-	-	(25,320)
Balance at 30 June 2010	984,936	145	11,263	996,344
Balance at 1 July 2010	984,936	145	11,263	996,344
Profit for the year	-	-	59,388	59,388
Other comprehensive income	-	617	-	617
Total comprehensive income for the year	-	617	59,388	60,005
Payment of distributions	-	-	(62,045)	(62,045)
Issued under distribution reinvestment plan	39,782	-	-	39,782
Institutional Placement	230,128	-	-	230,128
Issue cost of securities	(2,746)	-	-	(2,746)
Tax relating to security issue costs	824	-	-	824
Capital return to securityholders	(60,145)	-	-	(60,145)
Balance at 30 June 2011	1,192,779	762	8,606	1,202,147

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

STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2011

	Note	CONSOLIDATED		TRUST	
		2011 \$000	2010 \$000	2011 \$000	2010 \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		1,165,338	1,055,107	217	97
Payments to suppliers and employees		(704,597)	(615,697)	-	-
Dividends received		45,890	38,143	62,842	49,955
Proceeds from repayment of finance leases		6,748	2,875	-	-
Interest received		6,162	18,003	177	339
Interest and other costs of finance paid		(229,954)	(230,670)	(45)	-
Income tax paid		442	-	-	-
Net cash provided by operating activities	36(c)	290,029	267,761	63,191	50,391
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(231,051)	(135,426)	-	-
Proceeds from sale of property, plant and equipment		265	-	-	-
Payments for available-for-sale investments	36(b)	(22,481)	(114,498)	-	-
Payments for equity accounted investments	36(b)	(91,392)	(22,706)	(24,812)	(22,379)
Payments for controlled entities net of cash acquired	40	(171,077)	(83,328)	-	-
Proceeds from controlled entities		-	-	-	939,496
Payments for intangible assets		(8,000)	-	-	-
Proceeds from sale of businesses		3,145	8,190	-	7,265
Proceeds from sale of equity accounted investments		4,500	-	-	-
Net cash (used in)/provided by investing activities		(516,091)	(347,768)	(24,812)	924,382
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		700,100	1,275,050	-	-
Repayments of borrowings		(620,633)	(1,175,000)	(183,598)	(1,022,570)
Proceeds from issue of securities		352,372	142,040	269,910	106,183
Equity values adjustment between stapled entities		-	-	-	9,868
Payment of debt issue costs		(4,300)	(29,629)	-	-
Payments of security issue costs		(3,661)	(304)	(2,746)	(229)
Distributions paid to:					
Securityholders of APT		(122,189)	(67,836)	(122,189)	(67,836)
Securityholders of minority interests - APTIT		(61,034)	(92,090)	-	-
Other minority interest		(165)	(99)	-	-
Net cash provided by/(used in) by financing activities		240,490	52,132	(38,623)	(974,584)
Net (decrease)/increase in cash and cash equivalents		14,428	(27,875)	(244)	189
Cash and cash equivalents at beginning of financial year		80,940	108,815	293	104
Cash and cash equivalents at end of financial year	36(a)	95,368	80,940	49	293

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

1. GENERAL INFORMATION

Australian Pipeline Trust ("APT") is one of two stapled entities of APA Group ("APA"). The other stapled entity is APT Investment Trust ("APTIT"). APA is listed on the Australian Securities Exchange (trading under the symbol 'APA'), registered in Australia and operating in Australia.

The financial statements represent the consolidated financial results of the two stapled entities Australian Pipeline Trust and APT Investment Trust, together "APA".

APT's registered office and principal place of business are as follows:

Registered office and principal place of business

Level 19, HSBC Building
580 George Street, SYDNEY NSW 2000
Tel: (02) 9693 0000.

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

- Energy Infrastructure businesses located across Australia;
- Energy investments, including Envestra Limited ("Envestra"), SEA Gas Pipeline, Ethane Pipeline Income Fund ("EPX"), Energy Infrastructure Investments Pty Limited ("EII"), Energy Infrastructure Investments 2 Pty Limited ("EII2"); and
- Asset management and operations services for APA's energy investments and other third parties.

2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

(a) Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in part b.

Standards affecting presentation disclosure

STANDARD	IMPACT
- Amendments to AASB 107 'Statement of Cash Flows'	The amendments (part of AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.

(b) Standards and Interpretations adopted with no effect on financial statements

The following new and revised Standards have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions and arrangements.

STANDARD	IMPACT
- AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the annual Improvements Project'.	Except for the amendments to AASB 107 described above, the application of AASB 2009-6 has not had any material effect on amounts reported in the financial statements.
- AASB 2009-8 'Amendments to Australian Accounting Standards Group Cash-Settled Share-based Payment Transactions.	AASB 2009-8 makes amendments to AASB 2 'Share-based Payment' to clarify the scope of AASB 2 and the accounting for group cash-settled share-based payment transactions in the separate financial statements of an entity receiving the goods or service when another group entity has the obligation to settle the award.
- AASB 2009-10 'Amendments to Australian Accounting Standards Classification of Rights Issue'.	AASB 2009-10 makes amendments to AASB 132 'Financial Instruments: Presentation' to address the classification of certain right issues denominated in foreign currency either as an equity instrument or as a financial liability. To date, there are no arrangements that would fall within the scope of the amendments.
- AASB 2010-3 'Amendments to Australian Accounting Standards arising from the annual Improvements Project'	AASB 2010-3 makes amendments to AASB 3 (2008) Business Combinations' to clarify that the measurement choice regarding non-controlling interest at the date of acquisition is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling are measured at their acquisition date fair value, unless another measurement basis is required by other Standards.
- AASB 2010-4 'Amendments to Australian Accounting Standards arising from the annual Improvements Project'	The application of AASB 2010-4 has not had any material effect on amounts reported in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS (CONTINUED)

(c) Standards and Interpretations issued not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

STANDARD/INTERPRETATION	EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER	EXPECTED TO BE INITIALLY APPLIED IN THE FINANCIAL YEAR ENDING
– AASB 124 'Related Party Disclosures (revised December 2009)' AASB 2009-12 'Amendments to Australian Accounting Standards'	1 January 2011	30 June 2012
– AASB 9 'Financial Instruments', AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2013	30 June 2014
– AASB 2009-14 'Amendments to Australian Interpretation - Prepayments of minimum Funding Requirement	1 January 2011	30 June 2012
– AASB 2010-5 'Amendments to Australian Accounting Standards'	1 January 2011	30 June 2012
– AASB 2010-6 'Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets'	1 July 2011	30 June 2012
– AASB 2010-8 'Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets'	1 January 2012	30 June 2013
– IFRS 10 Consolidated Financial Statements	1 January 2013	30 June 2014
– IFRS 11 Joint Arrangements	1 January 2013	30 June 2014
– IFRS 12 Disclosure of Interest in Other Entities	1 January 2013	30 June 2014
– IFRS 13 Fair Value measurement	1 January 2013	30 June 2014
– IAS 27 Separate Financial statements	1 January 2013	30 June 2014
– IAS 28 Investments in Associates and Joint Ventures	1 January 2013	30 June 2014
– IAS 19 Employee Benefits	1 January 2013	30 June 2014

The potential impact of the initial application of the above Standards has not yet been determined.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial report includes the separate financial statements of the Trust and the consolidated financial statements of the Group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ("A-IFRS"). Compliance with A-IFRS ensures that the financial report and notes of the Trust and the Consolidated Entity comply with International Financial Reporting Standards ("IFRS").

The financial report was authorised for issue by the Directors on 24 August 2011.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated under the option available to APA under ASIC Class Order 98/0100. APA is an entity to which the class order applies.

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

(a) Working capital position

The working capital position as at 30 June 2011 for the Consolidated Entity is a surplus of current liabilities over current assets of \$888.6 million (2010:

\$60.4 million) primarily as a result of syndicated facilities of \$900 million due to mature on 8 June 2012. APA's refinancing strategies have ensured that the Group has access to a broad cross section of global debt capital markets out of which to achieve a refinancing of this and other debt facilities.

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

(b) Basis of consolidation

The financial report incorporates the financial statements of the Trust and entities (including special purpose entities) controlled by the Trust (its controlled entities) (referred to as the "Consolidated Entity", "Group" or "APA Group" in this financial report). Control is achieved where the Trust has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of controlled entities acquired during the financial year are included in the statement of comprehensive income from the effective date of acquisition.

Where necessary, adjustments are made to the financial reports of controlled entities to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. In the separate financial report of the Trust, the intra-group transactions ("common control transactions") are generally accounted for by reference to the existing (consolidated) book value of the items. Where the transaction value of common control transactions differs from their

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation (continued)

consolidated book value, the difference is recognised as a contribution by or distribution to equity participants by the transaction entities.

Minority interests in the net assets (excluding goodwill) of consolidated controlled entities are identified separately from the Consolidated Entity's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the controlled entity's equity are allocated against the interests of the Consolidated Entity except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

(c) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Consolidated Entity in exchange for control of the acquiree. Acquisition costs directly attributable to the business combination are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Consolidated Entity's previously held interests in the acquired entity are remeasured to fair value at the acquisition date and the resulting gains or losses, if any, are recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively;
- liabilities or equity instruments related to the replacement by the consolidated entity of an acquiree's share-based payment awards are measured in accordance with AASB 2 'Share-based payment'; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Consolidated Entity reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted for during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date, that, if known, would have affected the amounts recognised as at that date.

The measurement period is the period from the date of acquisition to the date the Consolidated Entity obtains complete information about facts and

circumstances that existed as of the acquisition date - and is subject to a maximum of one year.

(d) Joint venture arrangements

Jointly controlled operations

Interests in jointly controlled operations are reported in the financial report 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.

Jointly controlled entities

Interests in jointly controlled entities are accounted for under the equity method in the consolidated financial report and the cost method in APT's financial report.

(e) Investments in associates

An associate is an entity over which the Consolidated Entity has significant influence and that is neither a subsidiary nor a joint venture. The results and assets and liabilities of associates are accounted for using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Consolidated Entity's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Consolidated Entity's interest are recognised only to the extent that there is a legal or constructive obligation or the Consolidated Entity has made payments on behalf of the associate.

Any excess of the cost of acquisition over the Consolidated Entity's share of the net fair value of identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. This is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Consolidated Entity's share of the net fair value of assets and liabilities over the cost of acquisition after reassessment is recognised immediately in profit or loss.

(f) Financial assets and liabilities

Available-for-sale financial assets

Certain shares and redeemable notes held by the Group are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale investment revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale investment revaluation reserve is included in profit or loss for the period. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Trade and other receivables are stated at their amortised cost less impairment.

Trade and other payables

Trade and other payables are recognised when the Consolidated Entity becomes obliged to make future payments resulting from the purchase of goods and services. Trade and other payables are stated at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets and liabilities (continued)

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investments have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed, does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income.

(g) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to insignificant risk of changes in values.

(h) Acquisition of assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition. Cost includes expenditure that is directly attributable to the acquisition or construction of the asset.

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.

(i) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the statement of comprehensive income over the period of the borrowing using the effective interest method.

(j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(k) Property, plant and equipment

Land and buildings held for use are carried in the consolidated statement of financial position at cost, less any subsequent accumulated depreciation and impairment losses.

Leasehold improvements and plant and equipment are stated at cost less accumulated depreciation and impairment.

Work in progress is stated at cost. Cost includes expenditure that is directly attributable to the acquisition or construction of the item.

(l) 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 estimated useful lives and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes recognised on a prospective basis. The following estimated useful lives are used in the calculation of depreciation:

- buildings 30 - 50 years;
- compressors up to 50 years;
- gas transportation systems up to 80 years;
- meters 25 - 50 years; and
- other plant and equipment 3 - 20 years.

(m) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, incentives, 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 employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rates expected to apply at the time of settlement. Provisions made in respect of employee benefits 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 reporting date.

Defined contribution plans

Contributions to defined contribution plans are expensed when incurred.

Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses are recognised directly to retained earnings in the period in which they occur.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise amortised on a straight-line basis over the average period until the benefits become vested.

The defined benefit obligation recognised in the consolidated statement of financial position represents the present value of the defined benefit obligation, adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, net of the fair value of the plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

(n) Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effects of any changes in estimate being accounted for on a prospective basis.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Intangible assets (continued)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill and are initially recognised at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

(o) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in Note 37.

Derivatives are initially recognised at fair value at the date a derivatives contract is entered into and subsequently remeasured to their fair value at each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Consolidated Entity designates certain derivatives as hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges) or, hedges of highly probable forecast transactions or of foreign currency risk of firm commitments (cash flow hedges).

The fair value of hedging derivatives is classified as a non-current asset or a non-current liability if the remaining maturity of the hedge relationship is more than 12 months and as a current asset or a current liability if the remaining maturity of the hedge relationship is less than 12 months. Derivatives not designated into an effective hedge relationship are classified as a current asset or a current liability.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Hedge accounting

The Consolidated Entity designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges.

Hedges of foreign exchange and interest rate risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Consolidated Entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Consolidated Entity documents whether the hedging instrument that is used in the hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 37 contains details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are also detailed in Note 29.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk. Hedge accounting is discontinued when the Consolidated Entity revokes the hedging relationship or the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The

adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other expenses or other income.

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the statement of comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Consolidated Entity revokes the hedging relationship or the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

(p) Financial instruments issued by the Consolidated Entity

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Consolidated Entity are recorded at the proceeds received, net of direct issue costs.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount recognised as a provision and the amount initially recognised less cumulative amortisation in accordance with the revenue recognition policies.

Transaction costs arising 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 consolidated statement of financial position classification of the related debt or equity instruments or component parts of compound instruments.

(q) Foreign currency transactions

Both the functional and presentation currency of the Consolidated Entity and the Trust is Australian dollars (A\$). All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date and resulting exchange differences are recognised in profit or loss in the period in which they arise.

(r) Goods and services tax

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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Goods and services tax (continued)

- 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
- for receivables and payables which are recognised inclusive of GST, except for accrued revenue and accrued expense at balance dates which exclude 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 issued or received.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(s) Goodwill

Goodwill arising in a business combination is recognised as an asset at the acquisition date. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Consolidated Entity's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest, the excess is recognised immediately in the profit or loss as a bargain purchase gain.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(t) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period.

(u) Distributions

A provision is recognised for distributions only when they have been declared, determined or publicly recommended by the Directors.

(v) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to each particular class of inventory, with the majority being valued on a first-in, first-out basis. Net realisable value represents the estimated selling price for the inventories less all estimated costs of completion and costs necessary to make the sale.

(w) Security-based payments

The Group provides benefits to certain employees in the form of cash settled security-based payments. For cash settled security-based payments, a liability equal to the portion of services received is recognised at the current fair value determined at each reporting date.

(x) Income tax

Income tax on the profit or loss for the financial year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in wholly-owned entities to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax consolidation

The Trust and its wholly-owned Australian tax resident entities are part of a tax-consolidated group under Australian taxation law. The head entity within the tax-consolidated group is Australian Pipeline Trust.

Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial reports of the members of the tax-consolidated group using the 'separate taxpayer within group' approach, by reference to the carrying amounts in the separate financial reports of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the wholly-owned entities are assumed by the head entity in the tax-consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts.

The head entity recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the assets can be utilised.

(y) Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Group as lessor

Amounts due from a lessee under finance leases are recorded as receivables. Finance lease receivables are initially recognised at amounts equal to the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Leased assets (continued)

Group as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are allocated between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance lease assets are amortised on a straight-line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time patterns in which economic benefits from the leased asset are consumed.

(z) Provisions

A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event, it is probable that a future sacrifice of economic benefits will be required to settle the obligation and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is probable that recovery will be received and the amount of the receivable can be measured reliably.

(aa) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured. Amounts disclosed as revenue are net of duties and taxes paid. Revenue is recognised for the major business activities as follows:

Sales revenue

Sales revenue represents revenue earned for the transportation of gas, transmission of electricity and other related services and is recognised when the services are provided.

Pass-through revenue

Pass-through revenue is revenue on which no margin is earned and is offset by corresponding pass-through costs.

Interest revenue

Interest revenue is recognised as it accrues using the effective interest method.

Sale of non-current assets

The net gain or loss on sale of non-current assets is included as income at the date control of the assets passes to the buyer. This is usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

Dividend revenue

Dividend revenue is recognised when the right to receive a dividend has been established.

Finance lease income

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Impairment of assets

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

Estimates and assumptions used are reviewed on an ongoing basis.

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

Useful lives of non-current assets

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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

5. SEGMENT INFORMATION

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

(a) Description of reportable segments

The Consolidated Entity comprises the following reportable segments:

- energy infrastructure (formerly gas transmission and distribution);
- asset management; and
- energy investments.

(b) Reportable segments

	ENERGY INFRASTRUCTURE ^(a) \$000	ASSET MANAGEMENT \$000	ENERGY INVESTMENTS \$000	CONSOLIDATED \$000
2011				
SEGMENT REVENUE ^(b)				
External sales revenue	599,085	68,647	549	668,281
Equity accounted net profits	-	-	23,876	23,876
Pass-through revenue	170,024	211,709	-	381,733
Finance lease and investment interest income	2,630	-	1,520	4,150
Distribution - other entities	-	-	11,017	11,017
Total segment revenue	771,739	280,356	36,962	1,089,057
Other interest income				12,932
Consolidated revenue				1,101,989
SEGMENT RESULT				
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	412,146	38,740	13,197	464,083
Share of net profits of associates and jointly controlled entities accounted for using the equity method	-	-	23,876	23,876
Finance lease and investment interest income	2,630	-	1,520	4,150
Total EBITDA	414,776	38,740	38,593	492,109
Depreciation and amortisation	(95,779)	(4,571)	-	(100,350)
Earnings before interest and tax ("EBIT")	318,997	34,169	38,593	391,759
Net finance costs ^(c)				(247,072)
Profit before tax				144,687
Income tax expense				(35,862)
Profit for the year				108,825
SEGMENT ASSETS AND LIABILITIES				
Segment assets	4,430,652	235,219	186,957	4,852,828
Carrying value of investments accounted for using the equity method			479,409	479,409
Unallocated assets ^(d)				95,368
Total assets				5,427,605
Acquisition of segment assets	186,781	-	-	186,781
Segment liabilities	172,194	52,101	75	224,370
Unallocated liabilities ^(e)				3,535,390
Total liabilities				3,759,760

(a) Gas transmission & distribution has been renamed as Energy infrastructure, the acquisition of Emu Downs Wind Farm is included in Energy Infrastructure

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

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

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

(e) Unallocated liabilities consist of current and non-current borrowings, deferred tax liabilities, fair value of interest rate swaps and foreign exchange contracts

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

5. SEGMENT INFORMATION (CONTINUED)

(b) Reportable segments (continued)

	ENERGY INFRASTRUCTURE \$000	ASSET MANAGEMENT \$000	ENERGY INVESTMENTS \$000	CONSOLIDATED \$000
2010				
SEGMENT REVENUE ^(a)				
External sales revenue	563,800	60,053	320	624,173
Equity accounted net profits	-	-	13,687	13,687
Pass-through revenue	152,501	177,441	-	329,942
Finance lease and investment interest income	2,421	-	1,350	3,771
Distribution - other entities	-	-	4,051	4,051
Total segment revenue	718,722	237,494	19,408	975,624
Other interest income				13,866
Consolidated revenue				989,490
SEGMENT RESULT				
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	406,167	32,317	4,033	442,517
Share of net profits of jointly controlled entities accounted for using the equity method	-	-	13,687	13,687
Finance lease and investment interest income	2,421	-	1,350	3,771
Total EBITDA	408,588	32,317	19,070	459,975
Depreciation and amortisation	(85,798)	(5,628)	-	(91,426)
Earnings before interest and tax ("EBIT")	322,790	26,689	19,070	368,549
Net finance costs ^(b)				(229,369)
Profit before tax				139,180
Income tax expense				(38,672)
Profit for the year				100,508
SEGMENT ASSETS AND LIABILITIES				
Segment assets	4,126,963	222,039	148,966	4,497,968
Carrying value of investments accounted for using the equity method			403,528	403,528
Unallocated assets ^(c)				80,940
Total assets				4,982,436
Acquisition of segment assets	103,026	-	-	103,026
Segment liabilities	148,216	69,499	565	218,280
Unallocated liabilities ^(d)				3,369,011
Total liabilities				3,587,291

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

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

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

(d) Unallocated liabilities consist of current and non-current borrowings, deferred tax liabilities, fair value of interest rate swaps and foreign exchange contracts

(c) Other segment information

Revenue from major products and services

The revenue from major products and services is shown by the reportable segments. No further analysis is required.

Information about major customers

Included in revenues arising from energy infrastructure of \$599.1 million (2010: \$563.8 million) are revenues of approximately \$250.9 million (2010: \$236.6 million) which arose from sales to the Consolidated Entity's top three customers.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

6. REVENUE

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

Continuing operations

	CONSOLIDATED		TRUST	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
OPERATING REVENUE				
Energy infrastructure revenue:				
– energy infrastructure revenue	598,562	563,378	-	-
– pass-through revenue	170,024	152,501	-	-
	768,586	715,879	-	-
Asset management revenue:				
– asset management revenue	68,647	59,393	-	-
– pass-through revenue	211,709	177,441	-	-
	280,356	236,834	-	-
Energy investments	549	320	-	-
	1,049,491	953,033	-	-
Share of net profits of associates and jointly controlled entities accounted for using the equity method	23,876	13,687	-	-
FINANCE INCOME				
Interest	12,932	13,866	177	340
Redeemable ordinary shares (EII) interest income	1,520	1,350	-	-
Finance lease income	2,630	2,421	-	-
	17,082	17,637	177	340
DIVIDENDS				
Wholly-owned controlled entities	-	-	37,752	25,673
Other entities	11,017	4,051	25,090	24,282
	11,017	4,051	62,842	49,955
OTHER INCOME				
Rental income	523	1,082	-	-
	523	1,082	-	-
	1,101,989	989,490	63,019	50,295

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

7. EXPENSES

Profit before tax includes the following expenses:

	CONSOLIDATED		TRUST	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
DEPRECIATION AND AMORTISATION EXPENSE				
Depreciation of non-current assets	94,458	86,387	-	-
Amortisation of non-current assets	5,892	5,039	-	-
	100,350	91,426	-	-
OTHER OPERATING COSTS - PASS-THROUGH				
Operating lease rental expenses	24,678	16,909	-	-
Gas pipeline costs	145,346	135,592	-	-
	170,024	152,501	-	-
Management, operating and maintenance costs	211,709	177,441	-	-
	381,733	329,942	-	-
FINANCE COSTS				
Interest on bank overdrafts and borrowings	241,619	223,223	45	-
Amortisation of deferred borrowing costs	11,883	10,749	-	-
Finance lease charges	70	55	-	-
Other finance costs	10,023	11,279	-	-
	263,595	245,306	45	-
Less: amounts included in the cost of qualifying assets	(5,842)	(2,512)	-	-
	257,753	242,794	45	-
Loss on fair value of other derivatives	-	-	-	-
Unwinding of discount on non-current liabilities	2,251	441	-	-
	260,004	243,235	45	-
The average capitalisation rate on funds borrowed generally is 8.11% p.a. (2010: 7.86% p.a.) including amortisation of borrowing costs and other finance costs				
EMPLOYEE BENEFIT EXPENSE				
Post-employment benefits:				
Defined contribution plans	5,994	6,296	-	-
Defined benefit plans	1,622	1,876	-	-
	7,616	8,172	-	-
Termination benefits	738	781	-	-
Cash settled share-based payments	18,434	9,518	-	-
Other employee benefits	88,135	79,388	-	-
	114,923	97,859	-	-
OTHER EXPENSES				
Impairment of trade receivables	-	2,211	-	-
Goodwill write-off	5,435	-	-	-
Loss on disposal of property, plant and equipment	1,068	1,452	-	-
Other	11,599	8,226	31	4,965
	18,102	11,889	31	4,965

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

8. SIGNIFICANT ITEMS

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

	CONSOLIDATED		TRUST	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
SIGNIFICANT (EXPENSE)/INCOME ITEMS				
Equity accounted share of EII2 investment allowance benefit	9,839	-	-	-
Profit on sale of investment in CAMS	1,652	-	-	-
Transaction costs on acquisition of Emu Downs Wind farm	(8,970)	-	-	-
Profit from significant items before related income tax	2,521	-	-	-
Income tax related to significant items above	(2,953)	-	-	-
Loss from significant items after related income tax	(432)	-	-	-

9. INCOME TAX

Income tax recognised in profit or loss

TAX EXPENSE/(INCOME) COMPRISES:

Current tax expense/(income) in respect of the current year	6,354	(2,678)	3,143	296
Adjustments recognised in the current year in relation to current tax of prior years	(6,995)	2,678	(3,336)	(296)
	(641)	-	(193)	-
Deferred tax expense relating to the origination and reversal of temporary differences	36,503	38,672	3,748	5,236
Total tax expense	35,862	38,672	3,555	5,236

ATTRIBUTABLE TO:

Profit from continuing operations	35,862	38,672	3,555	5,236
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The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

Profit before tax	144,687	139,180	62,943	45,330
Income tax expense calculated at 30%	43,406	41,754	18,883	13,599
Non deductible interest	2,777	2,660	-	-
Non-assessable trust distribution	(11,677)	(11,331)	-	-
Transactions within the tax-consolidated group that are exempt from taxation	-	-	(11,326)	(6,187)
Non deductible expenses	7,198	3,635	6	-
Non assessable income	(4,781)	(8,028)	-	(2,686)
Unfranked dividends from associates	7,615	7,994	-	806
Investment allowance	(1,009)	(690)	-	-
Other	(672)	-	(672)	-
	42,857	35,994	6,891	5,532
Adjustment recognised in the current year in relation to the current tax of prior years	(6,995)	2,678	(3,336)	(296)
	35,862	38,672	3,555	5,236

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under the Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

9. INCOME TAX (CONTINUED)

Income tax recognised directly in equity

The following deferred amounts were charged/(credited) directly to equity during the period:

	CONSOLIDATED		TRUST	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
DEFERRED INCOME TAX				
Revaluation of financial instruments treated as cash flow hedges	(11,278)	19,035	-	-
Actuarial movements on defined benefit plans	922	(2,446)	-	-
Revaluation of available-for-sale financial assets	7,750	62	264	62
Security issue costs	(824)	-	(824)	-
Income tax (benefit)/expense reported in equity	(3,430)	16,651	(560)	62
DEFERRED TAX BALANCES				
Deferred tax liabilities				
Temporary differences	(515,582)	(467,804)	(471)	(207)
	(515,582)	(467,804)	(471)	(207)
Deferred tax assets				
Temporary differences	31,357	32,667	659	-
Tax losses	148,054	137,329	148,054	137,030
	179,411	169,996	148,713	137,030
	(336,171)	(297,808)	148,242	136,823

Deferred tax balances

Deferred tax (liabilities)/assets arise from the following:

	OPENING BALANCE \$000	CHARGED TO INCOME \$000	CONSOLIDATED CHARGED TO EQUITY \$000	ACQUISITIONS/ DISPOSALS \$000	CLOSING BALANCE \$000
2011					
GROSS DEFERRED TAX LIABILITIES					
Intangible assets	(5,056)	316	-	-	(4,740)
Property, plant and equipment	(408,180)	(28,486)	-	(5,523)	(442,189)
Deferred revenue	5,511	(6,396)	-	(7)	(892)
Deferred expenses	(30,688)	(10,555)	-	-	(41,243)
Cash flow hedges	(18,034)	(1)	10,160	-	(7,875)
Investments equity accounted	(4,725)	(2,926)	1,118	-	(6,533)
Available for sale investments	(62)	-	(7,750)	-	(7,812)
Other	(1,059)	(3,239)	-	-	(4,298)
	(462,293)	(51,287)	3,528	(5,530)	(515,582)
GROSS DEFERRED TAX ASSETS					
Provisions	21,668	5,020	-	240	26,928
Defined benefit obligation	5,488	(796)	(922)	-	3,770
Security issue costs	-	(165)	824	-	659
Tax losses	137,329	10,725	-	-	148,054
	164,485	14,784	(98)	240	179,411
	(297,808)	(36,503)	3,430	(5,290)	(336,171)

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

9. INCOME TAX (CONTINUED)

Deferred tax balances (continued)

	CONSOLIDATED	
	2011 \$000	2010 \$000
Presented in the statement of financial position as follows:		
Deferred tax liabilities attributable to:		
Continuing operations	(336,171)	(297,808)
	(336,171)	(297,808)
Deferred tax assets attributable to:		
Continuing operations	-	-
	-	-
	(336,171)	(297,808)

Deferred tax (liabilities)/assets arise from the following:

	CONSOLIDATED				
	OPENING BALANCE \$000	CHARGED TO INCOME \$000	CHARGED TO EQUITY \$000	ACQUISITIONS/ DISPOSALS \$000	CLOSING BALANCE \$000
2010					
GROSS DEFERRED TAX LIABILITIES					
Intangible assets	(526)	(4,530)	-	-	(5,056)
Property, plant and equipment	(392,632)	(15,536)	-	(12)	(408,180)
Deferred expenses	(20,142)	(10,546)	-	-	(30,688)
Cash flow hedges	(3,505)	(736)	(13,793)	-	(18,034)
Investments equity accounted	201	316	(5,242)	-	(4,725)
Available for sale investments	-	-	(62)	-	(62)
Other	(49)	(1,010)	-	-	(1,059)
	(416,653)	(32,042)	(19,097)	(12)	(467,804)
GROSS DEFERRED TAX ASSETS					
Provisions	14,493	7,163	-	12	21,668
Deferred revenue	4,721	790	-	-	5,511
Defined benefit obligation	4,397	(1,355)	2,446	-	5,488
Tax losses	150,557	(13,228)	-	-	137,329
	174,168	(6,630)	2,446	12	169,996
	(242,485)	(38,672)	(16,651)	-	(297,808)

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

9. INCOME TAX (CONTINUED)

Deferred tax balances (continued)

	OPENING BALANCE \$000	CHARGED TO INCOME \$000	TRUST		CLOSING BALANCE \$000
			CHARGED TO EQUITY \$000	TRANSFERS \$000	
2011					
GROSS DEFERRED TAX LIABILITIES					
Available for sale investments	(62)	-	(264)	-	(326)
Other	(145)	-	-	-	(145)
	(207)	-	(264)	-	(471)
GROSS DEFERRED TAX ASSETS					
Security issue costs	-	(165)	824	-	659
Tax losses	137,030	(3,583)	-	14,607	148,054
	137,030	(3,748)	824	14,607	148,713
	136,823	(3,748)	560	14,607	148,242
2010					
GROSS DEFERRED TAX LIABILITIES					
Available for sale investments	-	-	(62)	-	(62)
Other	(156)	11	-	-	(145)
	(156)	11	(62)	-	(207)
GROSS DEFERRED TAX ASSETS					
Investments equity accounted	-	-	-	-	-
Tax losses	150,557	(5,247)	-	(8,280)	137,030
	150,557	(5,247)	-	(8,280)	137,030
	150,401	(5,236)	(62)	(8,280)	136,823

Unrecognised deferred tax assets

	CONSOLIDATED		TRUST	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
The following deferred tax assets have not been brought to account as assets:				
Tax losses - capital	10,863	11,898	10,863	11,898

Tax consolidation

Relevance of tax consolidation to the Group

The Trust and its wholly-owned Australian resident entities formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Australian Pipeline Trust. The members of the tax-consolidated group are identified at Note 39.

Nature of tax funding arrangement and tax sharing agreement

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, Australian Pipeline Trust and each of the entities in the tax-consolidated group have agreed to pay a tax equivalent

payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated group.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that each member's liability for the tax payable by the tax-consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

10. DISTRIBUTIONS

(a) Recognised amounts

	TRUST			
	2011 CENTS PER SECURITY	2011 TOTAL \$000	2010 CENTS PER SECURITY	2010 TOTAL \$000
Final distribution paid on 15 September 2010				
(2010: 15 September 2009)				
Profit distribution ^(a)	1.73	9,364	2.74	13,684
Capital distribution	8.58	46,552	-	-
Semi-annual distribution paid on 17 March 2011				
(2010: 17 March 2010)				
Profit distribution ^(a)	9.55	52,681	5.67	28,832
Capital distribution	2.46	13,592	4.97	25,320
	22.32	122,189	13.38	67,836

UNRECOGNISED AMOUNTS

Final distribution payable on 15 September 2011

(2010: 15 September 2010)

Profit distribution ^(a)	3.42	19,054	1.73	9,364
Capital distribution	8.41	46,761	8.58	46,552
	11.83	65,815	10.31	55,916

(b) Recognised amounts

	APT AND APTIT			
	2011 CENTS PER SECURITY	2011 TOTAL \$000	2010 CENTS PER SECURITY	2010 TOTAL \$000
Final distribution paid on 15 September 2010				
(2010: 15 September 2009)				
Profit distribution - APT ^(a)	1.73	9,364	2.74	13,684
Profit distribution - APTIT ^(a) (Note 31)	3.67	19,928	2.17	10,809
Capital distribution - APT (Note 28)	8.58	46,552	-	-
Capital distribution - APTIT (Note 31)	3.01	16,350	11.09	55,293
Semi-annual distribution paid on 17 March 2011				
(2010: 17 March 2010)				
Profit distribution - APT ^(a)	9.55	52,681	5.67	28,832
Profit distribution - APTIT ^(a) (Note 31)	3.74	20,629	3.51	17,847
Capital distribution - APT (Note 28)	2.46	13,592	4.97	25,320
Capital distribution - APTIT (Note 31)	0.75	4,127	1.60	8,141
	33.50	183,223	31.75	159,926

(a) Profit distributions were unfranked (2010: unfranked)

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

10. DISTRIBUTIONS (CONTINUED)

	APT AND APTIT			
	2011 CENTS PER SECURITY	2011 TOTAL \$000	2010 CENTS PER SECURITY	2010 TOTAL \$000
UNRECOGNISED AMOUNTS				
Final distribution payable on 15 September 2011				
(2010: 15 September 2010)				
Profit distribution - APT ^(a)	3.42	19,054	1.73	9,364
Profit distribution - APTIT ^(a)	3.41	18,951	3.67	19,928
Capital distribution - APT	8.41	46,761	8.58	46,552
Capital distribution - APTIT	2.66	14,793	3.01	16,350
	17.90	99,559	17.00	92,194

(a) Profit distributions were unfranked (2010: unfranked)

The final distribution in respect of the financial year has not been recognised in this financial report because the final distribution was not declared, determined or publicly confirmed prior to the end of the financial year.

	CONSOLIDATED		TRUST	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Adjusted franking account balance (tax paid basis)	3,522	3,350	3,522	3,350

11. TRADE AND OTHER RECEIVABLES

Trade receivables	103,520	104,382	-	-
Allowance for doubtful debts	-	(2,211)	-	-
	103,520	102,171	-	-
Receivables from associates and related parties	38,429	36,976	482	482
Finance lease receivables (Note 32)	3,252	3,181	-	-
Interest receivable	262	148	3	3
Other debtors	235	53	-	-
	145,698	142,529	485	485

Trade receivables are non-interest bearing and are generally on 30 day terms.

Ageing of past due but not impaired

30 - 60 days	5,304	2,856	-	-
60 - 90 days	194	284	-	-
90 - 120 days	2,648	3,076	-	-
Total	8,146	6,216	-	-

Movement in the allowance for doubtful debts

Balance at beginning of year	2,211	2,414	-	-
(Credited)/charged to statement of comprehensive income	(2,211)	(203)	-	-
Balance at end of year	-	2,211	-	-

In determining the recoverability of a trade receivable, the Consolidated Entity considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated.

Included in the allowance for doubtful debts is an individual trade receivable with a balance of \$nil (2010: \$2.205 million) which has been placed into receivership. In 2011 an amount of \$2.1 million was recovered in respect of this receivable. The balance has been written off.

Ageing of impaired receivables

90 - 120 days	-	2,205	-	-
Total	-	2,205	-	-

NOTES TO THE FINANCIAL STATEMENTS

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For the financial year ended 30 June 2011

12. INVENTORIES

	CONSOLIDATED		TRUST	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Spare parts - at cost	10,605	10,385	-	-
Gas stock	471	313	-	-
	11,076	10,698	-	-

13. OTHER CURRENT ASSETS

Prepayments	3,357	3,757	-	-
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14. NON-CURRENT RECEIVABLES

Finance lease receivables (Note 32)	25,860	21,344	-	-
Loans to controlled entities	-	-	536,161	355,751
Loan receivable - related party	-	58	-	-
	25,860	21,402	536,161	355,751

15. OTHER NON-CURRENT FINANCIAL ASSETS

Investments carried at cost:				
Investments in controlled entities	-	-	371,551	371,551
Envestra Limited	-	-	290,009	265,197
Energy Infrastructure Investment	-	-	329	329
Available-for-sale investments carried at fair value:				
Ethane Pipeline Income Fund	6,720	5,751	3,618	2,738
Hastings Diversified Utilities Fund	161,929	111,321	-	-
Other	5	4	-	-
Financial assets carried at amortised cost:				
Redeemable ordinary shares	13,628	12,109	-	-
	182,282	129,185	665,507	639,815

Available-for-sale investments consist of investments in ordinary securities, and therefore have no fixed maturity date or coupon rate. The fair value of listed available-for-sale investments has been determined directly by reference to published price quotations in an active market.

Financial assets carried at amortised cost relate to APA Group's 19.9% investment in Energy Infrastructure Investments Pty Ltd where APL, as responsible entity for APTIT, acquired the redeemable ordinary shares, which include a debt component. This debt component amortises over ten years from December 2008 at 12% per annum.

NOTES TO THE FINANCIAL STATEMENTS

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For the financial year ended 30 June 2011

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

NAME OF ENTITY	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST %	
			2011	2010
Jointly Controlled entities:				
SEA Gas ^(a)	Gas transmission	Australia	50.00	33.33
CAMS ^(b)	Water management	Australia	-	50.00
Energy Infrastructure Investments	Unlisted energy vehicle	Australia	19.90	19.90
Energy Infrastructure Investments 2	Unlisted energy vehicle	Australia	20.20	20.20
Associates:				
Envestra Limited ^(c)	Gas transmission	Australia	33.01	31.66

	CONSOLIDATED		TRUST	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Investments in jointly controlled entities and associates	479,409	403,528	-	-

Reconciliation of movements in investments accounted for using the equity method:

Balance at 1 July	403,528	388,416	-	-
Acquisitions during the year	91,191	22,396	-	-
Share of net profit for the year	23,876	13,687	-	-
Disposal	(2,848)	-	-	-
Movement in reserves	(2,099)	13,622	-	-
	513,648	438,121	-	-
Dividends	(34,239)	(34,593)	-	-
Balance at 30 June	479,409	403,528	-	-

Summarised financial information in respect of the jointly controlled entities is set out below:

	CONSOLIDATED	
	2011 \$000	2010 \$000
FINANCIAL POSITION		
Total assets	4,532,327	4,449,597
Total liabilities	3,792,793	3,568,440
Net assets	739,534	881,157
Consolidated Entity's share of jointly controlled entities and associates net assets	215,770	281,585

FINANCIAL PERFORMANCE

Total revenue	475,880	343,575
Total profit for the year	104,262	56,011
Consolidated Entity's share of jointly controlled entities and associates profit	23,876	13,687

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

(b) APA sold its investment in CAMS on 30 June 2011

(c) APA participated in Envestra Limited's Distribution Reinvestment Plan under Envestra Limited's October and April Distribution, increasing its interest in Envestra Limited from 31.66% to 33.01%

Contingent liabilities and capital commitments

The Consolidated Entity's share of the contingent liabilities, capital commitments and other expenditure commitments of joint venture entities is disclosed in Notes 46 and 41 respectively.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

17. PROPERTY, PLANT AND EQUIPMENT

	FREEHOLD LAND AND BUILDINGS - AT COST \$000	LEASEHOLD IMPROVEMENTS - AT COST \$000	CONSOLIDATED PLANT AND EQUIPMENT - AT COST \$000	WORK IN PROGRESS - AT COST \$000	TOTAL \$000
GROSS CARRYING AMOUNT					
Balance at 1 July 2009	108,281	2,213	3,443,775	154,298	3,708,567
Additions	-	-	37	126,636	126,673
Disposals	-	-	(6,959)	-	(6,959)
Acquisitions through business combinations	70	-	87,058	-	87,128
Transfer to assets classified as finance leases	-	-	-	(3,495)	(3,495)
Transfers	5,165	692	146,209	(152,303)	(237)
Balance at 1 July 2010	113,516	2,905	3,670,120	125,136	3,911,677
Additions	-	-	57,838	171,269	229,107
Disposals	(173)	(59)	(4,911)	-	(5,143)
Acquisitions through business combinations	1,556	-	156,460	4,934	162,950
Transfer to assets classified as finance leases	-	-	-	(10,878)	(10,878)
Transfers	4,352	(415)	160,053	(164,629)	(639)
Balance at 30 June 2011	119,251	2,431	4,039,560	125,832	4,287,074
ACCUMULATED DEPRECIATION					
Balance at 1 July 2009	(10,702)	(1,198)	(334,222)	-	(346,122)
Disposals	-	-	4,160	-	4,160
Depreciation expense	(1,657)	(342)	(84,388)	-	(86,387)
Transfers	-	(32)	32	-	-
Balance at 1 July 2010	(12,359)	(1,572)	(414,418)	-	(428,349)
Disposals	13	59	4,003	-	4,075
Depreciation expense	(3,191)	(327)	(90,940)	-	(94,458)
Balance at 30 June 2011	(15,537)	(1,840)	(501,355)	-	(518,732)
NET BOOK VALUE					
As at 30 June 2010	101,157	1,333	3,255,702	125,136	3,483,328
As at 30 June 2011	103,714	591	3,538,205	125,832	3,768,342

The Trust has no property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

18. GOODWILL

	CONSOLIDATED		TRUST	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
GROSS CARRYING AMOUNT				
Balance at beginning of financial year	520,779	520,774	-	-
Goodwill write-off	(5,435)	-	-	-
Finalisation of provisional purchase price accounting	-	5	-	-
Balance at end of financial year	515,344	520,779	-	-

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to the following individual cash-generating units:

Individual cash-generating units

- Asset management business;
- Gas transmission pipelines in New South Wales, Queensland and Western Australia;
- Victorian transmission system; and
- APA Gas Networks.

The carrying amount of goodwill allocated to cash-generating units that are significant individually or in aggregate is as follows:

	CONSOLIDATED	
	2011 \$000	2010 \$000
Asset management business	33,328	37,828
Gas transmission pipelines in New South Wales, Queensland and Western Australia	272,692	272,692
Victorian transmission system	105,061	105,061
APA Gas Networks	104,263	104,263
Other	-	935
	515,344	520,779

The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations use cash flow projections based on a five year financial business plan and thereafter a further 15 year financial model, being the basis of the Group's forecasting and planning processes.

For fully regulated assets, cash flows have been extrapolated on the basis of existing transportation contracts and government policy settings, and expected contract renewals with resulting average annual growth rates of between 1.0% and 3.6% p.a. These expected cash flows are factored into the regulated asset base and do not exceed management's expectations of the long-term average growth rate for the market in which the CGU operates.

For non-regulated assets, APA has assumed no capacity expansion beyond installed and committed levels; utilisation of capacity is based on existing contracts, government policy settings and expected market outcomes.

Asset management cash flow projections reflect long term agreements with assumptions of renewal on similar terms and conditions based on management expectations.

Cash flow projections are estimated for a period of up to 20 years, with a terminal value, recognising the long term nature of the assets. The pre-tax discount rates used are 9.25% p.a. (2010: 9.0% p.a.) for energy infrastructure assets and 9.25% p.a. (2010: 9.0% p.a.) for asset management.

These assumptions have been determined with reference to historic information, current performance and expected changes taking into account external information.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

19. OTHER INTANGIBLE ASSETS

	CONSOLIDATED		TRUST	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Right to receive pipeline tariff	-	1,053	-	-
Contract intangibles	192,903	178,229	-	-
	192,903	179,282	-	-

RIGHT TO RECEIVE PIPELINE TARIFF

Gross carrying amount

Balance at 1 July 2010	15,677	15,677	-	-
Balance at 30 June 2011	15,677	15,677	-	-

Accumulated amortisation and impairment

Balance at 1 July 2010	(14,624)	(13,924)	-	-
Amortisation expense	(1,053)	(700)	-	-
Balance at 30 June 2011	(15,677)	(14,624)	-	-

Net book value	-	1,053	-	-
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CONTRACT AND OTHER INTANGIBLES

Gross carrying amount

Balance at 1 July 2010	190,875	175,075	-	-
Reclassified from other non current assets	2,805	-	-	-
Acquisitions	16,709	15,800	-	-
Balance at 30 June 2011	210,389	190,875	-	-

Accumulated amortisation and impairment

Balance at 1 July 2010	(12,646)	(8,307)	-	-
Amortisation expense	(4,840)	(4,339)	-	-
Balance at 30 June 2011	(17,486)	(12,646)	-	-

Net book value	192,903	178,229	-	-
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The Consolidated Entity holds various third party operating and maintenance contracts. The combined gross carrying amount of \$210.389 million amortises over terms ranging from one to 60 years. Useful life is determined based on the underlying contractual terms plus estimations of renewal of up to two terms where considered probable by management. Amortisation expense is included in the line item of depreciation and amortisation expense in the statement of comprehensive income.

20. OTHER NON-CURRENT ASSETS

Line pack gas	4,356	2,354	-	-
Gas held in storage	2,229	2,361	-	-
Other assets	1,381	2,293	192	-
	7,966	7,008	192	-

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

21. TRADE AND OTHER PAYABLES

	CONSOLIDATED		TRUST	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Trade payables ^(a)	15,270	18,872	-	-
Other payables ^(b)	120,381	112,967	248	-
Payables to associates	-	-	-	-
Non-trade payables to:				
Wholly-owned controlled entities ^(c)	-	-	148,242	136,823
	135,651	131,839	148,490	136,823

(a) Trade payables are non-interest bearing and are normally settled on 15 - 30 day terms

(b) Predominantly consists of creditor capital expenditure accruals and external interest payable accruals

(c) Includes amounts arising from APA's tax sharing agreement between APA and each of the entities in the tax-consolidated group (Note 9)

22. CURRENT BORROWINGS

UNSECURED - AT AMORTISED COST

Bank borrowings ^(a)	900,000	-	-	-
Guaranteed Senior Notes	-	102,000	-	-

SECURED - AT AMORTISED COST

Bank Borrowings	-	1,645	-	-
Finance lease liabilities (Note 32)	-	238	-	-
	-	1,883	-	-
	900,000	103,883	-	-

(a) Relates to the current portion of long-term borrowings (Refer to Note 37 for details of interest rates)

23. OTHER CURRENT FINANCIAL LIABILITIES

Derivatives

Derivatives that are designated and effective as hedging instruments carried at fair value:

Forward foreign exchange contracts	1,172	152	-	-
Interest rate swaps - cash flow hedges	11,899	8,586	-	-
Foreign exchange hedges - cash flow hedges	31,915	-	-	-
	44,986	8,738	-	-

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

24. PROVISIONS

	CONSOLIDATED		TRUST	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
CURRENT				
Employee benefits ^(a)	48,279	39,497	-	-
Other (Note 33)	6,452	3,460	-	-
	54,731	42,957	-	-
NON-CURRENT				
Employee benefits ^(a)	26,825	28,645	-	-
Other (Note 33)	4,015	3,040	-	-
	30,840	31,685	-	-

(a) The aggregate employee benefit liability recognised and included in the financial statements is as follows:

CURRENT				
Incentives	11,441	5,922	-	-
Cash settled security-based payments	3,976	1,969	-	-
Restructuring costs	-	355	-	-
Leave balances	32,862	31,251	-	-
	48,279	39,497	-	-
NON-CURRENT				
Cash settled security-based payments	10,498	7,271	-	-
Retirement benefit obligation (Note 34)	12,567	18,294	-	-
Leave balances	3,760	3,080	-	-
	26,825	28,645	-	-

25. OTHER LIABILITIES

CURRENT				
Unearned revenue - interest	-	9,260	-	-
Unearned revenue - other	2,347	1,614	-	-
	2,347	10,874	-	-
NON-CURRENT				
Unearned revenue - other	802	925	-	-
	802	925	-	-

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

26. NON-CURRENT BORROWINGS

	CONSOLIDATED		TRUST	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
UNSECURED - AT AMORTISED COST				
Bank borrowings ^(a)	655,500	1,665,324	-	-
Guaranteed Senior Notes ^(b)	1,059,681	1,253,596	-	-
Medium Term Notes ^(c)	294,947	-	-	-
Less: amortised borrowing costs	(19,682)	(27,409)	-	-
	1,990,446	2,891,511	-	-
SECURED - AT AMORTISED COST				
Finance lease liabilities (Note 32) ^(d)	-	380	-	-
	-	380	-	-
	1,990,446	2,891,891	-	-

(a) Relates to the non-current portion of long-term borrowings. (Refer to Note 37 for details of interest rates)

(b) Represents US denominated notes of US\$799 million (2010: US\$659 million) measured at the exchange rate at reporting date, and A\$314.9 million of A\$ denominated notes (2010: A\$416.9 million)

(c) Represents 10 year fixed rate Australian Medium Term Notes issued to institutional investors

27. OTHER NON-CURRENT FINANCIAL LIABILITIES

Derivatives - at fair value:

Interest rate swaps - cash flow hedges	16,902	41,335	-	-
Foreign exchange hedges - cash flow hedges	246,884	25,356	-	-
	263,786	66,691	-	-

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

28. ISSUED CAPITAL

	CONSOLIDATED		TRUST	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Securities				
634,116,029 securities, fully paid (2010: 542,318,629 securities, fully paid) ^(a)	1,192,779	984,936	1,192,779	984,936

	CONSOLIDATED AND TRUST			
	2011 NO. OF SECURITIES 000	2011 \$000	2010 NO. OF SECURITIES 000	2010 \$000
Movements				
Balance at beginning of financial year	542,319	984,936	498,664	894,435
Issue of securities under Distribution Reinvestment Plan	13,875	39,782	18,377	41,720
Issue of securities under Security Purchase Plan	-	-	25,278	64,463
Capital return to securityholders (Note 10(b))	-	(60,145)	-	(25,320)
Institutional placement of units	77,922	230,128	-	-
Equity values adjustment between stapled entities	-	-	-	9,868
Issue cost of securities	-	(2,746)	-	(230)
Tax relating to security issue costs	-	824	-	-
Balance at end of financial year	634,116	1,192,779	542,319	984,936

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

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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

29. RESERVES

	CONSOLIDATED		TRUST	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Hedging	28,003	54,318	-	-
Asset revaluation	8,669	8,669	-	-
Available-for-sale investment revaluation	18,227	(3,032)	762	145
	54,899	59,955	762	145

HEDGING RESERVE

Balance at beginning of financial year	54,318	13,690	-	-
Gain/(loss) recognised:				
Interest rate swaps/currency swaps	(228,392)	294	-	-
Deferred tax related to gains/losses recognised	68,517	(87)	-	-
Transferred to profit or loss:				
Interest rate swaps/currency swaps	192,900	45,749	-	-
Deferred tax related to amounts transferred to profit or loss	(57,870)	(13,725)	-	-
Share of hedge reserve of associate	(2,100)	13,622	-	-
Deferred tax related to share of hedge reserve	630	(5,225)	-	-
Balance at end of financial year	28,003	54,318	-	-

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

ASSET REVALUATION RESERVE

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

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

AVAILABLE-FOR-SALE INVESTMENT REVALUATION RESERVE

Balance at beginning of financial year	(3,032)	(1,236)	145	(1,237)
Revaluation gain/(loss) recognised	29,008	(1,734)	880	1,444
Deferred tax related to gains/losses recognised	(7,749)	(62)	(263)	(62)
Balance at end of financial year	18,227	(3,032)	762	145

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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

30. RETAINED EARNINGS

	CONSOLIDATED		TRUST	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Balance at beginning of financial year	9,364	(4,998)	11,263	13,685
Net profit attributable to securityholders	69,585	62,584	59,388	40,094
Distributions paid (Note 10)	(62,045)	(42,516)	(62,045)	(42,516)
Actuarial gain/(loss) on defined benefit plans recognised directly to retained earnings after tax (Note 34)	2,150	(5,706)	-	-
Balance at end of financial year	19,054	9,364	8,606	11,263

31. MINORITY INTERESTS

APT Investment Trust	400,830	340,758	-	-
Other minority interest	283	132	-	-
	401,113	340,890	-	-

APT INVESTMENT TRUST

Issued capital

Balance at beginning of financial year	320,931	358,450	-	-
Equity values adjustment between stapled entities	-	(9,868)	-	-
Issue of securities under distribution reinvestment plan	12,590	15,134	-	-
Issue of securities under security purchase plan	-	20,723	-	-
Institutional placement of units	69,872	-	-	-
Distribution - capital return (Note 10(b))	(20,477)	(63,434)	-	-
Issue cost of securities	(915)	(74)	-	-
Tax relating to security issue costs	-	-	-	-
Balance at end of financial year	382,001	320,931	-	-

Reserves

Available for sale investment revaluation reserve:

Balance at beginning of financial year	(101)	(1,446)	-	-
Valuation loss recognised	635	1,345	-	-
	534	(101)	-	-

Retained earnings

Balance at beginning of financial year	19,928	10,810	-	-
Net profit attributable to APTIT equityholders	38,924	37,774	-	-
Distributions paid (Note 10(b))	(40,557)	(28,656)	-	-
Balance at end of financial year	18,295	19,928	-	-

OTHER MINORITY INTEREST

Issued capital	4	4	-	-
Reserves	1	1	-	-
Retained earnings	278	127	-	-
	283	132	-	-

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

32. LEASES

(a) Leasing arrangements - receivables

Finance lease receivables relate to the lease of a metering station, a natural gas vehicle facility and X41 expansion.

	CONSOLIDATED		TRUST	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
FINANCE LEASE RECEIVABLES				
Not longer than 1 year	5,957	5,416	-	-
Longer than 1 year and not longer than 5 years	22,649	19,535	-	-
Longer than 5 years	14,278	8,889	-	-
Minimum future lease payments receivable ^(a)	42,884	33,840	-	-
Gross finance lease receivables	42,884	33,840	-	-
Less: unearned finance lease receivables	(13,772)	(9,315)	-	-
Present value of lease receivables	29,112	24,525	-	-
Included in the financial statements as part of:				
Current trade and other receivables (Note 11)	3,252	3,181	-	-
Non-current receivables (Note 14)	25,860	21,344	-	-
	29,112	24,525	-	-

(a) Minimum future lease payments receivable include the aggregate of all lease payments receivable and any guaranteed residual

(b) Leasing arrangements - liabilities

Finance lease liabilities 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

Not longer than 1 year	-	280	-	-
Longer than 1 year and not longer than 5 years	-	414	-	-
Minimum future finance lease payments ^(b)	-	694	-	-
Less: future finance charges	-	(76)	-	-
Present value of minimum lease payments	-	618	-	-
Included in the financial statements as part of:				
Current borrowings (Note 22)	-	238	-	-
Non-current borrowings (Note 26)	-	380	-	-
	-	618	-	-

(b) Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

32. LEASES (CONTINUED)

(b) Leasing arrangements - liabilities (continued)

	CONSOLIDATED		TRUST	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
NON-CANCELLABLE OPERATING LEASES – TRANSMISSION PIPELINES				
Not longer than 1 year	-	82,620	-	-
Longer than 1 year and not longer than 5 years	-	-	-	-
Longer than 5 years	-	-	-	-
	-	82,620	-	-
NON-CANCELLABLE OPERATING LEASES – OTHER				
Not longer than 1 year	5,938	6,579	-	-
Longer than 1 year and not longer than 5 years	8,832	12,883	-	-
Longer than 5 years	1,159	1,317	-	-
	15,929	20,779	-	-

33. PROVISIONS

	CONSOLIDATED		
	ABANDONMENT ^(a) \$000	OTHER \$000	TOTAL \$000
Balance at 30 June 2010	3,040	3,460	6,500
Additional provisions recognised ^(b)	801	3,568	4,369
Unwinding of discount	174	-	174
Reductions arising from payments/other sacrifices of future economic benefits	-	(576)	(576)
Balance at 30 June 2011	4,015	6,452	10,467
Current (Note 24)	-	6,452	6,452
Non-current (Note 24)	4,015	-	4,015
	4,015	6,452	10,467
Balance at 30 June 2009	2,830	957	3,787
Additional provisions recognised	40	2,960	3,000
Unwinding of discount	170	-	170
Reductions arising from payments/other sacrifices of future economic benefits	-	(457)	(457)
Balance at 30 June 2010	3,040	3,460	6,500
Current (Note 24)	-	3,460	3,460
Non-current (Note 24)	3,040	-	3,040
	3,040	3,460	6,500

(a) Costs of dismantling pipelines and restoring the sites on which the pipelines are located is to be included in the cost of the asset at inception and required to be accounted for in accordance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'

(b) Includes rectification works due to Queensland floods

NOTES TO THE FINANCIAL STATEMENTS

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For the financial year ended 30 June 2011

34. EMPLOYEE SUPERANNUATION PLANS

All employees of the Consolidated Entity are entitled to benefits on retirement, disability or death from an industry sponsored fund, or an alternative fund of their choice. The Consolidated Entity has three plans with defined benefit sections (due to the acquisition of businesses) and plans with defined contribution sections. The defined benefit sections provide lump sum benefits upon retirement based on years of service. The defined contribution sections receive fixed contributions from the Consolidated Entity and the Consolidated Entity's legal and constructive obligations are limited to these amounts.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2011 by Mercer (Australia) Pty Ltd and Russell Investments (2010: Mercer (Australia) Pty Ltd and Russell Investments). The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The following sets out details in respect of the defined benefit plans only:

	CONSOLIDATED	
	2011	2010
	\$000	\$000
AMOUNTS RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME		
Current service cost	3,133	2,970
Interest cost on benefit obligation	4,601	4,559
Expected return on plan assets	(6,112)	(5,653)
Total included in superannuation costs which form part of employee benefit expense	1,622	1,876
Actual return on plan assets	9,823	7,140
Actuarial gains/(losses) incurred during the year and recognised in the statement of comprehensive income	3,071	(8,153)
AMOUNTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION		
Fair value of plan assets	98,758	91,346
Present value of benefit obligation	(111,325)	(109,640)
Net liability - non-current (Note 24)	(12,567)	(18,294)
MOVEMENTS IN LIABILITY DURING THE YEAR		
Balance at beginning of year	(18,294)	(14,656)
Expense recognised in statement of comprehensive income	(1,622)	(1,876)
Amount recognised in retained earnings	3,072	(8,153)
Contributions from employer	4,278	6,391
Balance at end of year ^(a)	(12,566)	(18,294)
 (a) The above balances are recorded within the provisions section of the statement of financial position; refer to Note 24		
Movements in the present value of the defined benefit obligations in the current period were as follows:		
Opening defined benefit obligation	109,640	98,679
Current service cost	3,133	2,970
Interest cost	4,601	4,559
Contributions from plan participants	1,419	1,650
Actuarial (gains)/losses	640	9,640
Benefits paid	(7,315)	(6,718)
Taxes and premiums paid	(793)	(1,140)
Closing defined benefit obligation	111,325	109,640

NOTES TO THE FINANCIAL STATEMENTS

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For the financial year ended 30 June 2011

34. EMPLOYEE SUPERANNUATION PLANS (CONTINUED)

Movements in the present value of the plan assets in the current period were as follows:

	CONSOLIDATED	
	2011 \$000	2010 \$000
Opening fair value of plan assets	91,346	84,023
Expected return on plan assets	6,112	5,653
Actuarial gains/(losses)	3,711	1,487
Contributions from employer	4,278	6,391
Contributions from plan participants	1,419	1,650
Benefits paid	(7,315)	(6,718)
Taxes and premiums paid	(793)	(1,140)
Closing fair value of plan assets	98,758	91,346

The average principal actuarial assumptions used in determining post-employment obligations for the Consolidated Entity's plans are shown below (expressed as weighted averages):

	CONSOLIDATED	
	2011 %	2010 %
Discount rate (p.a.)	4.6	4.7
Expected return on plan assets (p.a.)	7.0	7.0
Expected salary rate increase (p.a.)	4.5	4.5

The invested defined benefit assets were held in the following classes:

Australian equities	33.7	34.3
International equities	27.2	25.3
Fixed income	11.8	12.3
Property	8.5	8.5
Alternatives	13.8	13.3
Cash	5.0	6.3

The history of experience adjustments is as follows:

	2011 \$000	2010 \$000	2009 \$000	2008 \$000
Fair value of plan assets	98,758	91,346	84,023	90,227
Present value of defined benefit obligation	111,325	109,640	98,679	97,042
(Deficit)/surplus	(12,567)	(18,294)	(14,656)	(6,815)
Experience adjustments on plan liabilities	3,090	4,739	(6,753)	(1,515)
Experience adjustments on plan assets	(3,167)	(821)	8,450	8,533

The Consolidated Entity expects \$4,076,000 in contributions to be paid to the defined benefit plans during the year ending 30 June 2012.

NOTES TO THE FINANCIAL STATEMENTS

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For the financial year ended 30 June 2011

35. EARNINGS PER SECURITY

	CONSOLIDATED	
	2011	2010
Basic and diluted earnings per security (cents)	19.7	19.4

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

Net profit attributable to securityholders for calculating basic and diluted earnings per security (\$'000)	108,509	100,358
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	NO. OF SECURITIES	
	Adjusted weighted average number of ordinary securities used in the calculation of basic and diluted earnings per security (000)	551,222

36. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash and cash equivalents

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

	CONSOLIDATED		TRUST	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Cash at bank and on hand ^(a)	90,706	76,867	49	293
Short-term deposits	4,662	4,073	-	-
	95,368	80,940	49	293

Restricted cash

(a) As at 30 June 2011, Australian Pipeline Limited held \$5.0 million (2010: \$5.0 million) on deposit to meet its financial requirements as the holder of an Australian Financial Services Licence

(b) Businesses acquired and disposed of

Consolidated

During the financial year, the Consolidated Entity acquired the Emu Downs Wind Farm ("EDWF"), net cash outflow on this acquisition was \$167,219,000. Refer to Note 40 for further details of the EDWF acquisition. In addition a further 16.7% interest was acquired in the SEA Gas Pipeline for \$46,904,000 increasing APA's overall interest to 50% and the \$19,676,000 equity contribution payable upon construction completion was made to EII2 (owner of the Hallett 4 Wind Farm project). \$24,812,000 (2010: \$22,379,000) has been reinvested in Envestra Limited through the Dividend Reinvestment Plan and \$22,481,000 (2010: \$114,498,000) has been invested in the purchase of shares in Hastings Diversified Utilities Fund.

In the prior year, the Consolidated Entity acquired the Berwyndale to Wallumbilla Pipeline ("BWP") and a 20.2% interest in the EII2 (owner of the Hallett 4 Wind Farm project). The net cash outflow on these acquisitions was \$83,328,000 for the controlled entity and \$327,000 for the share of the associate. Refer to Note 40 for further details of the BWP acquisition.

Trust

During the financial year, the Trust has reinvested \$24,812,000 (2010: \$22,379,000) in Envestra Limited through the Dividend Reinvestment Plan.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

36. NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

(c) Reconciliation of profit for the year to the net cash provided by operating activities

	CONSOLIDATED		TRUST	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Profit for the year	108,825	100,508	59,388	40,094
Loss on disposal of investments	-	1,510	-	5,050
Impairment of goodwill	5,435	-	-	-
(Gain)/Loss on disposal of property, plant and equipment	1,068	2,799	-	-
Gain from sale of equity accounted investments	(1,652)	-	-	-
Discount on business acquisition	-	(4,586)	-	-
Share of net profits of jointly controlled entities accounted for using the equity method	(23,876)	(13,687)	-	-
Dividends/distributions received	34,239	35,087	24,812	22,391
Depreciation and amortisation expense	100,350	91,426	-	-
Finance costs	12,895	11,019	-	-
Changes in assets and liabilities:				
Trade and other receivables	(5,158)	(5,819)	-	36
Inventories	(2,381)	3,460	-	-
Other assets	7,458	3,796	-	-
Trade and other payables	1,205	8,568	(20,147)	(22,416)
Provisions	12,351	669	-	-
Other liabilities	(2,331)	(5,661)	-	-
Income tax balances	41,601	38,672	(862)	5,236
Net cash provided by operating activities	290,029	267,761	63,191	50,391

(d) Financing facilities

UNSECURED FACILITIES

Bank borrowings ^(a)

Amounts used	1,555,500	1,665,324	-	-
Amounts unused	234,500	560,000	-	-
	1,790,000	2,225,324	-	-

Guaranteed Senior Notes ^(b)

Amounts used	1,059,681	1,355,596	-	-
Amounts unused	-	-	-	-
Medium Term Notes ^(c)	294,947	-	-	-
	1,354,628	1,355,596	-	-

SECURED FACILITIES

Bank borrowings

Amounts used	-	1,645	-	-
Amounts unused	-	-	-	-
	-	1,645	-	-

(a) APT Pipelines Limited entered into syndicated bank facilities in June 2007 and September 2009, and bilateral bank facilities in July 2008 and August 2009

(b) APT Pipelines Limited issued notes in the US Private Placement market in September 2003, May 2007 and July 2009. The issues include Australian dollar and US dollar denominated notes. The disclosed amount represents the Australian dollar equivalent of notes issued as measured at the reporting date. The maturity date and interest rates payable are disclosed in Note 37

(c) Represents 10 year fixed rate Australian Medium Term Notes issued to institutional investors

NOTES TO THE FINANCIAL STATEMENTS

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For the financial year ended 30 June 2011

37. FINANCIAL INSTRUMENTS

(a) Capital risk management

The Consolidated Entity manages its capital structure to ensure that entities in the Group will be able to continue as a going concern while maximising the return to security holders through the optimisation of the debt to equity structure.

The Consolidated Entity's overall capital management strategy is to continue to target strong BBB/Baa2 investment grade ratings through maintaining sufficient flexibility to fund organic growth and investment from internally generated and retained cash flows, equity and, where appropriate, additional debt funding.

The capital structure of the Consolidated Entity consists of debt, which includes borrowings disclosed in Notes 22 and 26, cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Notes 28, 29 and 30 respectively.

The Consolidated Entity's operations are conducted primarily through its subsidiaries.

Operating cash flows are used to maintain and expand the Consolidated Entity's assets, as well as to make distributions to security holders and to repay maturing debt.

The Consolidated Entity's policy is to borrow from overseas and locally, using a variety of capital markets and bank loan facilities, to meet anticipated funding requirements.

Controlled entities are subject to externally imposed capital requirements. These relate to the Australian Financial Services Licence held by Australian Pipeline Limited, the Responsible Entity of the Consolidated Entity and were adhered to for the entirety of the 2010 and 2011 periods.

Gearing ratio

The Consolidated Entity's board of Directors reviews the capital structure on a regular basis. As part of the review, the board considers the cost of capital and the state of the markets. The Consolidated Entity continues to target strong BBB/Baa2 investment grade ratings through maintaining sufficient flexibility to fund organic growth and investment from internally generated and retained cashflows and where appropriate, additional debt and equity funding. Based on recommendations of the board, the Consolidated Entity balances its overall capital structure through new equity issues, through the issue of new debt or the redemption of existing debt, and through a disciplined distribution payment policy.

(b) Financial risk management objectives

APA's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Consolidated

Entity. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Consolidated Entity seeks to minimise the effects of these risks through natural hedges and by using derivative instruments to directly hedge the exposures. The use of financial derivatives is governed by the Consolidated Entity's, board approved Treasury Policy, which provides written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Consolidated Entity does not enter into or trade financial instruments, including derivative financial instruments for speculative purposes.

The Corporate Treasury function reports monthly to the Consolidated Entity's board of Directors, which monitors risks and policies implemented to mitigate risk exposures.

(c) Market risk management

The Consolidated Entity's activities exposure is primarily to the financial risk of changes in interest rates and foreign currency exchange rates. The Consolidated Entity enters in to a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- foreign exchange forward contracts to hedge the exchange rate risk arising on the importation of equipment from the United States and other international suppliers;
- currency swaps to manage the foreign currency risk associated with foreign currency denominated borrowings;
- interest rate forward contracts to manage interest rate risk; and
- interest rate swaps to mitigate the risk of rising interest rates.

There has been no change to the Consolidated Entity's exposure to market risks or the manner to which it manages and measures the risk from the previous period.

The Consolidated Entity is also exposed to price risk from its investments in listed equities. The majority of the shareholdings are in two companies that are publicly traded on the Australian Stock Exchange (ASX).

(d) Foreign currency risk management

The Consolidated Entity undertakes certain transactions denominated in foreign currencies and hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising foreign exchange contracts, including forward contracts and cross currency contracts. There was no unmanaged exposure in either 2010 or 2011.

The carrying value amount of the Consolidated Entity's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	CONSOLIDATED			
	LIABILITIES		ASSETS	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
US dollar borrowings	744,815	938,730	-	-
Cross currency swaps	(744,815)	(938,730)	-	-
	-	-	-	-
Foreign exchange contracts	1,172	157	-	-
	1,172	157	-	-

The Consolidated Entity is mainly exposed to US dollars (US\$).

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

37. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Foreign currency risk management (continued)

Forward foreign exchange contracts

It is the policy of the Consolidated Entity to enter into various foreign exchange contracts to cover 100% of all foreign currency exposures in excess of US\$1million that are certain. Basis adjustments are made to the carrying amounts of non-financial hedged items when the anticipated purchase takes place.

The following table details the forward foreign currency contracts outstanding at reporting date:

2011	AVERAGE EXCHANGE RATE	CONSOLIDATED		FAIR VALUE 2011 \$000
		FOREIGN CURRENCY	CONTRACT VALUE	
		2011 US\$000	2011 \$000	
OUTSTANDING CONTRACTS				
Buy US dollars				
Less than 3 months	0.9583	4,179	4,361	(441)
3 to 6 months	0.9694	3,672	3,789	(308)
6 to 12 months	0.9721	6,343	6,525	(423)
1 to 2 years	0.0000	-	-	-
		14,195	14,675	(1,172)
2010				
OUTSTANDING CONTRACTS				
Buy US dollars				
Less than 3 months	0.8340	3,096	3,712	(54)
3 to 6 months	0.8190	3,318	4,051	(95)
6 to 12 months	0.8236	1,880	2,282	(3)
1 to 2 years	0.8009	2,302	2,874	(5)
		10,596	12,920	(157)

The Consolidated Entity has entered into contracts to purchase equipment in USD from overseas suppliers. The Consolidated Entity has entered into forward foreign exchange contracts to hedge the exchange rate risk arising from these anticipated future transactions, which are designated as cash flow hedges.

As at reporting date, the aggregate amount of unrealised losses under forward foreign exchange contracts deferred in the hedging reserve relating to these anticipated future transactions is \$1,172,000 (2010: \$157,000). It is anticipated that the capital purchases will take place within the next two financial years at which stage unrealised mark to market amounts in equity will be included in the carrying amount of the asset being purchased.

Cross currency swap contracts

Under cross currency swap contracts, the Consolidated Entity agrees to exchange specified principal and interest foreign currency amounts at agreed future dates at a specified exchange rate. Such contracts enable the Consolidated Entity to mitigate the risk of adverse movements in foreign exchange rates in relation to principal and interest payments arising under the 2003, 2007 and 2009 US dollar note issues.

The Consolidated Entity receives fixed amounts in US\$ and pays both variable interest rates (based on Australian BBSW) and fixed interest rates based on agreed interest rate swap rates.

The following table details the swap contracts principal balances over various durations as at the reporting date:

	EXCHANGE RATE		PRINCIPAL AMOUNT	
	2011 \$	2010 \$	2011 \$000	2010 \$000
2003 NOTE ISSUE				
Buy US dollars - interest				
Less than 1 year	0.6573	0.6573	(22,863)	(22,863)
1 year to 2 years	0.6573	0.6573	(22,863)	(22,863)
2 years to 5 years	0.6573	0.6573	(47,276)	(59,014)
5 years and more	0.6573	0.6573	(14,425)	(25,550)
			(107,427)	(130,290)

NOTES TO THE FINANCIAL STATEMENTS

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For the financial year ended 30 June 2011

37. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Foreign currency risk management (continued)

	EXCHANGE RATE		PRINCIPAL AMOUNT	
	2011 \$	2010 \$	2011 \$000	2010 \$000
Buy US dollars - principal				
2 years to 5 years	0.6573	0.6573	(298,190)	(112,582)
5 years and more	0.6573	0.6573	(95,847)	(281,455)
			(394,037)	(394,037)
2007 NOTE ISSUE				
Buy US dollars - interest				
Less than 1 year	0.8068	0.8068	(29,737)	(29,737)
1 year to 2 years	0.8068	0.8068	(29,737)	(29,737)
2 years to 5 years	0.8068	0.8068	(89,212)	(89,212)
5 years and more	0.8068	0.8068	(95,037)	(124,774)
			(243,723)	(273,460)
Buy US dollars - principal				
5 years and more	0.8068	0.8068	(495,786)	(495,786)
2009 NOTE ISSUE				
Buy US dollars - interest				
Less than 1 year	0.7576	0.7576	(15,934)	(15,934)
1 year to 2 years	0.7576	0.7576	(15,934)	(15,934)
2 years to 5 years	0.7576	0.7576	(47,803)	(47,803)
5 years and more	0.7576	0.7576	(34,279)	(50,213)
			(113,951)	(129,885)
Buy US dollars - principal				
5 years and more	0.7576	0.7576	(184,784)	(184,784)

Foreign currency sensitivity analysis

The Consolidated Entity is mostly exposed to movements in the US\$ through its fully hedged borrowings via the US Private Placement market and its current obligations to future purchases of capital equipment. The entire US\$ cash flows arising from the 2003, 2007 and 2009 note issues have been swapped; as such, the Consolidated Entity has no currency risk associated with those note issues. Therefore, the sensitivity analysis has only been performed on the forward

foreign exchange contracts. The following table details the Consolidated Entity's sensitivity to a 10% decrease and increase in the Australian dollar against the relevant foreign currencies. The sensitivity rate used is 10% and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

	CONSOLIDATED	
	2011 \$000	2010 \$000
A\$ depreciating by 10%		
Profit	-	-
Other equity ^(a)	(1,201)	(1,377)
A\$ appreciating by 10%		
Profit	-	-
Other equity ^(a)	1,468	1,127

(a) This is as a result of the changes to the fair value of forward foreign exchange contracts designated as cash flow hedges. Negative amounts denote a credit to equity

NOTES TO THE FINANCIAL STATEMENTS

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For the financial year ended 30 June 2011

37. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Interest rate risk management

The Consolidated Entity is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. This risk is managed by the Consolidated Entity by maintaining an appropriate mix between fixed and floating rate borrowings, through the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined policy, ensuring appropriate hedging strategies are applied. Hedging activity is complemented by "natural hedges" from regulatory resets and CPI adjusted revenues.

The Trust and the Consolidated Entity's exposures to interest rate risk on financial liabilities are detailed in the liquidity risk management section of this note. Exposure to financial assets is limited to cash and cash equivalents amounting to \$95.4 million as at 30 June 2011 (2010: \$80.9 million).

Interest rate swap contracts

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 changing interest rates on the fair value of issued fixed rate debt held and cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the yield curves at reporting date. The average interest rate is based on the outstanding balances at the end of the financial year.

The following table details the notional principal amounts and remaining terms of the cross currency and interest rate swap contracts outstanding as at the end of the financial year:

	WEIGHTED AVERAGE INTEREST RATE		NOTIONAL PRINCIPAL AMOUNT		FAIR VALUE	
	2011 % p.a.	2010 % p.a.	2011 \$000	2010 \$000	2011 \$000	2010 \$000
CASH FLOW HEDGES						
Pay fixed interest/receive floating interest						
Consolidated						
Less than 1 year	7.10	6.03	200,000	250,000	(31,474)	(2,888)
1 year to 2 years	5.39	7.10	200,000	200,000	(37,637)	(5,783)
2 years to 5 years	6.50	6.59	598,190	487,582	(147,510)	(30,886)
5 years and more	6.69	8.08	776,416	1,087,024	(78,640)	(35,715)
			1,774,606	2,024,606	(295,261)	(75,271)
Trust	-	-	-	-	-	-

The Consolidated Entity had no fair value hedges in 2011 or 2010.

The interest rate swaps settle on a quarterly or semi-annual basis. The floating rate benchmark on the interest rate swaps is Australian BBSW. The Consolidated Entity will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Consolidated Entity's cash flow exposure resulting from variable interest rates on borrowings.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments held. A 100 basis point increase or decrease is used and represents management's assessment of the possible change in interest rates. At reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the Consolidated Entity's:

- net profit would decrease by \$7,555,000 or increase by \$7,555,000 (2010: decrease by \$7,153,000 or increase by \$7,153,000). This is mainly attributable to the Consolidated Entity's exposure to interest rates on its variable rate borrowings; and
- equity reserves would increase by \$23,873,000 or decrease by \$24,909,000 (2010: increase by \$14,761,000 or decrease by \$17,021,000). This is due to the changes in the fair value of derivative interest instruments.

The Consolidated Entity's sensitivity to interest rates has increased during the

current period due to the overall increase in the level of the Consolidated Entity's unhedged floating rate borrowings. The valuation of the increase/decrease in equity reserves is based on 1.00% p.a. increase/decrease in the yield curve at the reporting date. The 2010 increase/decrease in equity reserves adjusts to \$29,774,000/\$33,336,000 when the USD component of the cross currency interest rate swaps is converted at current year FX rates. The decrease in sensitivity in equity which relates to interest rates is due to a lower level of interest rate swaps held.

(f) Price risk management

The Consolidated Entity is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Consolidated Entity does not actively trade these investments.

Equity price sensitivity

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date. At the reporting date, if the prices of the Consolidated Entity's equity investments had been 5% p.a. higher or lower:

- net profit would have been unaffected as the equity investments are classified as available-for-sale and no investments were disposed of or impaired (2010: \$nil); and
- equity reserves would decrease/increase by \$6,601,144 (2010: \$4,508,228), due to the changes in the fair value of available-for-sale shares.

The Consolidated Entity's sensitivity to equity prices has increased during the current period due to the acquisition of shares in Hastings Diversified Utilities Fund held as an available-for-sale investment.

NOTES TO THE FINANCIAL STATEMENTS

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For the financial year ended 30 June 2011

37. FINANCIAL INSTRUMENTS (CONTINUED)

(g) Credit risk management

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 bank guarantees where appropriate as a means of mitigating any risk of loss. For financial investments or market risk hedging, the Consolidated Entity's policy is to deal with highly rated counterparties. As at the reporting date, all counterparties of this type were A- (Standard & Poor's)/A3 (Moody's) or higher. The Consolidated Entity's exposure to financial instrument and deposit credit risk is closely monitored against counterparty credit limits imposed by the Treasury Policy approved by the board. These limits are regularly reviewed by the board.

Trade receivables consist of mainly corporate customers which are diverse and geographically spread. Most significant customers have an investment grade rating from either Standard & Poor's or Moody's. Ongoing credit monitoring of the financial position of customers is maintained.

The carrying amount of financial assets recorded in the financial statements,

net of any allowances, represents the Consolidated Entity's maximum exposure to credit risk in relation to those assets.

Cross guarantee

In accordance with a deed of cross guarantee, APT Pipelines Limited, a subsidiary of APA Group, has agreed to provide financial support, when and as required, to all wholly-owned controlled entities with either a deficit in shareholders' funds or an excess of current liabilities over current assets. The fair value of the financial guarantee as at 30 June 2011 has been determined to be immaterial and no liability has been recorded (2010: \$nil).

(h) Liquidity risk management

The Consolidated Entity has a policy dealing with liquidity risk which requires an appropriate liquidity risk management framework for the management of the Consolidated Entity's short, medium and long-term funding and liquidity management requirements. Liquidity risk is managed by maintaining adequate cash reserves and banking facilities, by monitoring and forecasting cash flow and where possible arranging liabilities with longer maturities to more closely match the underlying assets of the Consolidated Entity.

Details of undrawn facilities available to the Consolidated Entity are shown in the table below:

	CONSOLIDATED	
	2011 \$000	2010 \$000
FINANCING FACILITIES		
Unsecured bank facilities with various maturity dates through to 2013		
– amount used	1,555,500	1,665,324
– amount unused	234,500	560,000
	1,790,000	2,225,324
Unsecured long term private placement notes with various maturity dates through to 2022		
– amount used (determined at foreign exchange rates implicit in the associated cross currency hedges)	1,389,472	1,491,472
– amount unused	-	-
	1,389,472	1,491,472
Unsecured Australian Dollar medium term note with maturity in 2020		
– amount used	300,000	-
– amount unused	-	-
	300,000	-
Secured bank facility with maturity date in 2011		
– amount used	-	1,645
– amount unused	-	-
	-	1,645

Liquidity and interest risk table

Detailed below are the Consolidated Entity's remaining contractual maturities for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities taking account of the earliest date on which the Consolidated Entity can be required to pay. The table includes both interest and principal cash flows.

All US dollar note exposures (both principal and interest) have been fully hedged back into Australian dollars at fixed interest rates for the entire duration of the note exposure. Therefore the table below shows the undiscounted Australian dollar cash flows associated with the US dollar notes, cross currency interest rate swaps and fixed interest rate swaps in aggregate.

NOTES TO THE FINANCIAL STATEMENTS

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For the financial year ended 30 June 2011

37. FINANCIAL INSTRUMENTS (CONTINUED)

(h) Liquidity risk management (continued)

	AVERAGE INTEREST RATE % p.a.	CONSOLIDATED		
		LESS THAN 1 YEAR \$000	MORE THAN 1 - 5 YEARS \$000	5 YEARS \$000
2011				
Financial liabilities				
Trade and other payables	-	134,890	-	-
Unsecured bank borrowings ^(a)	6.59	1,111,875	167,721	-
Interest Rate Swaps (Net Settled)	6.20	12,173	18,686	184
Guaranteed Senior Notes:				
Denominated in A\$				
2007 Series A ^(b)	7.33	367	1,466	5,367
2007 Series C ^(b)	7.38	7,318	29,271	106,475
2007 Series E ^(c)	7.40	5,045	20,178	83,304
2007 Series G ^(d)	7.45	6,002	24,008	116,595
2007 Series H ^(d)	7.45	4,617	18,468	89,688
2010 Medium Term Note ⁽ⁱ⁾	7.75	23,250	93,000	404,625
Denominated in US\$ (rates shown are the coupon rate of the US dollar notes)				
2003 Series B ^(e)	5.67	11,434	173,590	-
2003 Series C ^(f)	5.77	14,976	250,323	-
2003 Series D ^(g)	6.02	9,036	38,430	158,680
2007 Series B ^(b)	5.89	13,986	55,946	204,864
2007 Series D ^(c)	5.99	11,111	44,442	184,546
2007 Series F ^(d)	6.14	11,354	45,416	221,850
2009 Series A ^(h)	8.35	9,725	39,061	90,569
2009 Series B ⁽ⁱ⁾	8.86	11,729	47,108	140,047
Financial lease liabilities	-	-	-	-
Other:				
Unearned revenue - interest	-	-	-	-
Unearned revenue - other	-	2,347	802	-
		1,401,235	1,067,916	1,806,794

(a) Matures on 1 July 2011 (\$103 million limit, undrawn at year end), 8 June 2012 (\$900 million limit), 1 July 2013 (\$515 million limit), 15 July 2014 (\$225 million limit) and 24 August 2014 (\$150 million limit)

(b) Matures on 15 May 2017

(c) Matures on 15 May 2019

(d) Matures on 15 May 2022

(e) Matures on 9 September 2013

(f) Matures on 9 September 2015

(g) Matures on 9 September 2018

(h) Matures on 1 July 2016

(i) Matures on 1 July 2019

(j) Matures on 22 July 2020

NOTES TO THE FINANCIAL STATEMENTS

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For the financial year ended 30 June 2011

37. FINANCIAL INSTRUMENTS (CONTINUED)

(h) Liquidity risk management (continued)

	AVERAGE INTEREST RATE % p.a.	CONSOLIDATED			
		LESS THAN 1 YEAR \$000	MORE THAN 1 - 5 YEARS \$000	5 YEARS \$000	
2010					
Financial liabilities					
Trade and other payables	-	131,839	-	-	
Unsecured bank borrowings ^(a)	6.12	104,626	1,794,453	-	
Secured bank borrowings ^(b)	-	1,645	-	-	
Interest Rate Swaps (Net Settled)	6.16	13,196	11,956	440	
Guaranteed Senior Notes:					
Denominated in A\$					
2003 Series A ^(c)	6.66	105,397	-	-	
2007 Series A ^(d)	7.33	367	1,466	5,733	
2007 Series C ^(d)	7.38	7,318	29,271	113,793	
2007 Series E ^(e)	7.40	5,045	20,178	88,349	
2007 Series G ^(f)	7.45	6,002	24,008	122,597	
2007 Series H ^(f)	7.45	4,617	18,468	94,305	
Denominated in US\$ (rates shown are the coupon rate of the US dollar notes)					
2003 Series B ^(g)	Payment	5.67	8,485	133,853	-
2003 Series C ^(h)	Payment	5.77	14,214	56,894	192,773
2003 Series D ⁽ⁱ⁾	Payment	6.02	6,930	27,740	120,169
2007 Series B ^(d)	Payment	5.89	13,986	55,946	218,851
2007 Series D ^(e)	Payment	5.99	11,111	44,442	195,657
2007 Series F ^(f)	Payment	6.14	11,354	45,416	233,204
2009 Series A ^(j)	Payment	8.35	9,752	38,981	100,375
2009 Series B ^(k)	Payment	8.86	11,761	47,011	151,872
Financial lease liabilities	8.01	280	414	-	
Other:					
Unearned revenue - interest	-	9,260	-	-	
Unearned revenue - other	-	1,614	925	-	
		478,797	2,351,423	1,638,117	

(a) Matures on 1 July 2011 (\$515 million limit), 15 July 2011 (\$145 million limit), 8 June 2012 (\$900 million limit), 1 July 2013 (\$515 million limit) and 31 August 2014 (\$150 million limit)

(b) Residual payment due to financiers on expiration of lease of property

(c) Matures on 9 September 2010

(d) Matures on 15 May 2017

(e) Matures on 15 May 2019

(f) Matures on 15 May 2022

(g) Matures on 9 September 2013

(h) Matures on 9 September 2015

(i) Matures on 9 September 2018

(j) Matures on 1 July 2016

(k) Matures on 1 July 2019

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

37. FINANCIAL INSTRUMENTS (CONTINUED)

(i) Fair value of financial instruments

Fair value of financial instruments carried at amortised cost

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current markets;
- the fair values of derivative instruments, included in hedging assets and liabilities, are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments; and
- the fair value of financial guarantee contracts is determined using option

pricing models where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2011			
	LEVEL 1 \$000	LEVEL 2 \$000	LEVEL 3 \$000	TOTAL \$000
CONSOLIDATED				
Financial assets measured at fair value				
Available-for-sale listed equity securities				
Hastings Diversified Utilities Fund	161,929	-	-	161,929
Ethane Pipeline Income Fund	6,720	-	-	6,720
Other	5	-	-	5
Total	168,654	-	-	168,654

Financial liabilities measured at fair value

Interest rate swaps used for hedging	-	10,168	-	10,168
Cross Currency Interest Rate Swaps used for hedging	-	285,093	-	285,093
Forward foreign exchange contracts used for hedging	-	1,172	-	1,172
Total	-	296,433	-	296,433

	2010			
	LEVEL 1 \$000	LEVEL 2 \$000	LEVEL 3 \$000	TOTAL \$000
CONSOLIDATED				
Financial assets measured at fair value				
Available-for-sale listed equity securities				
Hastings Diversified Utilities Fund	111,321	-	-	111,321
Ethane Pipeline Income Fund	5,751	-	-	5,751
Other	4	-	-	4
Total	117,076	-	-	117,076

Financial liabilities measured at fair value

Interest rate swaps used for hedging	-	47,701	-	47,701
Cross Currency Interest Rate Swaps used for hedging	-	27,570	-	27,570
Forward foreign exchange contracts used for hedging	-	157	-	157
Total	-	75,428	-	75,428

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

37. FINANCIAL INSTRUMENTS (CONTINUED)

(i) Fair value of financial instruments (continued)

Derivatives

Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The carrying value of financial assets and liabilities recorded at amortised cost in the financial statements approximate their fair value having regard to the specific terms of the agreements underlying those assets and liabilities.

Fair Value measurements of financial instruments measured at amortised cost

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

	CARRYING AMOUNT		FAIR VALUE	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
FINANCIAL LIABILITIES				
Unsecured long term private placement notes	1,389,472	1,491,472	1,266,551	1,650,585
Unsecured Australian Dollar medium term note	300,000	-	340,582	-
Total	1,689,472	1,491,472	1,607,133	1,650,585

The financial liabilities included in the table above are fixed rate borrowings. The unsecured bank debt held by the Consolidated Entity is floating rate and therefore its amortised cost approximates its fair value.

38. JOINTLY CONTROLLED OPERATIONS AND ASSETS

The Consolidated Entity is a venturer in the following jointly controlled operations and assets:

NAME OF VENTURE	PRINCIPAL ACTIVITY	OUTPUT INTEREST	
		2011 %	2010 %
Goldfields Gas Transmission	Gas pipeline operation - Western Australia	88.2 ^(a)	88.2 ^(a)
Mid West Pipeline	Gas pipeline operation - Western Australia	50.0 ^(b)	50.0 ^(b)

(a) On 17 August 2004, APA acquired a direct interest in the Goldfields Gas Transmission jointly controlled operations as part of the SCP Gas Business acquisition

(b) Pursuant to the joint venture agreement, the Consolidated Entity receives a 70.8% share of operating income and expenses

The Consolidated Entity's interest, as a venturer, in assets employed in the above jointly controlled operations and assets is detailed below. The amounts are included in the consolidated financial statements under their respective asset categories:

	CONSOLIDATED	
	2011 \$000	2010 \$000
CURRENT ASSETS		
Cash and cash equivalents	3,397	2,598
Trade and other receivables	204	280
Inventories	2,389	2,354
Other	1,106	1,049
Total current assets	7,096	6,281
NON-CURRENT ASSETS		
Property, plant and equipment	525,541	526,320
Other	1,783	2,212
Total non-current assets	527,324	528,532
Total assets	534,420	534,813

Contingent liabilities and capital commitments

Contingent liabilities and capital commitments arising from the Consolidated Entity's interest in jointly controlled operations are disclosed in Notes 46 and 41 respectively.

NOTES TO THE FINANCIAL STATEMENTS

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For the financial year ended 30 June 2011

39. SUBSIDIARIES

NAME OF ENTITY	COUNTRY OF REGISTRATION/ INCORPORATION	OWNERSHIP INTEREST	
		2011 %	2010 %
PARENT ENTITY			
Australian Pipeline Trust ^(a)			
SUBSIDIARIES			
APT Pipelines Limited ^{(b),(c)}	Australia	100	100
Agex Pty Ltd ^{(b),(c)}	Australia	100	100
Amadeus Gas Trust	Australia	96	96
APT Goldfields Pty Ltd ^{(b),(c)}	Australia	100	100
APT Management Services Pty Limited ^{(b),(c)}	Australia	100	100
APT Parmelia Gas Pty Ltd ^{(b),(c)}	Australia	100	100
APT Parmelia Holdings Pty Ltd ^{(b),(c)}	Australia	100	100
APT Parmelia Pty Ltd ^{(b),(c)}	Australia	100	100
APT Parmelia Trust ^(b)	Cayman Islands	100	100
APT Petroleum Pipelines Holdings Pty Limited ^{(b),(c)}	Australia	100	100
APT Petroleum Pipelines Pty Limited ^{(b),(c)}	Australia	100	100
APT Pipelines (NSW) Pty Limited ^{(b),(c)}	Australia	100	100
APT Pipelines (NT) Pty Limited ^{(b),(c)}	Australia	100	100
APT Pipelines (Qld) Pty Limited ^{(b),(c)}	Australia	100	100
APT Pipelines (WA) Pty Limited ^{(b),(c)}	Australia	100	100
APT Pipelines Investments (NSW) Pty Ltd ^{(b),(c)}	Australia	100	100
APT Pipelines Investments (WA) Pty Ltd ^{(b),(c)}	Australia	100	100
East Australian Pipeline Pty Limited ^{(b),(c)}	Australia	100	100
Gasinvest Australia Pty Limited ^{(b),(c)}	Australia	100	100
Goldfields Gas Transmission Pty Ltd ^(b)	Australia	100	100
NT Gas Distribution Pty Limited	Australia	100	96
NT Gas Easements Pty Limited ^{(b),(c)}	Australia	100	100
NT Gas Pty Limited	Australia	96	96
Roverton Pty Ltd ^{(b),(c)}	Australia	100	100
SCP Investments (No 1) Pty Limited ^{(b),(c)}	Australia	100	100
SCP Investments (No 2) Pty Limited ^{(b),(c)}	Australia	100	100
SCP Investments (No 3) Pty Limited ^{(b),(c)}	Australia	100	100
Sopic Pty Ltd ^{(b),(c)}	Australia	100	100
Southern Cross Pipelines (NPL) Australia Pty Ltd ^{(b),(c)}	Australia	100	100
Southern Cross Pipelines Australia Pty Limited ^{(b),(c)}	Australia	100	100
Trans Australia Pipeline Pty Limited ^{(b),(c)}	Australia	100	100
Western Australia Gas Transmission Company 1 ^{(b),(c)}	Australia	100	100
GasNet Australia Trust ^(b)	Australia	100	100
APA GasNet Australia (Holdings) Pty Ltd ^{(b),(c)}	Australia	100	100
APA GasNet Australia (Operations) Pty Ltd ^{(b),(c)}	Australia	100	100
APA GasNet A Pty Ltd ^{(b),(c)}	Australia	100	100
GasNet A Trust ^(b)	Australia	100	100
APA GasNet Australia (NSW) Pty Ltd ^{(b),(c)}	Australia	100	100
APA GasNet B Pty Ltd ^{(b),(c)}	Australia	100	100
APA GasNet Australia Pty Limited ^{(b),(c)}	Australia	100	100

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

39. SUBSIDIARIES (CONTINUED)

NAME OF ENTITY	COUNTRY OF REGISTRATION/ INCORPORATION	OWNERSHIP INTEREST	
		2011 %	2010 %
GasNet B Trust ^(b)	Australia	100	100
GasNet Australia Investments Trust ^(b)	Australia	100	100
APT Allgas Energy Pty Limited ^{(b),(c)}	Australia	100	100
APT Allgas Pipelines Operations Pty Limited ^{(b),(c)}	Australia	100	100
APT Allgas Toowoomba Pty Limited ^{(b),(c)}	Australia	100	100
APT Operations Pty Limited ^{(b),(c)}	Australia	100	100
APT AM Holdings Pty Limited ^{(b),(c)}	Australia	100	100
APT O&M Holdings Pty Ltd ^{(b),(c)}	Australia	100	100
APT O&M Services Pty Ltd ^{(b),(c)}	Australia	100	100
APT O&M Services (QLD) Pty Ltd ^{(b),(c)}	Australia	100	100
APT Water Management Pty Ltd ^{(b),(c)}	Australia	100	100
APT Water Management Holdings Pty Ltd ^{(b),(c)}	Australia	100	100
APT AM Stratus Pty Ltd ^{(b),(c)}	Australia	100	100
APT Facility Management Pty Ltd ^{(b),(c)}	Australia	100	100
APT AM Employment Pty Ltd ^{(b),(c)}	Australia	100	100
APT SEAGas (Holdings) Pty Limited ^{(b),(c)}	Australia	100	100
APT SPV2 Pty Ltd ^{(b),(c)}	Australia	100	100
APT SPV3 Pty Ltd ^{(b),(c)}	Australia	100	100
APT Pipelines (SA) Pty Ltd ^{(b),(c)}	Australia	100	100
APT (MIT) Services Pty Limited ^(b)	Australia	100	100
APA Operations (EII) Pty Limited ^{(b),(c)}	Australia	100	100
APA Pipelines (QNSW) Pty Limited ^{(b),(c)}	Australia	100	100
Central Ranges Pipeline Pty Ltd ^{(b),(c)}	Australia	100	100
APA Country Pipelines Pty Ltd ^{(b),(c)}	Australia	100	100
North Western Natural Gas Company Pty Limited ^{(b),(c)}	Australia	100	100
APA Facilities Management Pty Limited ^{(b),(c)}	Australia	100	100
APA (NBH) Pty Limited ^{(b),(c)}	Australia	100	100
APA Pipelines Investments (BWP) Pty Limited ^{(b),(c)}	Australia	100	100
APA Power Holdings Pty Ltd ^{(b),(c)}	Australia	100	-
APA Power Pty Ltd	Australia	100	-
APA DPS Pty Ltd	Australia	100	-
APA (EDWF HOLDCO) PTY LTD ^{(b),(c)}	Australia	100	-
APA (BWF HOLDCO) PTY LTD ^{(b),(c)}	Australia	100	-
EDWF Holdings 1 Pty Ltd	Australia	100	-
EDWF Holdings 2 Pty Ltd	Australia	100	-
EDWF Manager Pty Ltd	Australia	100	-
Wind Portfolio Pty Ltd	Australia	100	-
Griffin Windfarm 2 Pty Ltd	Australia	100	-

(a) Australian Pipeline Trust is the head entity within the tax-consolidated group

(b) These entities are members of the tax-consolidated group

(c) These wholly-owned subsidiaries have entered into a deed of cross guarantee with APT Pipelines Limited pursuant to ASIC Class Order 98/1418 and are relieved from the requirement to prepare and lodge an audited financial report

NOTES TO THE FINANCIAL STATEMENTS

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For the financial year ended 30 June 2011

40. ACQUISITION OF BUSINESSES

NAMES OF BUSINESS ACQUIRED	PRINCIPAL ACTIVITY	DATE OF ACQUISITION	PROPORTION ACQUIRED %	COST OF ACQUISITION \$000
During the financial year ended 30 June 2011				
Emu Downs Wind farm	Power Generation	30 June 2011	100	179,332
During the financial year ended 30 June 2010				
Berwyndale to Wallumbilla Pipeline	Gas transmission	22 April 2010	100	82,600

	EMU DOWNS WIND FARM FAIR VALUE ON ACQUISITION \$000	BERWYNDALE - WALLUMBILLA PIPELINE FAIR VALUE ON ACQUISITION \$000
NET ASSETS ACQUIRED		
Current assets		
Cash and cash equivalents	7,416	-
Trade and other receivables	5,759	-
Other	197	-
Non-current assets		
Receivables	1,189	-
Property, plant and equipment	162,950	87,139
Deferred tax assets	561	-
Intangible assets	8,709	15,800
Other	-	98
Current liabilities		
Trade and other payables	(801)	-
Non-current liabilities		
Deferred tax liabilities	(5,848)	(11)
Provisions	(800)	(39)
Provisions on acquisition	-	(15,800)
Fair value of net assets acquired	179,332	87,187
Discount on acquisition	-	(4,587)
Cost of acquisition	179,332	82,600
Cash balances acquired	(7,416)	-
Consideration not yet paid	(5,533)	-
Transaction costs - paid	836	728
Net cash outflow on acquisition - prior year	-	83,328
Net cash outflow on acquisition - current year	167,219	3,858
Total cash outflow on acquisition	167,219	87,186

In June 2011, APA Group acquired the Emu Downs Wind Farm and development site for \$171,916,000 (net of cash acquired). The purpose of this transaction was to provide wind generation and support gas generation and complement other APA gas infrastructure assets in delivering energy solutions to the Western Australian market.

The accounting for the acquisition of the Emu Downs Wind Farm acquired during the year has been provisionally determined at reporting date.

The acquisition was paid for in cash.

As the acquisition was completed on 30 June 2011, no results have been included in the consolidated net profit for the year.

Acquisition-related costs amounting to \$8,970,000 and have been recognised as an expense in the period, within the other expenses line in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

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For the financial year ended 30 June 2011

41. COMMITMENTS FOR EXPENDITURE

Capital expenditure commitments

	CONSOLIDATED		TRUST	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
PLANT AND EQUIPMENT				
Not longer than 1 year	41,101	62,062	-	-
Longer than 1 year and not longer than 5 years	-	12,960	-	-
Longer than 5 years	-	-	-	-
	41,101	75,022	-	-
CONSOLIDATED ENTITY'S SHARE OF JOINTLY CONTROLLED OPERATION'S COMMITMENTS				
Not longer than 1 year	-	41	-	-
Longer than 1 year and not longer than 5 years	-	-	-	-
Longer than 5 years	-	-	-	-
	-	41	-	-

42. REMUNERATION OF EXTERNAL AUDITOR

Amounts received or due and receivable by Deloitte Touche Tohmatsu for:	\$	\$	\$	\$
Auditing the financial report	578,500	516,260	5,500	5,000
Compliance plan audit	20,000	19,375	-	-
Tax compliance and advice ^(a)	19,700	17,500	-	-
Other accounting and assurance services ^(a)	87,015	30,000	-	-
	705,215	583,135	5,500	5,000

(a) Services provided were in accordance with the external auditor independence policy

43. DIRECTOR COMPENSATION

(a) Details of directors

The Directors of the APA group of entities during the financial year were:

- L F Bleasel AM* (Independent, Non-Executive Chairman)
- S Crane* (Independent Non-Executive Director, appointed on 1 January 2011)
- J A Fletcher* (Independent Non-Executive Director)
- R A Higgins AO* (Independent Non-Executive Director)
- P M McKenzie* (Independent Non-Executive Director, appointed on 1 January 2011)
- M Muhammad* (Non-Executive Director)
- M (George) Ratilal* (Non-Executive Director, retired effective 26 August 2010)
- R J Wright* (Independent Non-Executive Director)
- M J McCormack* (Managing Director/Chief Executive Officer)

(b) Director compensation

The aggregate compensation made to directors of the Consolidated Entity and the Trust is set out below:

	CONSOLIDATED AND TRUST	
	2011 \$	2010 \$
Short-term employment benefits	2,409,250	2,174,099
Post-employment benefits	149,194	91,963
Cash settled share-based payments	773,281	574,166
Retention award	-	18,056
	3,331,725	2,858,284

NOTES TO THE FINANCIAL STATEMENTS

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For the financial year ended 30 June 2011

43. DIRECTOR COMPENSATION (CONTINUED)

(b) Director compensation (continued)

The compensation of each director of the Consolidated Entity is set out below.

	SHORT-TERM EMPLOYMENT BENEFITS		POST- EMPLOYMENT	LONG-TERM INCENTIVE PLANS	OTHER ^(b)	TOTAL
	SALARY/FEEES \$	SHORT-TERM INCENTIVE SCHEME \$	SUPERANNUATION \$	SHARE-BASED PAYMENTS ^(a) \$		
NON-EXECUTIVE DIRECTORS						
L F Bleasel AM						
2011	272,500	-	20,750	-	-	293,250
2010	254,319	-	16,981	-	-	271,300
S Crane ^(c)						
2011	57,875	-	5,209	-	-	63,084
2010	-	-	-	-	-	-
J A Fletcher						
2011	107,000	-	42,335	-	-	149,335
2010	110,150	-	25,787	-	-	135,937
R A Higgins AO						
2011	145,375	-	13,077	-	-	158,452
2010	137,000	-	12,320	-	-	149,320
P M McKenzie ^(d)						
2011	56,750	-	5,108	-	-	61,858
2010	-	-	-	-	-	-
M Muhammad						
2011	121,500	-	-	-	-	121,500
2010	113,000	-	-	-	-	113,000
M (George) Ratilal ^(e)						
2011	16,000	-	-	-	-	16,000
2010	93,000	-	-	-	-	93,000
R J Wright						
2011	141,250	-	12,715	-	-	153,965
2010	132,000	-	11,875	-	-	143,875
TOTAL REMUNERATION: NON-EXECUTIVE DIRECTORS						
2011	918,250	-	99,194	-	-	1,017,444
2010	839,469	-	66,963	-	-	906,432
EXECUTIVE DIRECTORS						
M J McCormack						
2011	870,000	621,000	50,000	773,281	-	2,314,281
2010	796,500	538,130	25,000	574,166	18,056	1,951,852
TOTAL REMUNERATION: DIRECTORS						
2011	1,788,250	621,000	149,194	773,281	-	3,331,725
2010	1,635,969	538,130	91,963	574,166	18,056	2,858,284

(a) Cash settled share-based payments

(b) Includes retention payment

(c) Appointed on 1 January 2011

(d) Appointed on 1 January 2011

(e) Directors fees paid to Petronas Australia Pty Ltd, retired 26 August 2010

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

44. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Details of key management personnel

The members of key management personnel of the APA group of entities during the financial year were:

M J McCormack (Managing Director/Chief Executive Officer)

P J Fredricson (Chief Financial Officer)

R M Gersbach (Group Manager Commercial)

S P Ohi (Group Manager Operations)

M T Knapman (Company Secretary)

P J Wallace (Group Manager Human Resources, appointed on 4 April 2011)

(b) Key management personnel compensation

The aggregate compensation made to key management personnel of the Consolidated Entity and the Trust is set out below:

	CONSOLIDATED AND TRUST	
	2011 \$	2010 \$
Short-term employment benefits	4,449,055	3,886,759
Post-employment benefits	181,691	119,208
Cash settled share-based payments	1,688,799	1,157,664
Retention award	-	18,056
	6,319,545	5,181,687

The executive remuneration strategy is to:

- attract and retain key executives who will create long-term sustainable value for securityholders;
- motivate and reward executives having regard to the overall performance of APA, the performance of the executive measured against pre-determined objectives and the external compensation environment;
- appropriately align the interests of executives with those of securityholders; and
- comply with applicable legal requirements and appropriate standards of governance.

APA's remuneration mix is structured as a mix of base pay and 'at risk' short and long-term incentive components.

Total fixed remuneration is reviewed annually and is determined by reference to appropriate remuneration benchmarking information, taking into account an individual's responsibilities, performance, qualifications and experience.

Operating cash flow per security has been chosen by the board as the key performance measure for 'at risk' remuneration. This is directly linked to the strategic goal of increasing operating cash flows over the medium term, thereby improving returns to securityholders.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

44. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

(b) Key management personnel compensation (continued)

The compensation of each member of the key management personnel of the Consolidated Entity is set out below.

	SHORT-TERM EMPLOYMENT BENEFITS			POST-EMPLOYMENT	LONG-TERM INCENTIVE PLANS		TOTAL \$
	SALARY/FEES \$	SHORT-TERM INCENTIVE SCHEME \$	NON-MONETARY \$	SUPERANNUATION \$	SHARE-BASED PAYMENTS ^(a) \$	OTHER PAYMENTS \$	
KEY MANAGEMENT PERSONNEL							
M J McCormack ^(b)							
2011	870,000	621,000	-	50,000	773,281	-	2,314,281
2010	796,500	538,130	-	25,000	574,166	18,056	1,951,852
P J Fredricson							
2011	554,801	270,750	-	15,199	165,780	-	1,006,530
2010	485,539	228,125	-	14,461	75,000	-	803,125
R M Gersbach							
2011	622,879	308,750	11,922	15,199	343,688	-	1,302,438
2010	543,617	260,062	11,922	14,461	229,323	-	1,059,385
S P Ohi							
2011	376,069	201,375	28,732	45,199	253,636	-	905,011
2010	372,214	181,562	28,732	14,461	187,754	-	784,723
M T Knapman							
2011	350,000	130,706	-	50,000	141,560	-	672,266
2010	319,176	121,180	-	50,825	91,421	-	582,602
P J Wallace ^(c)							
2011	67,715	34,356	-	6,094	10,854	-	119,019
2010	-	-	-	-	-	-	-
TOTAL REMUNERATION							
2011	2,841,464	1,566,937	40,654	181,691	1,688,799	-	6,319,545
2010	2,517,046	1,329,059	40,654	119,208	1,157,664	18,056	5,181,687

(a) Cash settled share-based payments

(b) Chief Executive Officer has also been included in Note 43 as the Managing Director

(c) Group Manager Human Resources, appointed 4 April 2011

45. RELATED PARTY TRANSACTIONS

(a) Equity interest in related parties

Details of the percentage of ordinary securities held in subsidiaries are disclosed in Note 39 and the details of the percentage held in jointly controlled operations are disclosed in Note 38. Details of interests in jointly controlled entities and associates are disclosed in Note 16.

(b) Responsible Entity – Australian Pipeline Limited

The Responsible Entity is wholly owned by APT Pipelines Limited.

(c) Transactions with key management personnel

Details of directors and key management personnel compensation are disclosed in Note 43 and 44 respectively.

(i) Loans to key management personnel

No loans have been made to key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

45. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Transactions with key management personnel (continued)

(ii) Key management personnel equity holdings

	FULLY PAID SECURITIES OPENING BALANCE	SECURITIES ACQUIRED DURING THE FINANCIAL YEAR	SECURITIES DISPOSED DURING THE FINANCIAL YEAR	FULLY PAID SECURITIES CLOSING BALANCE
2011				
L F Bleasel AM	359,771	15,634	-	375,405
S Crane (appointed 1 January 2011)	100,000	-	-	100,000
J A Fletcher	56,807	3,219	-	60,026
R A Higgins AO	72,954	6,549	-	79,503
P M McKenzie (appointed 1 January 2011)	-	-	-	-
M Muhammad	42,818	-	-	42,818
M (George) Ratilal	-	-	-	-
R J Wright	31,265	2,806	-	34,071
M J McCormack	147,005	23,614	-	170,619
P J Fredricson	3,000	269	-	3,269
R M Gersbach	24,569	1,525	16,298	9,796
S P Ohl	14,896	-	-	14,896
M T Knapman	4,484	-	-	4,484
P J Wallace	-	-	-	-
2010				
L F Bleasel AM	355,153	24,618	-	359,771
J A Fletcher	44,917	11,890	-	56,807
R A Higgins AO	52,021	20,933	-	72,954
M Muhammad	42,818	-	-	42,818
M (George) Ratilal	-	-	-	-
R J Wright	24,263	7,002	-	31,265
M J McCormack	115,000	32,005	-	147,005
P J Fredricson	-	3,000	-	3,000
R M Gersbach	22,232	2,337	-	24,569
S P Ohl	11,928	2,968	-	14,896
M T Knapman	3,000	1,484	-	4,484

(iii) Other transactions with key management personnel of the Group and the Responsible Entity

Other than directors compensation (Note 43) and key management personnel compensation (Note 44) and equity holdings (Note 45(c)(ii)), there are no other transactions with key management personnel of the Group and the Responsible Entity.

(d) Transactions with related parties within APA Group

Transactions between the entities that comprise APA Group during the financial year consisted of:

- dividends;
- system lease rentals;
- loans advanced and payments received on long-term inter-entity loans;
- management fees;
- operational services provided between entities;
- payments of distributions;
- payments of capital distributions (returns of capital); and
- equity issues.

The above transactions were made on normal commercial terms and conditions. The Group charges interest on inter-entity loans from time to time.

All transactions between the entities that comprise APA Group have been eliminated on consolidation.

Refer to Note 39 for details of the entities that comprise APA Group.

Australian Pipeline Limited

Management fees of \$2,238,000 (2010: \$2,546,000) 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 the Responsible Entity, except as disclosed at Note 45(e).

Australian Pipeline Limited, in its capacity as trustee and Responsible Entity of the Trust, has guaranteed the payment of principal, interest and other amounts as provided in the Note and Guarantee Agreement relating to the issue of Guaranteed Senior Notes.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

45. RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Transactions with other related parties

Transactions with associates

The following transactions occurred with the APA Group's associates on normal market terms and conditions:

	SALES TO RELATED PARTIES \$	PURCHASES FROM RELATED PARTIES \$	AMOUNT OWED BY RELATED PARTIES \$	AMOUNT OWED TO RELATED PARTIES \$
2011				
SEA Gas	3,752,891	539	256,438	-
Energy Infrastructure Investments Pty Limited	23,002,158	-	4,528,545	-
EII 2 Pty Limited	3,428,097	-	55,783	-
CAMS ^(a)	348,881	-	66,712	-
Envestra Limited	228,323,940	187,980	29,244,768	-
	258,855,967	188,519	34,152,246	-

(a) APA disposed of its 50% interest in CAMS on 30 June 2011

At the year end, APA had receivables with related parties of \$4,276,866.

2010

SEA Gas	2,131,780	-	151,122	-
Energy Infrastructure Investments Pty Limited	20,447,004	84,919	6,654,819	-
EII 2 Pty Limited	296,176	-	31,198	-
CAMS	422,696	-	61,397	-
Envestra Limited	192,577,749	105,526	25,892,376	-
	215,875,404	190,445	32,790,912	-

Transactions with all related parties have taken place at arm's length and in the ordinary course of business.

Transactions between the Trust and its related parties

During the financial year ended 30 June 2011, the following transactions occurred between the Trust and its other related parties:

- The Trust received dividends from its wholly-owned controlled entities (see Note 6).

The following balances arising from transactions between the Trust and its other related parties are outstanding at reporting date:

- Net receivables of \$481,974 (2010: \$481,974) are owing from associates; and

- Total payables of \$145,548,000 are repayable to subsidiaries (2010: \$136,823,000) for deferred tax losses transferred up to the Trust, as head of the tax-consolidated group.

No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Transactions and balances between the Trust and its subsidiaries were eliminated in the preparation of the consolidated financial statements of the APA Group.

46. CONTINGENCIES

	CONSOLIDATED		TRUST	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
CONTINGENT LIABILITIES				
Bank guarantees	8,051	28,586	-	-
CONTINGENT ASSETS	-	-	-	-

47. EVENTS OCCURRING AFTER REPORTING DATE

On 24 August 2011, the Directors declared a final distribution of 17.9 cents per security (\$99.6 million) for the APA Group (comprising a distribution of 11.83 cents per security from APT and a distribution of 6.07 cents per security from APTIT), made up of 3.41 cents per security profit distribution (unfranked) and 2.66 cents per security capital distribution. The distribution will be paid on 15 September 2011.

DECLARATION BY THE DIRECTORS

For the financial year ended 30 June 2011

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that Australian Pipeline Trust will be able to pay its debts as and when they become due and payable;
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Accounting Standards and giving a true and fair view of the financial position and performance of Australian Pipeline Trust and the Consolidated Entity;
- (c) in the Directors' opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards as stated in Note 3 to the financial statements; and
- (d) the Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the Corporations Act 2001.

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



Leonard Bleasel AM

Chairman

SYDNEY, 24 August 2011



Robert Wright

Director

AUDITOR'S INDEPENDENCE DECLARATION

For the financial year ended 30 June 2011

Deloitte.

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

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

24 August 2011

Dear Directors

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

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

As lead audit partner for the audit of the financial statements of Australian Pipeline Trust for the financial year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



G Couttas
Partner
Chartered Accountants

Member of Deloitte Touche Tohmatsu Limited

Liability limited by a scheme approved under Professional Standards Legislation.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2011



Deloitte Touche Tohmatsu
ABN 74 490 121 060

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

We have audited the accompanying financial report of Australian Pipeline Trust, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Trust and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 27 to 85.

Directors' Responsibility for the Financial Report

The directors of Australian Pipeline Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 3, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

CONTINUED

For the financial year ended 30 June 2011

Deloitte.

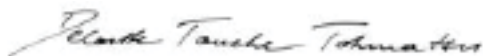
Auditor's Independence Declaration

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

Opinion

In our opinion:

- (a) the financial report of Australian Pipeline Trust is in accordance with 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 2011 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 3.



DELOITTE TOUCHE TOHMATSU



G Couttas
Partner
Chartered Accountants
Sydney, 24 August 2011

**APT INVESTMENT TRUST
AND ITS CONTROLLED ENTITIES**
ARSN 115 585 441

DIRECTORS' REPORT

The directors of Australian Pipeline Limited ("Responsible Entity" or "APL") submit the annual financial report of APT Investment Trust ("APTIT") and its controlled entities (together "Consolidated Entity") for the year ended 30 June 2011. This report and the financial statements attached refer to the consolidated results of APTIT, one of the two stapled entities of APA Group, with the other stapled entity being Australian Pipeline Trust (together "APA").

DIRECTORS

The names of the directors of the Responsible Entity during the year and since the year end are:

Leonard Bleasel AM	Chairman
Steven Crane	Appointed 1 January 2011
John Fletcher	
Russell Higgins AO	
Patricia McKenzie	Appointed 1 January 2011
Muri Muhammad	
George Ratilal	Resigned 26 August 2010
Robert Wright	
Michael McCormack	Managing Director

Details of the directors, their qualifications, experience, special responsibilities and directorships of other listed entities are set out on pages 10 to 12.

George Ratilal was appointed as alternate director for Muri Muhammad on 26 August 2010.

COMPANY SECRETARY

Mark Knapman

Details of the Company Secretary, his qualifications and experience are set out on page 11.

PRINCIPAL ACTIVITIES

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

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

REVIEW AND RESULTS OF OPERATIONS

APTIT reported net profit after tax of \$38.9 million (2010: \$37.8 million) for the year ended 30 June 2011 on total revenue of \$38.9 million (2010: \$37.8 million).

DISTRIBUTIONS

Distributions paid to securityholders during the financial year were:

	FINAL FY 2010 DISTRIBUTION PAID 15 SEPTEMBER 2010		SEMI-ANNUAL FY 2011 DISTRIBUTION PAID 17 MARCH 2011	
	Cents per security	Total distribution \$000	Cents per security	Total distribution \$000
APTIT profit distribution	3.7	19,928	3.7	20,629
APTIT capital distribution	3.0	16,350	0.8	4,127
Total	6.7	36,278	4.5	24,756

On 24 August 2011, the directors declared a final distribution for APTIT for the current financial year of 6.0 cents per security payable 15 September 2011, made up of:

	FINAL FY 2011 DISTRIBUTION PAYABLE 15 SEPTEMBER 2011	
	Cents per security	Total distribution \$000
APTIT profit distribution	3.4	18,951
APTIT capital distribution	2.6	14,793
Total	6.0	33,744

Distribution information is presented on an accounting classification basis. The APA Group Annual Tax Statement and Annual Tax Return Guide (released in September 2011) provides the classification of distribution components for the purposes of preparation of securityholder income tax returns.

As at 30 June 2011, 634,116,000 securities were on issue (2010: 542,319,000).

DIRECTORS' REPORT

CONTINUED

SUBSEQUENT EVENTS

Except as disclosed elsewhere in this report, the directors are unaware of any matter or circumstance occurring 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 years.

FUTURE DEVELOPMENTS

Disclosure of information regarding likely developments in the operation of the Consolidated Entity in future financial years and the expected results of those operations, other than information disclosed elsewhere in this report, is likely to result in unreasonable prejudice to the Consolidated Entity. Accordingly, this information has not been disclosed in this report.

OTHER INFORMATION

Details of directors and the Company Secretary are on pages 10 and 11. Further information on directorships, attendance at meetings, security holdings, remuneration, options granted and indemnification of officers and external auditors are found in the APT directors' report, pages 12 to 20.

INFORMATION REQUIRED FOR REGISTERED SCHEMES

Fees paid to the Responsible Entity and its associates (including directors and secretaries of the Responsible Entity, related bodies corporate and directors and secretaries of related bodies corporate) out of APA scheme property during the year are disclosed in Note 19 to the financial statements.

Except as disclosed in this report, neither the Responsible Entity nor any of its associates holds any APA securities.

The number of APA securities issued during the year, and the number of APA securities at the end of the year, are disclosed in Note 10 to the financial statements.

The value of APA's assets as at the end of the year is disclosed in the balance sheet in total assets, and the basis of valuation is included in Note 2 to the financial statements.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on page 113.

ROUNDING OFF OF AMOUNTS

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

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the directors



Leonard Bleasel AM
Chairman



Robert Wright
Director

SYDNEY, 24 August 2011

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2011

	Note	CONSOLIDATED		TRUST	
		2011 \$000	2010 \$000	2011 \$000	2010 \$000
CONTINUING OPERATIONS					
Revenue	4	38,936	37,784	38,936	37,784
Expenses	4	(12)	(10)	(12)	(10)
Profit before tax		38,924	37,774	38,924	37,774
Income tax expense		-	-	-	-
Profit for the year		38,924	37,774	38,924	37,774
Other comprehensive income					
Gain on available-for-sale investments taken to equity		635	1,345	635	1,345
Other comprehensive income for the year (net of tax)		635	1,345	635	1,345
Total comprehensive income for the year		39,559	39,119	39,559	39,119
Profit Attributable to:					
Equityholders of the parent		38,924	37,774	38,924	37,774
		38,924	37,774	38,924	37,774
Total comprehensive income attributable to:					
Equityholders of the parent		39,559	39,119	39,559	39,119
EARNINGS PER SECURITY					
Basic and diluted earnings per security (cents)	12	7.1	7.3		

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

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Note	CONSOLIDATED		TRUST	
		2011 \$000	2010 \$000	2011 \$000	2010 \$000
CURRENT ASSETS					
Receivables	6	720	714	720	714
NON-CURRENT ASSETS					
Receivables	7	12,448	13,001	12,448	13,001
Other financial assets	8	387,671	327,054	387,671	327,054
Total non-current assets		400,119	340,055	400,119	340,055
Total assets		400,839	340,769	400,839	340,769
CURRENT LIABILITIES					
Trade and other payables	9	9	11	9	11
Total liabilities		9	11	9	11
Net assets		400,830	340,758	400,830	340,758
EQUITY					
Issued capital	10	382,001	320,931	382,001	320,931
Reserves	11	534	(101)	534	(101)
Retained earnings		18,295	19,928	18,295	19,928
Total equity		400,830	340,758	400,830	340,758

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2011

		CONSOLIDATED AND TRUST			
	Note	ISSUED CAPITAL \$000	RESERVES \$000	RETAINED EARNINGS \$000	TOTAL \$000
Balance at 1 July 2009		358,450	(1,446)	10,810	367,814
Profit for the year		-	-	37,774	37,774
Valuation gain recognised	11	-	1,345	-	1,345
Total comprehensive income for the year		-	1,345	37,774	39,119
Issue of capital (net of issue costs)	10	35,782	-	-	35,782
Equity values adjustment between stapled entities	10	(9,868)	-	-	(9,868)
Distributions to securityholders	5	(63,433)	-	(28,656)	(92,089)
Balance at 30 June 2010		320,931	(101)	19,928	340,758
Balance at 1 July 2010		320,931	(101)	19,928	340,758
Profit for the year		-	-	38,924	38,924
Valuation gain recognised	11	-	635	-	635
Total comprehensive income for the year		-	635	38,924	39,559
Issue of capital (net of issue costs)	10	81,547	-	-	81,547
Distributions to securityholders	5	(20,477)	-	(40,557)	(61,034)
Balance at 30 June 2011		382,001	534	18,295	400,830

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

STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2011

	CONSOLIDATED		TRUST	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Trust distribution - related party	32,641	27,613	-	-
Trust distribution - subsidiary	-	-	32,641	27,613
Capital distribution received - external	518	482	518	482
Dividends received	161	107	161	107
Distribution and interest received - related parties	6,615	9,798	6,615	9,798
Finance lease receivable repayments	1,167	1,167	1,167	1,167
Receipts from customers	111	66	111	66
Payments to suppliers	(12)	(21)	(12)	(21)
Interest paid	-	-	-	-
Net cash provided by operating activities	41,201	39,213	41,201	39,213
CASH FLOWS FROM INVESTING ACTIVITIES				
Repayment received from/(advances to) related parties	(61,714)	26,962	(61,714)	26,962
Net cash provided by/(used in) investing activities	(61,714)	26,962	(61,714)	26,962
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of securities	81,548	35,782	81,548	35,782
Equity values adjustment between stapled entities	-	(9,868)	-	(9,868)
Distributions to securityholders	(61,034)	(92,089)	(61,034)	(92,089)
Net cash provided by/(used in) financing activities	20,514	(66,175)	20,514	(66,175)
Net increase in cash and cash equivalents	-	-	-	-
Cash and cash equivalents at beginning of financial year	-	-	-	-
Cash and cash equivalents at end of financial year	-	-	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2011

1. GENERAL INFORMATION

APT Investment Trust ("APTIT" or "Trust") is one of the two stapled entities of APA Group ("APA"), the other stapled entity being Australian Pipeline Trust ("APT"), listed on the Australian Securities Exchange (trading under the symbol 'APA'), registered in Australia and operating in Australia.

APTIT's registered office and its principal place of business are as follows:

Registered office and principal place of business

Level 19, HSBC Building
580 George Street, SYDNEY NSW 2000
Tel: (02) 9693 0000.

APTIT operates as an investment and financing entity within the APA stapled group.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial report includes the separate financial statements of the Trust and the consolidated financial statements of the Consolidated Entity. Accounting Standards include Australian equivalents to International Financial Reporting Standards ("A-IFRS"). Compliance with A-IFRS ensures that the financial statements and notes of the Trust and the Consolidated Entity comply with International Financial Reporting Standards ("IFRS").

The financial statements were authorised for issue by the directors on 24 August 2011.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated under the option available to APTIT under ASIC Class Order 98/0100. APTIT is an entity to which the class order applies.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Consolidated Entity's accounting policies, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Refer to Note 3 for a discussion of critical judgements in applying the entity's accounting policies, and key sources of estimation uncertainty.

Adoption of new and revised Accounting Standards

In the current year, the Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below:

(i) Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in part (ii).

Standards affecting presentation disclosure

STANDARD	IMPACT
– Amendments to AASB 107 'Statement of Cash Flows'	The amendments (part of AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.

(ii) Standards and Interpretations adopted with no effect on financial statements

The following new and revised Standards have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions and arrangements.

STANDARD	IMPACT
– AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the annual Improvements Project'	Except for the amendments to AASB 107 described above, the application of AASB 2009-5 has not had any material effect on amounts reported in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Standards and Interpretations adopted with no effect on financial statements (continued)

STANDARD	IMPACT
– AASB 2009-8 'Amendments to Australian Accounting Standards Group Cash-Settled Share-based Payment Transactions.	AASB 2009-8 makes amendments to AASB 2 'Share-based Payment' to clarify the scope of AASB 2 and the accounting for group cash-settled share-based payment transactions in the separate financial statements of an entity receiving the goods or service when another group entity has the obligation to settle the award.
– AASB 2009-10 'Amendments to Australian Accounting Standards Classification of Rights Issue'.	AASB 2009-10 makes amendments to AASB 132 'Financial Instruments: Presentation' to address the classification of certain right issues denominated in foreign currency either as an equity instrument or as a financial liability. To date, there are no arrangements that would fall within the scope of the amendments.
– AASB 2010-3 'Amendments to Australian Accounting Standards arising from the annual Improvements Project'	AASB 2010-3 makes amendments to AASB 3 (2008) Business Combinations' to clarify that the measurement choice regarding non-controlling interest at the date of acquisition is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by other Standards.
– AASB 2010-4 'Amendments to Australian Accounting Standards arising from the annual Improvements Project'	The application of AASB 2010-4 has not had any material effect on amounts reported in the financial statements.

(iii) Standards and Interpretations issued not yet adopted

At the date of authorisation of the financial report, the Standards and Interpretations listed below were in issue but not yet effective.

STANDARD/INTERPRETATION	EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER	EXPECTED TO BE INITIALLY APPLIED IN THE FINANCIAL YEAR ENDING
– AASB 124 'Related Party Disclosures (revised December 2009)' AASB 2009-12 'Amendments to Australian Accounting Standards'.	1 January 2011	30 June 2012
– AASB 9 'Financial Instruments', AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2013	30 June 2014
– AASB 2009-14 'Amendments to Australian Interpretation - Prepayments of minimum Funding Requirement	1 January 2011	30 June 2012
– AASB 2010-5 'Amendments to Australian Accounting Standards'	1 January 2011	30 June 2012
– AASB 2010-6 'Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets'	1 July 2011	30 June 2012
– AASB 2010-8 'Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets'	1 January 2012	30 June 2013
– IFRS 10 Consolidated Financial Statements	1 January 2013	30 June 2014
– IFRS 11 Joint Arrangements	1 January 2013	30 June 2014
– IFRS 12 Disclosure of Interest in Other Entities	1 January 2013	30 June 2014
– IFRS 13 Fair Value measurement	1 January 2013	30 June 2014
– IAS 27 Separate Financial statements	1 January 2013	30 June 2014
– IAS 28 Investments in Associates and Joint Ventures	1 January 2013	30 June 2014
– IAS 19 Employee Benefits	1 January 2013	30 June 2014

The potential impact of the initial application of the above Standards and Interpretations has not yet been determined.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Trust and entities controlled by the Trust (its subsidiaries) (referred to as the Consolidated Entity in these financial statements). Control is achieved where the Trust has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired during the financial year are included in the statement of comprehensive income from the effective date of acquisition. Where necessary, adjustments are made to financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Consolidated Entity.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. In the separate financial statements of the Trust, the intra-group transactions ("common control transactions") are generally accounted for by reference to the existing (consolidated) book value of the items. Where the transaction value of common control transactions differs from their consolidated book value, the difference is recognised as a contribution by or distribution to equity participants by the transaction entities.

Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Consolidated Entity's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Consolidated Entity except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

(b) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to insignificant risk of changes in values.

(c) Trade and other payables

Trade and other payables are recognised when the Consolidated Entity becomes obliged to make future payments resulting from the purchase of goods and services. Trade and other payables are stated at amortised cost.

(d) Acquisition of assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition. Cost includes expenditure that is directly attributable to the acquisition or construction of the asset.

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.

(e) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Consolidated Entity in exchange for control of the acquiree. Acquisition costs directly attributable to the business combination are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent

consideration classified as an asset or liability are accounted for in accordance with relevant standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the consolidated entity's previously held interests in the acquired entity are remeasured to fair value at the acquisition date and the resulting gains or losses, if any, are recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised in accordance with AASB 112 'Income Taxes' and AASB '119 Employee Benefits' respectively;
- liabilities or equity instruments related to the replacement by the Consolidated Entity of an acquiree's share-based payment awards are measured in accordance with AASB 2 'Share-based payments'; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Consolidated Entity reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted for during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date, that, if known, would have affected the amounts recognised as at that date.

The measurement period is the period from the date of acquisition to the date the Consolidated Entity obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

(f) Financial instruments issued by the Consolidated Entity

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Consolidated Entity are recorded at the proceeds received, net of direct issue costs.

Transaction costs arising 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.

(g) Goods and services tax

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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Goods and services tax (continued)

- 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
- for receivables and payables which are recognised inclusive of GST, except for accrued revenue and accrued expenses at balance dates which exclude 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 issued or received.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(h) Impairment of assets

Assets are reviewed for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets: (cash-generating units). Assets other than goodwill that have previously suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(i) Income tax

Income tax expense is not brought to account in respect of APTIT as, pursuant to the Australian taxation laws APTIT is not liable for income tax provided that its realised taxable income (including any assessable realised capital gains) is fully distributed to its securityholders each year.

(j) Financial assets and liabilities

Investments in subsidiaries are measured at cost. Other financial assets are classified into the following specified categories: financial assets 'held-to-maturity investments', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period.

Fair value through profit or loss

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Available-for-sale financial assets

Financial assets classified as being available-for-sale are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale investment revaluation reserve.

Receivables and loans

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and

receivables'. Trade and other receivables are stated at their amortised cost less impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

(k) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured. Amounts disclosed as revenue are net of duties and taxes paid. Revenue is recognised for the major business activities as follows:

Interest revenue

Interest is recognised by applying the effective interest method, agreed between the parties at the end of each month and is determined by reference to market rates.

Distribution revenue

Distribution revenue is recognised when the right to receive a distribution has been established.

Dividend revenue

Dividend revenue is recognised when the right to receive a dividend has been established.

Finance lease income

Finance lease income is recognised when receivable.

(l) Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Consolidated Entity as lessor

Amounts due from a lessee under a finance lease are recorded as receivables. Finance lease receivables are initially recognised at the amount equal to the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term. Finance lease receipts are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

(m) Segment information

APTIT operates in one geographical segment being Australia and one business segment, being energy infrastructure investment and operation.

APTIT is an investing and financing entity within the APA stapled group. As the Trust only operates in one segment, it has not disclosed segment information separately.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Impairment of assets

Determining whether property, plant and equipment, identifiable intangible assets and goodwill are impaired requires an estimation of the value-in-use or fair value of the cash-generating units. The calculations require the Consolidated

Entity to estimate the future cash flows expected to arise from cash-generating units and suitable discount rates in order to calculate the present value of cash-generating units.

Estimates and assumptions used are reviewed on an ongoing basis.

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

Useful lives of non-current assets

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

4. PROFIT FROM OPERATIONS

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

	CONSOLIDATED		TRUST	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
REVENUE				
Distributions				
Trust distribution - related party	32,641	27,613	-	-
Trust distribution - subsidiary	-	-	32,641	27,613
Other entities	113	121	113	121
	32,754	27,734	32,754	27,734
FINANCE INCOME				
Interest - related parties	6,838	8,631	6,838	8,631
Gain/(loss) on financial asset held at fair value through profit and loss	(1,398)	687	(1,398)	687
Finance lease income - related party	640	732	640	732
	6,080	10,050	6,080	10,050
OTHER REVENUE				
Other	102	-	102	-
Total revenue	38,936	37,784	38,936	37,784
EXPENSES				
Audit fees	(12)	(10)	(12)	(10)
Legal fees	-	-	-	-
Total expenses	(12)	(10)	(12)	(10)

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

5. DISTRIBUTIONS

	CONSOLIDATED		TRUST	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
RECOGNISED AMOUNTS				
Final distribution paid on 15 September 2010 (2010: 15 September 2009)				
Profit distribution ^(a)	19,928	10,809	19,928	10,809
Capital distribution	16,350	55,293	16,350	55,293
	36,278	66,102	36,278	66,102
Semi-annual distribution paid on 17 March 2011 (2010: 17 March 2010)				
Profit distribution ^(a)	20,629	17,847	20,629	17,847
Capital distribution	4,127	8,140	4,127	8,140
	24,756	25,987	24,756	25,987
UNRECOGNISED AMOUNTS				
Final distribution payable on 15 September 2011 ^(b) (2010: 15 September 2010)				
Profit distribution ^(a)	18,951	19,928	18,951	19,928
Capital distribution	14,793	16,350	14,793	16,350
	33,744	36,278	33,744	36,278

(a) Profit distributions unfranked (2010: unfranked)

(b) Record date 30 June 2011

The final distribution in respect of the financial year has not been recognised in this financial report because the final distribution was not declared, determined or publicly confirmed prior to the end of the financial year.

6. CURRENT RECEIVABLES

Other debtors	167	187	167	187
Finance lease receivable - related party (Note 14)	553	527	553	527
	720	714	720	714

In determining the recoverability of a receivable, the Consolidated Entity considers any change in the credit quality of the receivable from the date the credit was initially granted up to the reporting date. The directors believe that there is no credit provision required.

None of the above receivables is past due.

7. NON-CURRENT RECEIVABLES

Finance lease receivable - related party (Note 14)	12,448	13,001	12,448	13,001
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NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

8. NON-CURRENT OTHER FINANCIAL ASSETS

	CONSOLIDATED		TRUST	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Receivable from subsidiary	-	-	81,541	65,258
Advance to related party	244,429	182,725	121,079	75,659
Investments carried at cost:				
Investment in subsidiary	-	-	149,188	149,188
Investment in related party ^(a)	107,379	107,380	-	-
	351,808	290,105	351,808	290,105
Financial assets carried at fair value:				
Redeemable ordinary shares ^(b)	32,761	33,936	32,761	33,936
Available-for-sale investments carried at fair value ^(c)	3,102	3,013	3,102	3,013
	387,671	327,054	387,671	327,054

(a) The investment in related party reflects GasNet Australia Investments Trust's ("GAIT") investment in 100% of the B Class units in GasNet A Trust. The B Class units give GAIT rights to the income and capital of GasNet A Trust, but hold no voting rights. As such, GAIT neither controls nor has a significant influence over GasNet A Trust. GasNet Australia Trust, a related party wholly owned by APA, owns 100% of the A Class units in GasNet A Trust and, accordingly, GasNet A Trust is included in the consolidation of the APA entities

(b) Financial assets carried at fair value relate to APA Group's 19.9% investment in Energy Infrastructure Investments Pty Ltd where APL, as Responsible Entity for APTIT, acquired the redeemable ordinary shares

(c) Available-for-sale investments reflect a 6% unitholding in Ethane Pipeline Income Fund. Ethane Pipeline Income Fund paid capital distributions of \$406,000 during the year and declared a \$140,000 capital distribution as part of its June 2011 quarter distribution

9. TRADE AND OTHER PAYABLES

Other payables	9	11	9	11
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10. ISSUED CAPITAL

634,116,029 securities, fully paid (2010: 542,318,629 securities, fully paid) ^(a)

	382,001	320,931	382,001	320,931
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	CONSOLIDATED AND TRUST			
	2011 NO. OF SECURITIES 000	2011 \$000	2010 NO. OF SECURITIES 000	2010 \$000
Movements				
Balance at beginning of financial year	542,319	320,931	498,664	358,450
Issue of securities under Distribution Reinvestment Plan	13,875	12,590	18,377	15,134
Issue of securities under Security Purchase Plan	-	-	25,278	20,723
Issue of securities under Institutional Placement	77,922	69,872	-	-
Equity values adjustment between stapled entities	-	-	-	(9,868)
Issue cost of securities	-	(915)	-	(75)
Capital distributions paid (Note 5)	-	(20,477)	-	(63,433)
Balance at end of financial year	634,116	382,001	542,319	320,931

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

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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

11. RESERVES

	CONSOLIDATED		TRUST	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Available-for-sale investment revaluation reserve				
Balance at beginning of financial year	(101)	(1,446)	(101)	(1,446)
Valuation gain recognised	635	1,345	635	1,345
Balance at end of financial year	534	(101)	534	(101)

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

12. EARNINGS PER SECURITY

	CONSOLIDATED	
	2011	2010
Basic and diluted earnings per security (cents)	7.1	7.3

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

Net profit attributable to securityholders for calculating basic and diluted earnings per security (\$000)	38,924	37,774
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	NO. OF SECURITIES	
	2011	2010
Weighted average number of ordinary securities on issue used in the calculation (000)	551,222	516,243

13. REMUNERATION OF EXTERNAL AUDITOR

	CONSOLIDATED		TRUST	
	2011 \$	2010 \$	2011 \$	2010 \$
Amounts received or due and receivable by Deloitte Touche Tohmatsu for:				
Auditing the financial report	11,555	10,125	11,555	10,125

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

14. LEASES

	CONSOLIDATED		TRUST	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
FINANCE LEASES				
Leasing arrangements - receivables				
Finance lease receivables relate to the lease of a pipeline lateral.				
There are no contingent rental payments due.				
Finance lease receivables				
Not longer than 1 year	1,167	1,167	1,167	1,167
Longer than 1 year and not longer than 5 years	4,669	4,669	4,669	4,669
Longer than 5 years	12,840	14,007	12,840	14,007
Minimum future lease payments receivable ^(a)	18,676	19,843	18,676	19,843
Gross finance lease receivables	18,676	19,843	18,676	19,843
Less: unearned finance lease receivables	(5,675)	(6,315)	(5,675)	(6,315)
Present value of lease receivables	13,001	13,528	13,001	13,528
Included in the financial statements as part of:				
Current receivables (Note 6)	553	527	553	527
Non-current receivables (Note 7)	12,448	13,001	12,448	13,001
	13,001	13,528	13,001	13,528

(a) Minimum future lease payments receivable include the aggregate of all lease payments receivable and any guaranteed residual

15. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

APA's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Consolidated Entity. These risks include liquidity risk, credit risk and market risk (including currency risk, price risk and interest rate risk).

The Consolidated Entity seeks to minimise the effects of these risks through natural hedges and by using derivative instruments to directly hedge the exposures. The use of financial derivatives is governed by APA Group's Treasury policy approved by the board of directors, which provides written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. APTIT does not enter into or trade financial instruments, including derivative financial instruments for speculative purposes.

The Corporate Treasury function reports at least six monthly to APA Group's Audit and Risk Management Committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

(b) Liquidity risk management

The Consolidated Entity has a policy dealing with liquidity risk which requires an appropriate liquidity risk management framework for the management of the Consolidated Entity's short, medium and long-term funding and liquidity management requirements. Liquidity risk is managed by maintaining adequate cash reserves and banking facilities, by monitoring and forecasting cash flow and where possible arranging liabilities with longer maturities to more closely match the underlying assets and revenue streams of the Consolidated Entity.

(c) Credit risk management

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 bank guarantees where appropriate as a means of mitigating the risk of any loss. The carrying amount of financial assets recorded in the statement of financial position, net of any allowances, represents the Consolidated Entity's maximum exposure to credit risk in relation to those assets.

(d) Market risk management

The Consolidated Entity's activities exposure is primarily to the financial risk of changes in interest rates. There has been no change to the Consolidated Entity's exposure to market risk or the manner in which it manages and measures the risk from the previous period. The Consolidated Entity is also exposed to price risk from its investments in listed equities. The majority of the shareholdings rest with one company that is publicly traded in the major financial markets.

(e) Fair values of financial instruments

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

15. FINANCIAL INSTRUMENTS (CONTINUED)**(e) Fair values of financial instruments (continued)**

	2011			Total \$000
	Level 1 \$000	Level 2 \$000	Level 3 \$000	
CONSOLIDATED AND TRUST				
Financial assets measured at fair value				
Available-for-sale listed equity securities				
Ethane Pipeline Income Fund	3,102	-	-	3,102
Unlisted Redeemable Ordinary Shares				
Energy Infrastructure Investments Pty Limited	-	-	32,761	32,761
Total	3,102	-	32,761	35,863

Reconciliation of Level 3 fair value measurements of financial assets

	FAIR VALUE THROUGH PROFIT OR LOSS	
	2011 \$000	2010 \$000
Opening balance	33,936	34,415
Total gains or losses:		
– in profit or loss: Interest - related parties	3,500	3,875
– in profit or loss: Loss on financial asset held at fair value through profit and loss	(1,398)	687
Distributions	(3,277)	(5,042)
Closing balance	32,761	33,936

Significant assumptions used in determining fair value of financial assets and liabilities**Redeemable ordinary shares**

The financial statements include redeemable ordinary shares ("ROS") held in an unlisted entity which are measured at fair value (Note 8). The fair market value of the ROS is derived from a binomial tree model, which includes some assumptions that are not able to be supported by observable market prices or rates. The model maps different possible valuation paths of three distinct components:

- value of the debt component;
- value of the ROS discretionary dividends; and
- value of the option to convert to ordinary shares.

In determining the fair value, the following assumptions were used:

- the risk adjusted rate for the ROS is estimated as the required rate of return based on projected cash flows to equity at issuance assuming the ROS price at issuance (\$0.99) and the ordinary price at issuance (\$0.01) are at their fair value;

- the risk free rate of return is 5.33% per annum and is based upon an interpolation of the five and ten year Government bond rates at the valuation date; and
- the volatility of the ordinary shares (beta) is estimated from obtaining the average industry beta of peers and then imputing the volatility relative to market.

(f) Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates on loans with related parties. A 10% increase or decrease is used and represents management's assessment of the possible change in interest rates. At reporting date, if interest rates had been 10% higher or lower and all other variables were held constant, the Consolidated Entity's net profit would decrease by \$345,000 or increase by \$345,000 (2010: \$466,000). This is mainly attributable to the Consolidated Entity's exposure to interest rates on its variable rate inter-entity balances.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

16. SUBSIDIARIES

NAME OF ENTITY	Country of registration	OWNERSHIP INTEREST	
		2011 %	2010 %
Parent entity			
APT Investment Trust			
Controlled entity			
GasNet Australia Investments Trust	Australia	100	100

17. DIRECTOR COMPENSATION**(a) Details of directors**

The Directors of the APA group of entities during the financial year were:

L F Bleasel AM (Independent, Non-Executive Chairman)*S Crane* (Independent Non-Executive Director, appointed on 1 January 2011)*J A Fletcher* (Independent Non-Executive Director)*R A Higgins AO* (Independent Non-Executive Director)*P M McKenzie* (Independent Non-Executive Director, appointed on 1 January 2011)*M Muhammad* (Non-Executive Director)*M (George) Ratilal* (Non-Executive Director, retired effective 26 August 2010)*R J Wright* (Independent Non-Executive Director)*M J McCormack* (Managing Director/Chief Executive Officer)**(b) Director compensation**

The aggregate compensation made to directors of the Consolidated Entity and the Trust is set out below:

	CONSOLIDATED AND TRUST	
	2011 \$	2010 \$
Short-term employment benefits	2,409,250	2,174,099
Post-employment benefits	149,194	91,963
Cash settled share-based payments	773,281	574,166
Retention award	-	18,056
	3,331,725	2,858,284

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

17. DIRECTOR COMPENSATION (CONTINUED)**(b) Director compensation (continued)**

The compensation of each director of the Consolidated Entity is set out below.

	SHORT-TERM EMPLOYMENT BENEFITS		POST- EMPLOYMENT	LONG-TERM INCENTIVE PLANS	OTHER ^(b)	TOTAL
	SALARY/FEES \$	SHORT-TERM INCENTIVE SCHEME \$	SUPERANNUATION \$	SHARE-BASED PAYMENTS ^(a) \$		
NON-EXECUTIVE DIRECTORS						
L F Bleasel AM						
2011	272,500	-	20,750	-	-	293,250
2010	254,319	-	16,981	-	-	271,300
S Crane ^(c)						
2011	57,875	-	5,209	-	-	63,084
2010	-	-	-	-	-	-
J A Fletcher						
2011	107,000	-	42,335	-	-	149,335
2010	110,150	-	25,787	-	-	135,937
R A Higgins AO						
2011	145,375	-	13,077	-	-	158,452
2010	137,000	-	12,320	-	-	149,320
P M McKenzie ^(d)						
2011	56,750	-	5,108	-	-	61,858
2010	-	-	-	-	-	-
M Muhammad						
2011	121,500	-	-	-	-	121,500
2010	113,000	-	-	-	-	113,000
M (George) Ratilal ^(e)						
2011	16,000	-	-	-	-	16,000
2010	93,000	-	-	-	-	93,000
R J Wright						
2011	141,250	-	12,715	-	-	153,965
2010	132,000	-	11,875	-	-	143,875
TOTAL REMUNERATION: NON-EXECUTIVE DIRECTORS						
2011	918,250	-	99,194	-	-	1,017,444
2010	839,469	-	66,963	-	-	906,432
EXECUTIVE DIRECTOR						
M J McCormack						
2011	870,000	621,000	50,000	773,281	-	2,314,281
2010	796,500	538,130	25,000	574,166	18,056	1,951,852
TOTAL REMUNERATION: DIRECTORS						
2011	1,788,250	621,000	149,194	773,281	-	3,331,725
2010	1,635,969	538,130	91,963	574,166	18,056	2,858,284

(a) Cash settled share-based payments

(b) Includes retention payment

(c) Appointed on 1 January 2011

(d) Appointed on 1 January 2011

(e) Directors fees paid to Petronas Australia Pty Ltd, retired 26 August 2010

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

18. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Details of key management personnel

The members of key management personnel of the APA group of entities during the financial year were:

M J McCormack (Managing Director/Chief Executive Officer)

P J Fredricson (Chief Financial Officer)

R M Gersbach (Group Manager Commercial)

S P Ohi (Group Manager Operations)

M T Knapman (Company Secretary)

P J Wallace (Group Manager Human Resources, appointed 4 April 2011)

(b) Key management personnel compensation

The aggregate compensation made to key management personnel of the Consolidated Entity and the Trust is set out below:

	CONSOLIDATED AND TRUST	
	2011 \$	2010 \$
Short-term employment benefits	4,449,055	3,886,759
Post-employment benefits	181,691	119,208
Cash settled share-based payments	1,688,799	1,157,664
Retention award	-	18,056
	6,319,545	5,181,687

The executive remuneration strategy is to:

- attract and retain key executives who will create long-term sustainable value for securityholders;
- motivate and reward executives having regard to the overall performance of APA, the performance of the executives measured against pre-determined objectives and the external compensation environment;
- appropriately align the interests of executives with those of securityholders; and
- comply with applicable legal requirements and appropriate standards of governance.

APA's remuneration mix is structured as a mix of base pay and 'at risk' short and long-term incentive components.

Total fixed remuneration is reviewed annually and is determined by reference to appropriate remuneration benchmarking information, taking into account an individual's responsibilities, performance, qualifications and experience.

Operating cash flow per security has been chosen by the board as the key performance measure for 'at risk' remuneration. This is directly linked to the strategic goal of increasing operating cash flows over the medium term, thereby improving returns to securityholders.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

18. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)**(b) Key management personnel compensation (continued)**

The compensation of each member of the key management personnel of the Consolidated Entity is set out below.

	SHORT-TERM EMPLOYMENT BENEFITS			POST-EMPLOYMENT	LONG-TERM INCENTIVE PLANS	OTHER PAYMENTS \$	TOTAL \$
	SALARY/FEES \$	SHORT-TERM INCENTIVE SCHEME \$	NON-MONETARY \$	SUPERANNUATION \$	SHARE-BASED PAYMENTS ^(a) \$		
KEY MANAGEMENT PERSONNEL							
M J McCormack ^(b)							
2011	870,000	621,000	-	50,000	773,281	-	2,314,281
2010	796,500	538,130	-	25,000	574,166	18,056	1,951,852
P J Fredricson							
2011	554,801	270,750	-	15,199	165,780	-	1,006,530
2010	485,539	228,125	-	14,461	75,000	-	803,125
R M Gersbach							
2011	622,879	308,750	11,922	15,199	343,688	-	1,302,438
2010	543,617	260,062	11,922	14,461	229,323	-	1,059,385
S P Ohl							
2011	376,069	201,375	28,732	45,199	253,636	-	905,011
2010	372,214	181,562	28,732	14,461	187,754	-	784,723
M T Knapman							
2011	350,000	130,706	-	50,000	141,560	-	672,266
2010	319,176	121,180	-	50,825	91,421	-	582,602
P J Wallace ^(c)							
2011	67,715	34,356	-	6,094	10,854	-	119,019
2010	-	-	-	-	-	-	-
TOTAL REMUNERATION							
2011	2,841,464	1,566,937	40,654	181,691	1,688,799	-	6,319,545
2010	2,517,046	1,329,059	40,654	119,208	1,157,664	18,056	5,181,687

(a) Cash settled share-based payments

(b) Chief Executive Officer has also been included in Note 17 as the Managing Director

(c) Group Manager Human Resources, appointed 4 April 2011

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

19. RELATED PARTY TRANSACTIONS**(a) Responsible Entity – Australian Pipeline Limited**

The Responsible Entity is wholly owned by APT Pipelines Limited (2010: 100% owned by APT Pipelines Limited).

(b) Equity interest in related parties

Details of the percentage of ordinary securities held in subsidiaries are disclosed in Note 16.

(c) Transactions with key management personnel

Details of directors and key management personnel compensation are disclosed in Note 17 and 18 respectively.

(i) Loans to key management personnel

No loans have been made to key management personnel.

(ii) Key management personnel equity holdings in APTIT

	FULLY PAID SECURITIES OPENING BALANCE	SECURITIES ACQUIRED DURING THE FINANCIAL YEAR	SECURITIES DISPOSED DURING THE FINANCIAL YEAR	FULLY PAID SECURITIES CLOSING BALANCE
2011				
L F Bleasel AM	359,771	15,634	-	375,405
S Crane	100,000	-	-	100,000
J A Fletcher	56,807	3,219	-	60,026
R A Higgins AO	72,954	6,549	-	79,503
P M McKenzie	-	-	-	-
M Muhammad	42,818	-	-	42,818
M (George) Ratilal	-	-	-	-
R J Wright	31,265	2,806	-	34,071
M J McCormack	147,005	23,614	-	170,619
P J Fredricson	3,000	269	-	3,269
R M Gersbach	24,569	1,525	16,298	9,796
S P Ohl	14,896	-	-	14,896
M T Knapman	4,484	-	-	4,484
P J Wallace (appointed 4 April 2011)	-	-	-	-

2010

L F Bleasel AM	335,153	24,618	-	359,771
J A Fletcher	44,917	11,890	-	56,807
R A Higgins AO	52,021	20,933	-	72,954
M Muhammad	42,818	-	-	42,818
M (George) Ratilal	-	-	-	-
R J Wright	24,263	7,002	-	31,265
M J McCormack	115,000	32,005	-	147,005
P J Fredricson	-	3,000	-	3,000
R M Gersbach	22,232	2,337	-	24,569
S P Ohl	11,928	2,968	-	14,896
M T Knapman	3,000	1,484	-	4,484

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

For the financial year ended 30 June 2011

19. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Transaction with related parties within the Consolidated Entity

During the financial year, the following transactions occurred between the Trust and its other related parties:

- loans advanced and payments received on long-term inter-entity loans; and
- payments of distributions.

All transactions between the entities that comprise the Consolidated Entity have been eliminated on consolidation.

Refer to Note 16 for details of the entities that comprise the Consolidated Entity.

(e) Transactions with other related parties

APTIT and its controlled entity have a number of loan receivable balances with other entities in APA. These loans have various terms; however, they can be repayable on agreement of the parties. Interest is recognised by applying the effective interest method, agreed between the parties at the end of each month and is determined by reference to market rates.

The following balances arising from transactions between the Trust and its other related parties are outstanding at reporting date:

- current receivables totalling \$552,828 are owing from a subsidiary of APT for amounts due under a finance lease arrangement (2010: \$526,869);

- non-current receivables totalling \$12,448,336 are owing from a subsidiary of APT for amounts due under a finance lease arrangement (2010: \$13,001,830); and

- non-current receivables totalling \$244,428,764 (2010: \$187,725,785) are owing from subsidiaries of APT.

Australian Pipeline Limited

Management fees of \$536,021 (2010: \$642,332) were paid to the Responsible Entity as reimbursement of costs incurred on behalf of APTIT. No amounts were paid directly by APTIT to the Directors of the Responsible Entity.

Australian Pipeline Trust

Management fees of \$536,021 (2010: \$642,332) were reimbursed by APT.

20. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

At 30 June 2011, there are no material contingent liabilities or contingent assets (2010: \$nil).

21. SUBSEQUENT EVENTS

On 24 August 2011, the Directors declared a final distribution for the 2011 financial year, of 6.07 cents per security (\$33.7 million). The distribution represents a 3.41 cents per security unfranked profit distribution and 2.66 cents per security capital distribution. The distribution will be paid on 15 September 2011.

DECLARATION BY THE DIRECTORS

For the financial year ended 30 June 2011

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that APT Investment Trust will be able to pay its debts as and when they become due and payable;
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Accounting Standards and giving a true and fair view of the financial position and performance of APT Investment Trust and the Consolidated Entity;
- (c) in the Directors' opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards as stated in Note 2 to the financial statements; and
- (d) the Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the Corporations Act 2001.

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



Leonard Bleasel AM

Chairman



Robert Wright

Director

SYDNEY, 24 August 2011

AUDITOR'S INDEPENDENCE DECLARATION

For the financial year ended 30 June 2011

Deloitte.

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

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

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

24 August 2011

Dear Directors

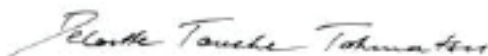
Auditors Independence Declaration to Australian Pipeline Limited as responsible entity for APT Investment Trust

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

As lead audit partner for the audit of the financial statements of APT Investment Trust for the financial year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



G Coultas
Partner
Chartered Accountants

Member of Deloitte Touche Tohmatsu Limited

Liability limited by a scheme approved under Professional Standards Legislation.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2011



Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1219 Australia

DX 10307SSE
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Independent Auditor's Report to the Unitholders of APT Investment Trust

We have audited the accompanying financial report of APT Investment Trust, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Trust and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 92 to 112.

Directors' Responsibility for the Financial Report

The directors of Australian Pipeline Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT CONTINUED

For the financial year ended 30 June 2011

Deloitte.

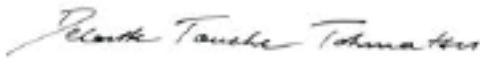
Auditor's Independence Declaration

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

Opinion

In our opinion:

- (a) the financial report of APT Investment Trust is in accordance with 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 2011 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.



DELOITTE TOUCHE TOHMATSU



G Coultas
Partner
Chartered Accountants
Sydney, 24 August 2011

ADDITIONAL INFORMATION

Additional information required by the ASX Listing Rules and not provided elsewhere in this report (the information is applicable as at 1 September 2011).

TWENTY LARGEST HOLDERS	NO. OF SECURITIES	%
Petronas Australia Pty Ltd	111,292,297	17.55
National Nominees Limited	38,483,561	6.07
HSBC Custody Nominees (Australia) Limited	33,909,575	5.35
J P Morgan Nominees Australia Limited	33,496,841	5.28
Citicorp Nominees Pty Limited	13,208,654	2.08
Custodial Services Limited	12,758,808	2.01
RBC Dexia Investor Services Australia Nominees Pty Limited	6,296,152	0.99
AMP Life Limited	5,786,630	0.91
Argo Investments Limited	5,350,000	0.84
Queensland Investment Corporation	4,700,085	0.74
J P Morgan Nominees Australia Limited	3,989,312	0.63
Questor Financial Services Limited	1,918,135	0.30
Cogent Nominees Pty Limited	1,823,757	0.29
Cogent Nominees Pty Limited	1,602,699	0.25
M F Custodians Ltd	1,558,322	0.25
Marich Nominees No 2 Pty Ltd	1,494,670	0.24
Citicorp Nominees Pty Limited	1,329,586	0.21
RBC Dexia Investor Services Australia Nominees Pty Limited	1,261,333	0.20
Sandhurst Trustees Ltd	1,139,967	0.18
BKI Investment Company Limited	1,024,452	0.16
Total For Top 20	282,424,836	44.54

DISTRIBUTION OF HOLDERS

RANGES	NO. OF HOLDERS	%	NO. OF SECURITIES	%
1 - 1,000	28,992	38.20	10,603,859	1.67
1,001 - 5,000	27,250	35.90	72,775,259	11.48
5,001 - 10,000	11,218	14.78	81,034,982	12.78
10,001 - 100,000	8,289	10.92	158,773,263	25.04
100,001 and over	146	0.19	310,928,666	49.03
Total	75,895	100.00	634,116,029	100.00

3,016 holders hold less than a marketable parcel of securities (market value less than \$500 or 123 securities based on a market price on 1 September 2011 of \$4.07).

SUBSTANTIAL HOLDERS

By notice dated 22 August 2007, Petronas Australia Pty Limited advised that it had an interest in 72,102,351 ordinary securities.

VOTING RIGHTS

On a show of hands, each holder has one vote.

On a poll, each holder has one vote for each dollar of the value of the total interests they have in the scheme.

ON-MARKET BUY-BACK

There is no current on-market buy-back.

ADDITIONAL INFORMATION

CONTINUED

CALENDAR OF EVENTS

Final distribution FY2011 record date	30 June 2011
Final distribution FY2011 payment date	15 September 2011
Annual meeting	27 October 2011
Interim result announcement	23 February 2012*
Interim distribution FY2012 record date	31 December 2011*
Interim distribution FY2012 payment date	16 March 2012*

*Subject to change

ANNUAL MEETING DETAILS

Date: 27 October 2011

**Venue: State Room, Level 2, Hilton Hotel Sydney
488 George Street, Sydney NSW**

Time: 10.30am

Registration commences at 10.00am

ASX LISTING

An APA Group security comprises a unit in Australian Pipeline Trust and a unit in APT Investment Trust. These units are stapled together to form an APA Group stapled security which is listed on the ASX (ASX Code: APA). Australian Pipeline Limited is the Responsible Entity of those trusts.

APA GROUP RESPONSIBLE ENTITY AND REGISTERED OFFICE

Australian Pipeline Limited
ACN 091 344 704
Level 19, 580 George Street, Sydney NSW 2000
PO Box R41, Royal Exchange NSW 1225
Telephone: +61 2 9693 0000
Facsimile: +61 2 9693 0093
Website: www.apa.com.au

SECURITYHOLDER DETAILS

It is important that securityholders notify the registry immediately if there is a change to their address or banking arrangements. Securityholders with enquiries should also contact the APA Group registry.

APA GROUP REGISTRY

Link Market Services Limited
Level 12, 680 George Street, Sydney NSW 200
Locked Bag A14, Sydney South NSW 1235
Toll Free: 1800 992 312
Telephone: +61 2 8280 7132
Facsimile: +61 2 9287 0303
Email: apagroup@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

DISTRIBUTION PAYMENTS

Distributions will be paid semi-annually in March and September. Securityholders will receive annual tax statements with the final distribution in September.

Direct payment can be made to an Australian bank, building society or credit union account. If you would like to arrange direct payment, please contact the APA Group registry.

ONLINE ANNUAL REVIEW, ANNUAL REPORT AND SUSTAINABILITY REPORT

APA Group's 2011 Annual Review, Annual Report and Sustainability Report are available at www.apa.com.au.

ONLINE INFORMATION

Further information on APA is available at www.apa.com.au, including:

- Company history, results, market releases and news
- Asset and business information
- Corporate responsibility and sustainability reporting
- Securityholder information such as the current APA security price, distribution and tax information.

ELECTRONIC COMMUNICATION

Securityholders can elect to receive communication from APA electronically by registering their email address with the APA Group registry.

Electing to receive the report electronically will reduce the adverse impact we have on the environment.

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