Australian Pipeline Trust

Results for announcement to the market

For the half year ended 31 December 2017

Appendix 4D

Statutory and Normalised Results		Change		Amount $'000
Revenue	up	0.8%	to	1,188,649
EBITDA	down	0.6%	to	755,256
EBIT	down	2.4%	to	466,136
Profit after tax	down	11.3%	to	123,966
Operating cash flow	down	10.8%	to	462,527
Operating cash flow per security	down	5.0¢	to	41.5¢
Earnings per security	down	1.4¢	to	11.1¢

EBIT = Earnings before interest and tax

EBITDA = EBIT before depreciation and amortisation

Reporting Period

The above results are for the half year ended 31 December 2017. Reference is made to movements from the previous corresponding period being the half year ended 31 December 2016.

Distributions proposed	APA Group Amount per security	 Franked amount per security
Interim distribution proposed		
profit distribution	11.33¢	5.83¢
capital distribution	9.67¢	-
	21.00¢	5.83¢

The record date for determining entitlements to the unrecognised interim distribution in respect of the current financial year is 29 December 2017.

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

The Directors have reviewed APA Group's financial position and funding requirements and have decided to retain the suspension of the Distribution Reinvestment Plan until further notice.

energy. connected.

Australian Pipeline Trust

Results for announcement to the market
For the half year ended 31 December 2017
Appendix 4D

Net asset backing per security	**31 December 2017 $**	31 December 2016 $
Net tangible asset backing per security	**-0.29**	-0.46
Net asset backing per security	**3.54**	3.53

Additional information and commentary on results for the year

For additional disclosures refer to the APA Group interim report for the half year ended 31 December 2017 accompanying this Appendix 4D.

Australian Pipeline Trust

Results for announcement to the market

For the half year ended 31 December 2017

Appendix 4D

Compliance Statement

Information on Audit or Review

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

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

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

- N/A -

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

- N/A -

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

Sign here:

Chairman

21 February 2018

energy. connected.

Australian Pipeline Trust

ARSN 091 678 778

Interim Financial Report.

For the half year ended
31 December 2017

energy. connected.

AUSTRALIAN PIPELINE TRUST DIRECTORS' REPORT

The Directors of Australian Pipeline Limited (Responsible Entity) submit their interim financial report of Australian Pipeline Trust (APT) and its controlled entities (together APA or Consolidated Entity) for the half year ended 31 December 2017. This report refers to the consolidated results of APT and APT Investment Trust (APTIT).

1 Directors

The names of the Directors of the Responsible Entity during the half year and since the half year ended 31 December 2017 are:

Michael Fraser	Chairman
Len Bleasel AM	Retired as Chairman and Director on 27 October 2017
Michael (Mick) McCormack	Chief Executive Officer and Managing Director
Steven (Steve) Crane	
John Fletcher	Retired 21 February 2018
Debra (Debbie) Goodin	
Russell Higgins AO	
Patricia McKenzie	

The Company Secretary of the Responsible Entity during the half year and since the half year ended 31 December 2017 is as follows:

Nevenka Codevelle

2 Principal Activities

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

- energy infrastructure, comprising gas transmission, gas storage and processing, and gas-fired and renewable energy power generation assets located across Australia;
- asset management services for the majority of APA's energy investments and for third parties; and
- investments in unlisted energy infrastructure entities.

3 State of Affairs

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

4 Subsequent Events

The following events have occurred subsequent to the period end:

- On 21 February 2018, the Directors declared an interim distribution of 21.0 cents per security ($234.0 million) for APA Group, an increase of 2.4%, or 0.5 cents per security over the previous corresponding period (1H FY2017: 20.5 cents). This is comprised of a distribution of 15.59 cents per security from APT and a distribution of 5.41 cents per security from APTIT. The APT distribution represents a 5.83 cents per security franked profit distribution, a 2.47 cents per security unfranked profit distribution and 7.29 cents per security capital distribution. The APTIT distribution represents a 3.03 cent per security profit distribution and a 2.38 cents capital distribution. Franking credits of 2.50 cents per security will be allocated to the APT franked profit distribution. The distribution is anticipated to be paid on 14 March 2018.

- On 21 February 2018, APT Pipelines Limited gave notice of its intention to redeem all of the $515 million APA Group Subordinated Notes (AQHHA) on 31 March 2018, in accordance with the terms of those Notes.

- On 21 February 2018, APA Group announced a fully underwritten pro-rata accelerated institutional tradeable retail renounceable entitlement offer (**Entitlement Offer**) to raise approximately $500 million. It is proposed that the proceeds raised will be used to assist in the funding of APA's growth projects and capital expenditure program, the funding of the redemption of APA Group Subordinated Notes, and for other general corporate purposes.

Other than what is noted above and as disclosed elsewhere in this report, there has not arisen in the interval between the end of the half year ended 31 December 2017 and the date of this report any matter or circumstance that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or Group's state of affairs, in future financial years.

5 Financial Overview

Earnings before interest and tax (EBIT) and EBIT before depreciation and amortisation (EBITDA) excluding significant items are financial measures not prescribed by Australian Accounting Standards (AIFRS) and represent the profit under AIFRS adjusted for specific significant items. The Directors consider these measures to reflect the core earnings of the Consolidated Entity, and these are therefore described in this report as 'normalised' measures.

Results for the half year period are in line with APA's expectations and its full year 2018 guidance and outlook as signalled at the FY2017 results. A relatively steady result for FY2018 is nevertheless supported by the significant $1.2 plus billion of committed growth capex projects spread across FY2018 and FY2019 that were announced during the FY2017 year.

We expect to achieve current FY2018 EBITDA within the given guidance range at the FY2017 results of $1,475 million to $1,510 million, and indeed, we remain comfortable that EBITDA can meet current market consensus expectations for EBITDA as compiled by Bloomberg[1]. As previously noted, additional revenues from the growth investment projects currently under construction will commence in FY2019 (around ~$70 million per FY2017 disclosure), with a further significant increase coming through into FY2020 revenues (~$200 million per FY2017 disclosure).

[1] Source: Bloomberg Finance L.P.(16 February 2018) (APA AU EQUITY EEO <GO>)

For the six months to 31 December 2017, APA reported an increase on the corresponding period of $0.4 million in total revenue (excluding pass-through revenue) to $954.7 million, (1H FY2017: $954.3 million).

EBITDA of $755.3 million, decreased 0.6% or $4.4 million on the previous corresponding period EBITDA of $759.7 million.

Net profit after tax decreased 11.3% to $124.0 million (1H FY2017: $139.8 million). Net interest and other finance costs increased for the period by 3.1%, whilst depreciation and amortisation expense increased, due to an increased asset base. Income tax expense decreased over the period.

Operating cash flow was $462.5 million for the six month period, a decrease of 10.8% or $55.7 million over the previous corresponding period (1H FY2017: $518.2 million), due primarily to an increase in cash tax paid to $36.3 million during the period (1H FY2017: 0) which has enabled APA to attach franking credits of 2.5 cents per security (1H FY2017: 0.0 cents per security) to the interim distribution. A further $14.9 million of cash tax is expected to be paid by 30 June 2018.

Operating cash flow per security reduced 10.8%, or 5.0 cents, to 41.5 cents per security (1H FY2017: 46.5 cents per security).

On 21 February 2018, the Directors announced an interim distribution of 21.0 cents per security, an increase of 2.4%, or 0.5 cents, over the previous corresponding period (1H FY2017: 20.5 cents). APA maintains a sustainable distribution policy to ensure its ability to fully fund its distributions out of operating cash flows whilst also retaining appropriate levels of cash in the business to support ongoing growth projects such as those currently in progress. The current $1.2 billion (and growing) capex program – APA's largest to date – is testament to APA's growth strategy in relation to sustainable distributions.

The following table provides a summary of key financial data for the period. There were no significant items recorded during either the current or previous periods.

	1H FY2018 ($000)	1H FY2017 ($000)	Change $000	Change %
Total revenue	**1,188,649**	1,179,085	9,564	0.8%
Pass-through revenue[1]	**233,935**	224,780	9,155	4.1%
Total revenue excluding pass-through	**954,714**	954,305	409	-
EBITDA	**755,256**	759,682	(4,426)	(0.6%)
Depreciation and amortisation expense	**(289,120)**	(281,983)	(7,137)	(2.5%)
EBIT	**466,136**	477,699	(11,563)	(2.4%)
Finance costs and interest income	**(262,653)**	(254,739)	(7,914)	(3.1%)
Profit before income tax	**203,483**	222,960	(19,477)	(8.7%)
Income tax expense	**(79,517)**	(83,130)	3,613	4.3%
Profit after income tax	**123,966**	139,830	(15,864)	(11.3%)
Operating cash flow [2]	**462,527**	518,247	(55,720)	(10.8%)
Operating cash flow per security (cents)	**41.5**	46.5	(5.0)	(10.8%)
Earnings per security (cents)	**11.1**	12.5	(1.4)	(11.2%)
Distribution per security (cents)	**21.0**	20.5	0.5	2.4%
Weighted average number of securities (000)	**1,114,307**	1,114,307	-	-

Notes: Numbers in the table may not add up due to rounding.
(1) Pass-through revenue is revenue on which no margin is earned. Pass-through revenue arises in the asset management operations in respect of costs incurred in, and passed on to Australian Gas Networks Limited (AGN, formerly Envestra Limited) and GDI in respect of the operation of the AGN and GDI assets respectively.
(2) Operating cash flow = net cash from operations after interest and tax payments.

6 Business Segment Performances and Operational Review

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

	1H FY2018	1H FY2017	Change	
	$000	$000	$000	%
Revenue				
Energy Infrastructure				
Queensland	568,881	555,037	13,844	2.5%
New South Wales	82,759	91,929	(9,170)	(10.0%)
Victoria	85,094	92,689	(7,595)	(8.2%)
South Australia	1,484	1,472	12	0.8%
Northern Territory	16,522	15,029	1,493	9.9%)
Western Australia	144,830	145,688	(858)	(0.6%)
Energy Infrastructure total	899,570	901,844	(2,274)	(0.3%)
Asset Management	39,557	39,157	400	1.0%
Energy Investments	11,912	12,550	(638)	(5.1%)
Total segment revenue	**951,039**	**953,551**	**(2,512)**	**(0.3%)**
Pass-through revenue	233,935	224,780	9,155	(4.1%)
Unallocated revenue (1)	3,675	754	2,921	387.4%
Total revenue	**1,188,649**	**1,179,085**	**9,564**	**0.8%**
EBITDA				
Energy Infrastructure				
Queensland	474,023	460,896	13,127	2.8%
New South Wales	71,821	80,809	(8,988)	(11.1%)
Victoria	70,228	78,138	(7,910)	(10.1%)
South Australia	1,280	1,264	16	1.3%
Northern Territory	11,424	10,043	1,381	13.8%
Western Australia	116,987	120,532	(3,545)	(2.9%)
Energy Infrastructure total	**745,763**	**751,682**	**(5,919)**	**(0.8)%**
Asset Management	25,920	25,193	727	2.9%
Energy Investments	11,912	12,550	(638)	(5.1%)
Corporate costs	(28,339)	(29,743)	1,404	4.7%
Total segment EBITDA	**755,256**	**759,682**	**(4,426)**	**(0.6%)**

Notes: Numbers in the table may not add up due to rounding.
(1) Interest income is not included in calculation of EBITDA, but nets off against interest expense in calculating net interest cost.

APA's financial performance during the period reflects sound ongoing operations and a substantial commitment to continued investment in our assets and growth projects that will significantly contribute to future earnings growth.

Total segment EBITDA, which represents earnings from APA's continuing businesses, decreased less than one per cent (0.6%), or $4.4 million, to $755.3 million, over the 1H FY2017 result of $759.7 million, however remains on track to meet full year expectations.

APA derives its revenue through a mix of regulated revenue, long-term negotiated contracts, asset management fees and investment earnings. Earnings are underpinned by solid cash flows generated from high quality, geographically diversified assets and a portfolio of highly creditworthy customers.

APA's growth strategy is based on a continuing set of principles and criteria that APA has always adhered to:

- maintain an appropriate risk and return structure;
- ensure an appropriate funding and capital structure;
- enter into contracts with highly creditworthy counterparties; and
- leverage in-house operational expertise.

6.1 Energy Infrastructure

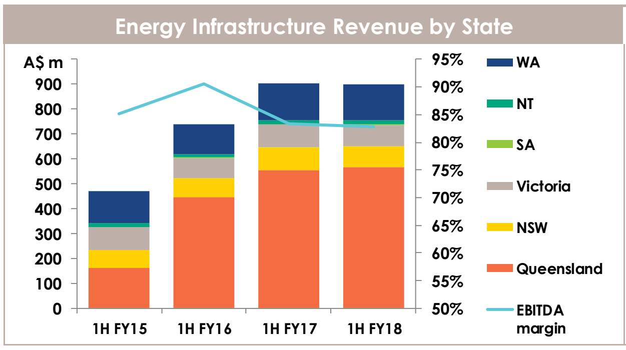
APA's Energy Infrastructure business includes the interconnected 7,500 kilometre East Coast Grid, Central and Western Australian pipeline assets, as well as gas compression, processing and storage assets, renewable and gas-fired electricity generation assets and a small number of other wholly owned energy infrastructure assets. During the period, in addition to our continuing operations from existing contracts, we have assisted integrated electricity generator/retailers by providing short term flexible services that support their peak electricity generation requirements, as well as providing flexible services to new retailers.

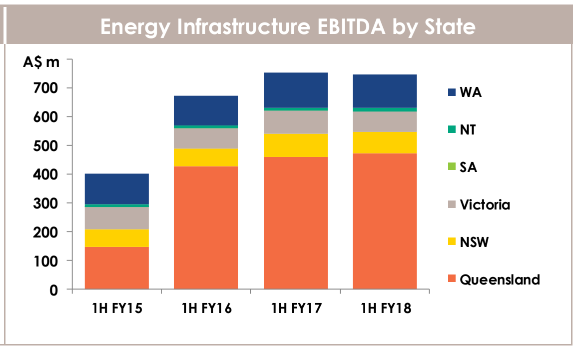
This segment contributed approximately 95% of Group revenue (excluding pass-through) and Group EBITDA (before corporate costs) during the period. Revenue (excluding pass-through revenue) was $899.6 million, a slight decrease of 0.3% on the previous corresponding period (1H FY2017: $901.8 million). EBITDA was also slightly down on the previous corresponding period to $745.8 million or 0.8% (1H FY2017: $751.7 million).

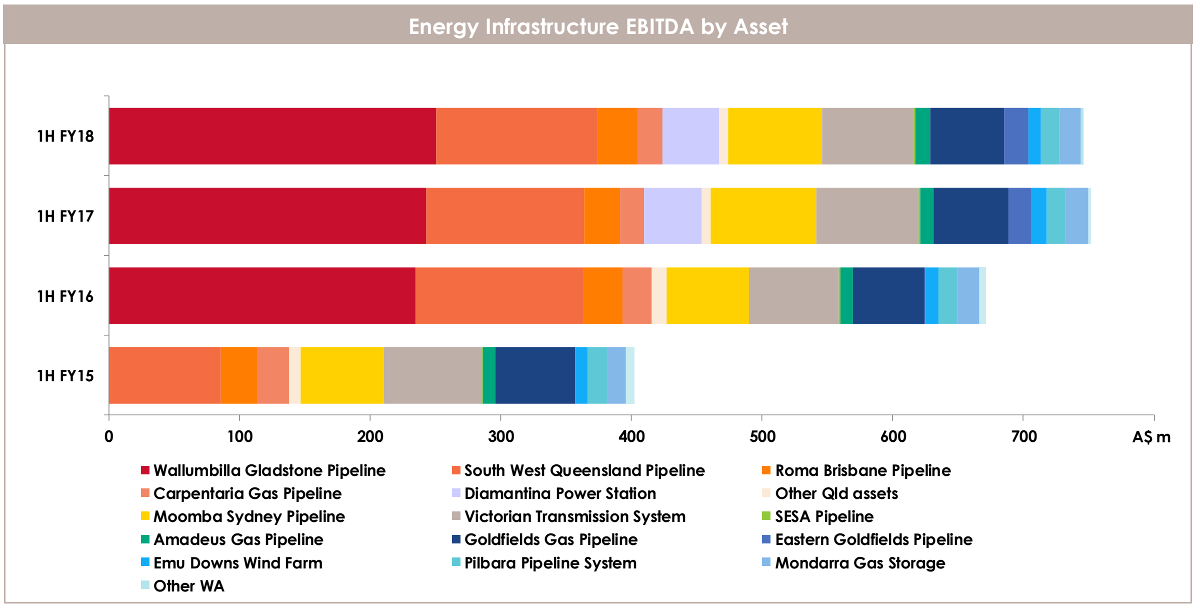
FY2018 was flagged at the FY2017 results outlook as lower year-on-year earnings growth, while FY2018 to FY2019 will see an unprecedented level of capital expenditure investment by APA that will significantly contribute to future earnings growth.

The result for the half year reflects the ongoing success of APA's East Coast Grid with revenues and EBITDA across Queensland and New South Wales – excluding the economically regulated portion of the Grid – rising marginally (EBITDA +0.8%) as APA provided customers with more multi-asset, multi-state services as opposed to the state based point-to-point services of yesteryear.

Results for both Victoria and Western Australia reflected new access arrangements in both states when comparing to revenue earned in the previous corresponding period.







During the period, a number of new regulatory initiatives for historically unregulated pipelines (pipelines not subject to full or light regulation) were announced by the Gas Market Reform Group (GMRG) which was established by the Council of Australian Governments Energy Council in August 2016. Refer to Section 9 Regulatory Matters of this report for further information. One of the initiatives introduced during the period included access to an arbitration process if parties cannot agree terms of access through commercial negotiation.

To date, since the commercial arbitration regime was introduced on the East Coast and Central Region non-scheme pipelines on 1 August 2017, APA has executed 15 gas transportation agreements (GTA's) with customers utilising the multiple benefits of APA's interconnected infrastructure, by reaching negotiated agreements without the need for any commercial arbitration. This represents a continuation of what APA has always done, that is, building strong relationships with customers, understanding their business needs, and then discussing and agreeing terms to supply gas transportation services to those customers.

Focusing on customers

Recently, APA refreshed the suite of gas pipeline services available on its East Coast and Central Region assets to provide customers with more options and additional flexibility to make it simpler for customers to best manage their gas portfolios. The refreshed services and approach provide additional clarity and ease of access for customers to APA's infrastructure which will help promote gas market liquidity. Through our vision of connecting Australia to its energy future, we have been working very closely with our customers for a sustainable, reliable and cost-effective energy future.

Focusing on our customers – innovation and refresh of APA's services suite

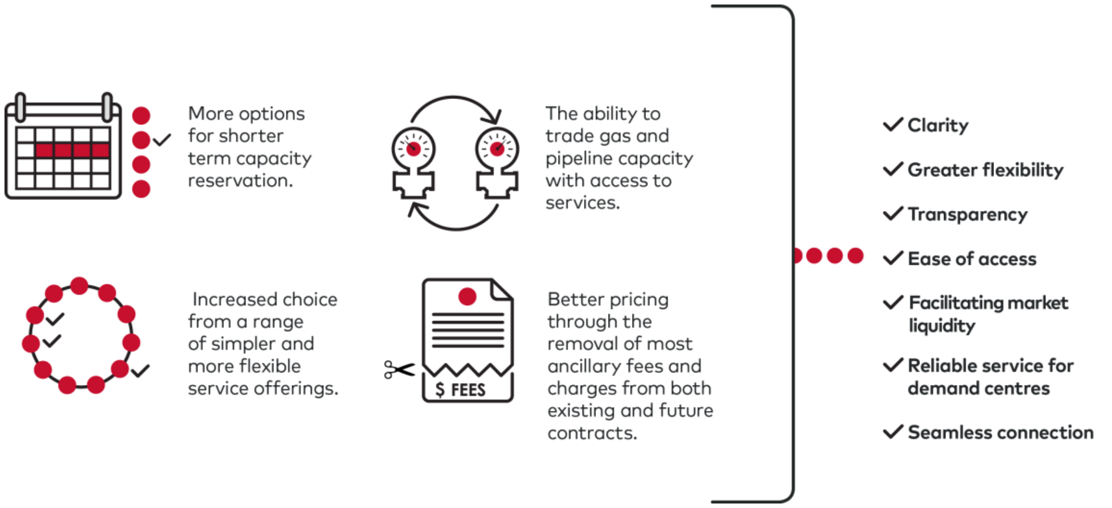
At APA, meeting our customers' needs through innovation is at the heart of what we do.

Our services refresh continues the innovative approach APA has always applied to its business which has seen it grow from a simple point-to-point gas transporter, to a leading energy infrastructure enterprise. Over the last few years just some of the innovative services we have introduced include standard Gas Transportation Agreements, multi-asset or 'grid' services, bi-directional pipeline capabilities, park and loan facilities, in-pipe trade services, and a capacity trading website.

Our focus is on supporting our customers in meeting their business objectives more efficiently, simply, quickly, reliably and flexibly within the context of a dynamic energy market.

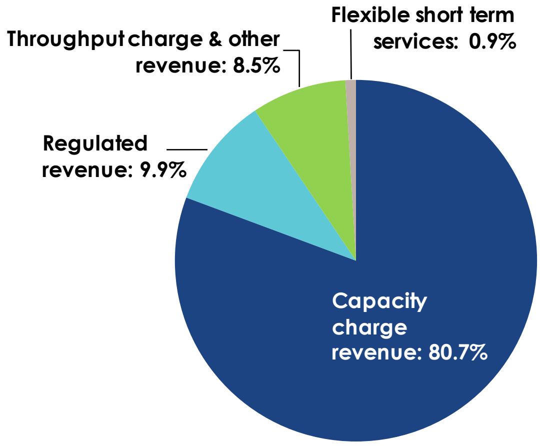
We do this by developing strong relationships with our customers to understand their business, and then applying APA's strategic, commercial, engineering and operational smarts to develop services to meet their customer needs. APA's new service offerings together with this increased transparency should support smoother and faster investment decisions which will hopefully encourage producers to bring more gas into the tight East Coast gas market.

APA's service refresh

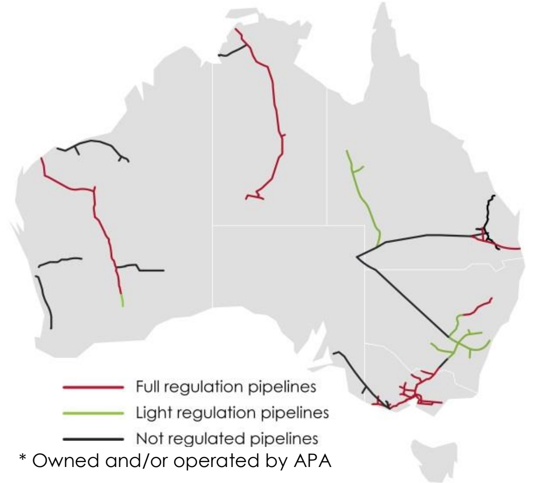


During the six-month period, 80.7% of Energy Infrastructure revenue (excluding pass-through) was from capacity reservation charges from long term contracts, and 8.5% from throughput charges and other revenues. Given the dynamic east coast gas market, APA also received additional revenues from the provision of flexible short term services, accounting for around 0.9% of total Energy Infrastructure revenues received. With our new service refresh, we expect this revenue segment to increasingly become part of contracted revenue going forward. The portion of APA's revenue that is regulated was approximately 9.9% of 1H FY2018 Energy Infrastructure revenue.

1H FY2018 Energy Infrastructure by Revenue Type

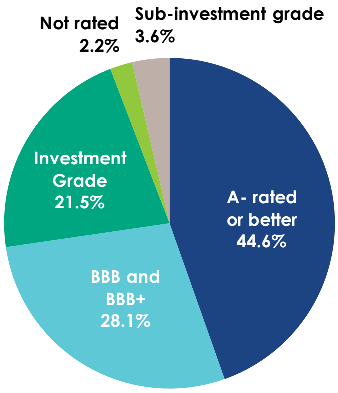


APA* Pipelines by Regulation Type

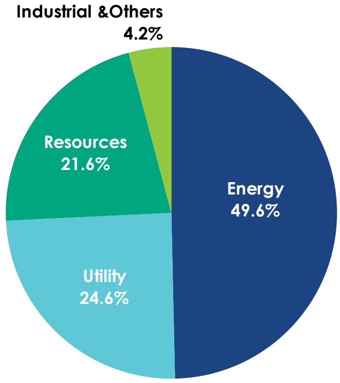


APA manages its counterparty risk in a variety of ways. One aspect is to consider customers' credit ratings. During the period, approximately 94% of all revenues was received from counterparties with investment grade credit ratings. Diversification of our customer base is another risk moderator – during 1H FY2018, 49.6% of revenue was from energy sector customers (1H FY2017: 55.1%); 24.6% of revenue was from customers in the utilities sector (1H FY2017: 27.5%); 21.6% from resources sector customers (1H FY2017: 12%); and 4.2% from industrial and other customers (1H FY2017: 5.4%).

1H FY18 Energy Infrastructure Revenues By Counterparty Credit Rating



1H FY18 Energy Infrastructure Revenues By Customer Industry Segment

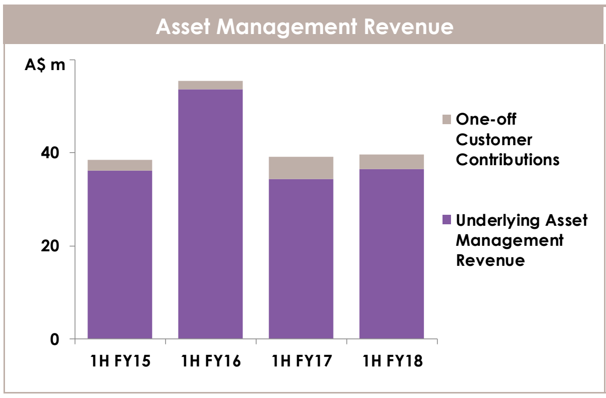


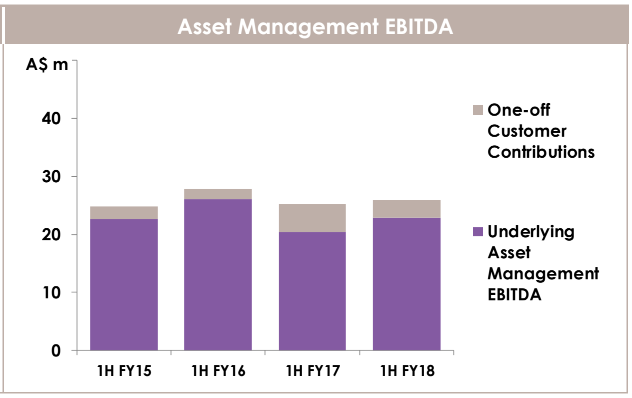
6.2 Asset Management

APA provides asset management and operational services under long term contracts to the majority of its energy investments and to a number of third parties who own assets where APA has significant operating expertise. APA's main customers are Australian Gas Networks Limited (AGN), Energy Infrastructure Investments Pty Limited (EII) and GDI (EII) Pty Limited (GDI).

Revenue (excluding pass-through revenue) from asset management services increased by $0.4 million or 1.0% to $39.6 million (1H FY2017: $39.2 million) and EBITDA (excluding corporate costs) increased by $0.7 million or 2.9% to $25.9 million (1H FY2017: $25.2 million).

energy. connected.





APA continues to drive solid connection growth on behalf of both AGN and GDI through continued investment in new housing estates and medium-high density housing developments as natural gas continues to be a fuel of choice for cooking, hot water and heating in residential markets.

During the period, APA completed mains connection to the Greater Flagstone Urban Development Area which is located 40 kilometres from the Brisbane CBD, as well continuing works to connect customers at the Yarrabilba urban development site also in Queensland on behalf of our customer GDI Allgas; in Victoria the Koo Wee Rup and Wandong-Heathcote Junction development areas were completed ahead of time and on budget on behalf of AGN; and in South Australia multiple step-out gas connection developments to McLaren Vale and Two Wells were also completed for AGN.

Customer contributions for the period were approximately $3 million. For the full year, it is expected that customer contributions will remain in-line with the long term average of around $10 million per annum, although APA continues to expect annual swings in customer contributions, as these are driven by customers' individual and specific work programmes and requirements.

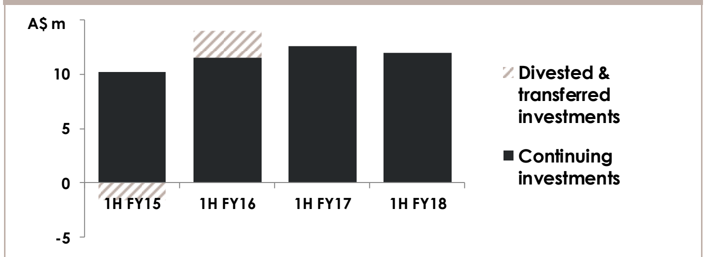
6.3 Energy Investments

APA has interests in a number of complementary energy investments across Australia.

Asset ownership and interests		Asset details and services	Partners
Mortlake Gas Pipeline	50% SEA Gas (Mortlake) Partnership	83km gas pipeline connecting to the Otway Gas Plant to the Mortlake Power Station MAINTENANCE	Retail Employees Superannuation Trust - REST
SEA Gas Pipeline	50% South East Australia Gas Pty Ltd	687km gas pipeline from Iona and Port Campbell in Victoria to Adelaide MAINTENANCE	Retail Employees Superannuation Trust - REST
North Brown Hill Wind Farm	20.2% EII2	132MW wind farm in South Australia CORPORATE SUPPORT	Infrastructure Capital Group Osaka Gas
Allgas Gas Distribution Network	20% GDI (EII)	3,476km Allgas gas distribution network in Queensland with 104,589 connections CORPORATE SUPPORT	Marubeni Corporation State Super OPERATIONAL MANAGEMENT
Daandine and X41 Power Stations **Kogan North and Tipton West Processing Plants** **Directlink and Murraylink Electricity Interconnectors** **Nifty and Telfer Gas Pipelines** **Wickham Point and Bonaparte Gas Pipelines**	19.9% Energy Infrastructure Investments	Gas-fired power generation 71MW Gas processing facilities 41 TJ/day Electricity transmission cables 244km Gas pipelines totalling 786km CORPORATE SUPPORT	Marubeni Corporation Osaka Gas OPERATIONAL MANAGEMENT

APA's ability to manage these investments and provide operational and/or corporate support services provides flexibility in growing the business, harnesses in-house expertise, and ensures synergies are delivered from a lower cost base over a broader portfolio of assets.

Energy Investments Revenue & EBITDA

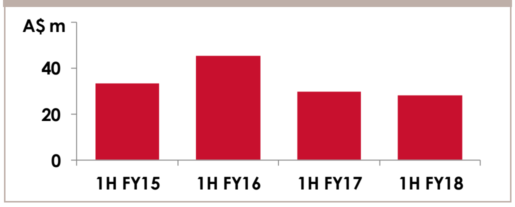


Note: "Divested & transferred investments" relate mainly to AGN which was sold in FY2014. DPS and EPX earnings are classified as divested & transferred investments within Energy Investments up until financial close during FY2016 when they became fully owned by APA and transferred to Energy Infrastructure, for the purpose of the segment reporting.

Earnings from Energy Investments were relatively flat period on period. The minor change resulted from a higher tax charge within equity accounted earnings from an associate.

6.4 Corporate Costs

Corporate Costs



Corporate costs for the six month period decreased by $1.4 million over the previous corresponding period to $28.3 million (1H FY2017: $29.7 million). This reflects an ongoing focus on cost control within the business.

7 Capital and Investment Expenditure

Committed capital expenditure by APA is at unprecedented levels for FY2018 and FY2019 as the company continues to grow its asset footprint and energy expertise. The $1.2 plus billion of committed capex projects that were announced during FY2017 and FY2018 are all under way and well progressed, with all projects either, on or ahead of schedule and budget. A number of smaller projects are also underway and will add further revenues as they are commissioned late in FY2018 and beyond.

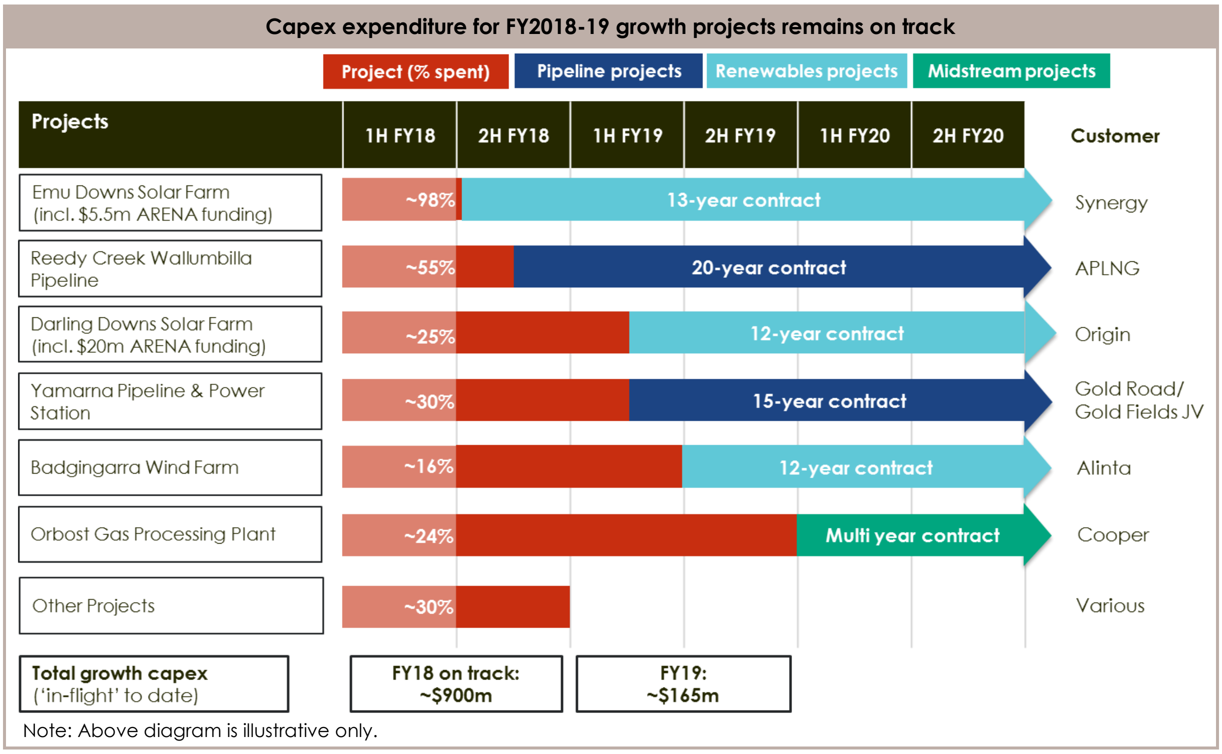
Capital and investment expenditure for the period totalled $320.8 million (including stay-in-business capital expenditure), and compares with $162.7 million spent in the previous corresponding period. The 97.2% increase for the period signifies that APA's largest capital growth program to date, is well on track.

During the period, APA acquired the Orbost Gas Processing Plant in Victoria for $20 million. APA will invest a further $250 million in recommissioning, refurbishing and updating the facility underwritten by a multi-year gas processing agreement with Cooper Energy to process gas from their Sole gas field. The asset provides scope to process gas from Cooper Energy's nearby Manta gas field, and other gas fields in the immediate vicinity.

Growth capital expenditure of $265.7 million during the period (1H FY2017: $135.7 million) was related to the following projects:

- completion of works in Victoria to finalise the latest stages of expansion of the northern interconnect with NSW;
- ongoing works for the Reedy Creek Wallumbilla Pipeline construction project;
- construction of the Emu Downs Solar Farm, plus commencement of construction of the Darling Downs Solar Farm in Queensland and the Badgingarra Wind Farm in Western Australia;
- acquisition and commencement of the Orbost Gas Processing plant upgrade; and
- additional works off APA's Eastern Goldfields Pipeline in Western Australia in relation to the Yamarna Gas Pipeline and Power Station construction works and the building of Mt Morgans Gas Pipeline for Dacian Gold.

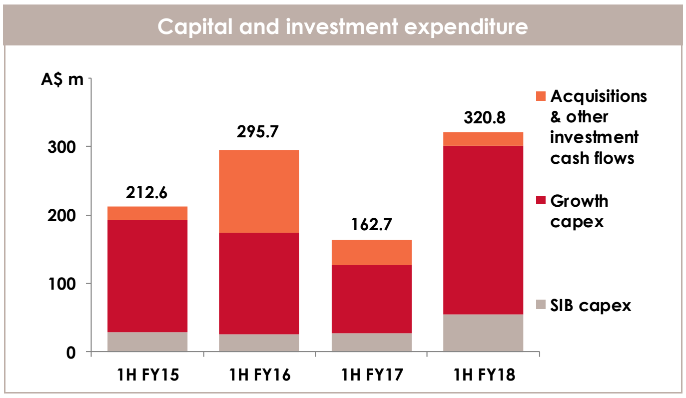
APA's growth capital expenditure continues to be either underwritten by long-term contractual arrangements or approved through a relevant access arrangement. APA remains on track for FY2018 total growth capex spend in excess of $800 million as indicated at the FY2017 results announcement and in the timeline diagram below.



Stay-in business capital expenditure of $55.1 million was higher than the previous corresponding period (1H FY2017: $27.0 million), mainly due to higher maintenance cost for scheduled overhauls on generating assets including Diamantina Power Station, but is not out of line with APA's most recently advised expectations on an annual basis.

We continue to engage in discussions with customers that we are confident will lead to further announcements in respect of growth capital expenditure going forward.

In that regard, beyond FY2018, APA continues to expect in the order of $300 million to $400 million per annum of growth capex over the next two to three years across all sectors APA operates in.



A record year of capital growth - project update

- Construction of the 45MW **Yamarna Power Station** which will supply gas-fired electricity to the Gruyere Gold mine has commenced and is on track for commissioning during 2H 2018. Concrete foundations have been poured and civil works largely completed. The 11 gas engines have now been delivered to site ready for installation. The gas-fired power station has a 15 year energy supply agreement with the Gruyere Joint Venture.
- Construction will commence on the 198km **Yamarna Gas Pipeline** in February 2018 with the first shipment of coated line pipe arriving on site. The project is on track to meet the scheduled commissioning timeframe of July 2018. Gas will be transported almost 1,500km through four connected APA pipelines to supply the Yamarna Power Station. The Yamarna Gas Pipeline is underpinned by a 15-year gas transportation agreement.
- The 50 km **Reedy Creek Wallumbilla Pipeline** is on track for completion and commissioning in May 2018. APA has entered into a 20-year contract with APLNG.
- Construction of the 5 km greenfield **Mt Morgans Gas Pipeline** and meter/delivery station for Dacian Gold was largely completed during the period. Commissioning took place in January 2018 and first gas was supplied to the power station on site in early February 2018. The pipeline is connected to APA's Eastern Goldfields Pipeline and gas will flow through four connected APA pipelines.
- APA acquired the **Orbost Gas Processing Plant** from Cooper Energy in November 2017. Detailed design work for the plant recommissioning, refurbishment and expansion is currently underway, as are earthworks and civils on site. All major procurement and construction contracts have been awarded. Under a multi-year gas processing agreement with Cooper Energy, the plant will process gas from the offshore Sole gas field from mid-2019.
- Construction of the 20MW **Emu Downs Solar Farm** was largely completed during the period and commissioning commenced in December 2017. The new solar farm has been integrated into the existing 80MW Emu Downs Wind Farm substation and connection point. APA has received $5.5 million in funding for this project from the Australian Renewable Energy Agency (ARENA). The solar farm has a 13 year power purchase agreement with Synergy.
- Construction of the 130MW **Badgingarra Wind Farm** project has commenced on a site adjacent to both the existing 80MW Emu Downs Wind Farm and soon to be commissioned 20MW Emu Downs Solar Farm. The Badgingarra Wind Farm has entered into a new connection agreement with the network owner Western Power. Earthworks and civil works for turbine foundations have commenced, including the installation of concrete foundations to hold the 37 erected towers and wind turbine generators, which are due on site progressively from late February 2018. Alinta Energy has entered into a 12-year offtake agreement for both the energy and the LGCs.
- Construction of the 110MW **Darling Downs Solar Farm** in Queensland is progressing with the installation of the mounting frames and the 423,000 solar panels, both well under way. Panel installation commenced in January 2018. A long term offtake agreement with Origin Energy until 2030 is in place with construction expected to be completed in late 2018. The project has received a $20 million grant from ARENA.

In addition to the above committed projects, APA continues to develop opportunities with our customers to deliver more energy to users. Three such opportunities include a pipeline looking to connect a possible LNG import facility to the domestic gas market; the Western Slopes Pipeline; and a feasibility study to connect Northern Queensland gas basins to APA's East Coast Grid.

Western Slopes Pipeline: APA has a project development agreement with a subsidiary of Santos Limited to develop the new ~450km Western Slopes Pipeline. The pipeline would connect the proposed Santos Narrabri Gas Project to APA's Moomba Sydney Pipeline. A significant program of targeted ecology, cultural heritage and soil surveys has been undertaken across the proposed pipeline route, and a range of community consultation activities are progressing. This will continue as the timetable progresses towards the lodgement of an Environmental Impact Statement during 2H2018. The development of the Western Slopes Pipeline is subject to Santos' final investment decision on the Narrabri Gas Project.

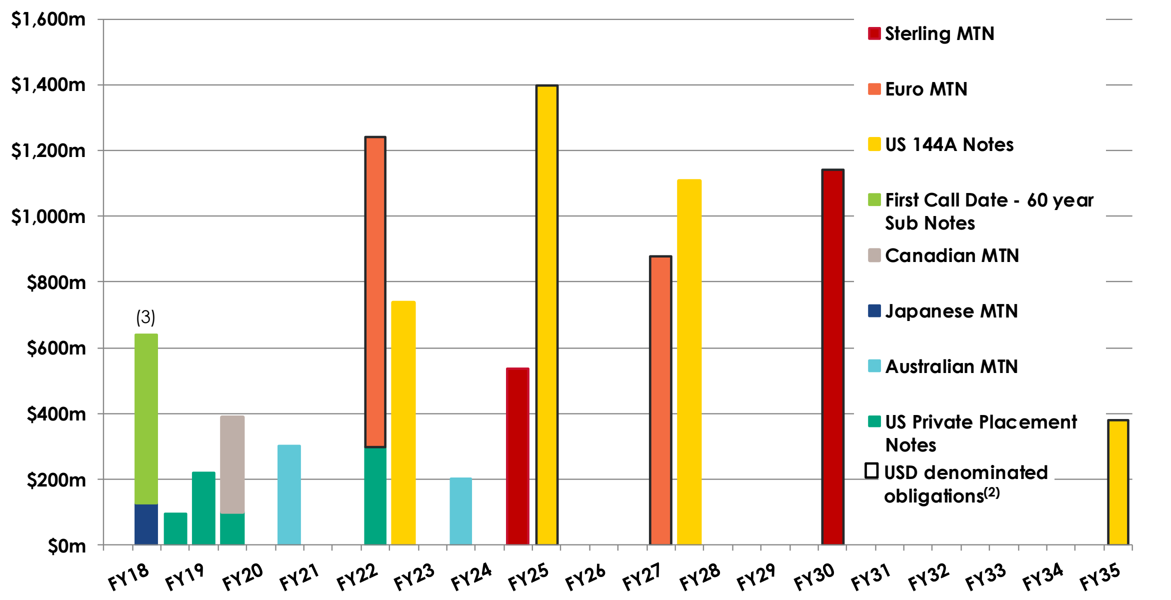
8 Financing Activities

8.1 Capital Management

As at 31 December 2017, APA had 1,114,307,369 securities on issue. This is unchanged from 30 June 2017.

APA's debt portfolio has a broad spread of maturities extending out to FY2035, with an average maturity of drawn debt of 7.0 years as at 31 December 2017. APA's gearing[1] of 68.9% at 31 December 2017 continues to provide strong support to APA's two investment grade credit ratings.

APA debt maturity profile and diversity of funding sources



Notes: (1) APA debt maturity profile as at 31 December 2017.
(2) USD denominated obligations translated to AUD at the prevailing rate at inception (USD144A - AUD/USD=0.7879, EMTN & Sterling AUD/USD=0.7772).
(3) For full details, refer to "Redemption of APA Subordinated Notes" sub-section below.

As at 31 December 2017, APA had around $1,350 million in cash and committed undrawn facilities available to assist in the ongoing funding of the business. APA remains committed to funding its growth with appropriate levels of equity, cash retained in the business, and funding from debt facilities in order to maintain strong BBB and Baa2 metrics.

APA has a prudent treasury policy which requires high levels of interest rate hedging to minimise the potential impacts from adverse movements in interest rates. As at 31 December 2017, 94.4% (30 June 2017: 94.5%) of interest obligations on gross borrowings was either hedged into or issued at fixed interest rates for varying periods extending out to 2035. Following redemption of the APA Subordinated Notes on 31 March 2018, all of APA's drawn debt will be issued in, or hedged into, fixed interest rates out to 2035.

The majority of the revenues to be received over the next 18 years from the foundation contracts on the Wallumbilla Gladstone Pipeline will be received in US dollars (USD). The US$3.7 billion of debt raised to assist with funding of that acquisition is being managed as a "designated hedge" for those revenues and therefore has been retained in USD. Net USD

[1] For the purpose of the calculation, drawn debt that has been kept in USD (rather than AUD) and is in a designated hedge relationship with USD revenue, has been nominally exchanged at AUD/USD exchange rates of 0.7772 for Euro and GBP MTN issuances and 0.7879 for US144A notes at respective inception dates.

cash flow (after servicing the USD interest costs) that is not part of that "designated relationship" will continue to be hedged into AUD on a rolling basis for an appropriate period of time, in-line with APA's treasury policy. To date, the following net USD cash flow hedging has been undertaken:

Period	Average forward USD/AUD exchange rate
FY2018	0.7282
1H FY2019 (to Dec 2018)	0.6724

A large portion of the net revenue from March 2019 is in that designated hedge relationship with the USD debt and as such, when that revenue is receivable, it will be recognised in the profit and loss at an average rate of around 0.78 AUD/USD.

Redemption of APA Subordinated Notes

On 21 February 2018, APT Pipelines Limited gave notification of its intention to redeem all of the $515 million APA Group Subordinated Notes (AQHHA) on 31 March 2018, in accordance with the terms of those Notes.

Capital Raising - Entitlement Offer

On 21 February 2018, APA Group announced a fully underwritten pro-rata accelerated institutional tradeable retail renounceable entitlement offer (**Entitlement Offer**) to raise approximately $500 million. The proceeds raised will be used to assist in the funding of APA's growth projects and capital expenditure program, funding of the redemption of APA Group Subordinated Notes, and for other general corporate purposes. The Offer includes both an Institutional component and a Retail Securityholder component, with funds to be received prior to the end of March 2018.

The new securities issued under the Entitlement Offer will not be entitled to the interim distribution to be paid by APA on 14 March 2018, but in all other respects rank pari passu with the other APA securities on issue at this date.

8.2 Borrowings and finance costs

As at 31 December 2017, APA had borrowings of $9,250.5 million ($9,249.7 million at 30 June 2017) from a mix of US Private Placement Notes, Medium Term Notes in several currencies, Australian Medium Term Notes, United States 144A Notes and APA Group Subordinated Notes.

For the 6 months, net finance costs increased by $7.9 million, or 3.1%, to $262.7 million (1H FY2017: $254.7 million). The increase is primarily due to additional borrowings used to fund growth projects, including the Emu Downs Solar Farm, Darling Downs Solar Farm, Orbost Gas Processing plant, Yamarna Gas Pipeline and Power Station, and the Reedy Creek Wallumbilla Pipeline. The average interest rate (including credit margins)[1] that applied to drawn debt was 5.60% for the current period, up marginally from 5.56% in FY2017.

APA's interest cover ratio for the current period was 2.6 times (June 2017: 2.8 times). The interest cover ratio remains well in excess of its debt covenant default ratio of 1.1 times and distribution lock up ratio of 1.3 times, and APA's FFO/Interest ratio of 2.9 times (June 2017: 3.0 times) continues to support its strong and stable BBB and Baa2 credit ratings.

[1] For the purpose of the calculation, drawn debt that has been kept in USD (rather than AUD) and is in a designated hedge relationship with USD revenue, has been nominally exchanged at AUD/USD exchange rates of 0.7772 for Euro and GBP MTN issuances and 0.7879 for US144A notes at respective inception dates.

8.3 Credit ratings

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

- BBB long-term corporate credit rating (outlook Stable) assigned by Standard & Poor's (S&P) in June 2009, and last confirmed on 19 December 2017; and
- Baa2 long-term corporate credit rating (outlook Stable) assigned by Moody's Investors Service (Moody's) in April 2010, and last confirmed on 29 August 2017.

8.4 Income tax

Income tax expense for the current period of $79.5 million results in an effective income tax rate of 39.1%, compared to 37.3% for the previous corresponding period. The higher level of effective tax rate (compared with the corporate tax rate of 30%) is caused by the amortisation charges relating to contract intangibles acquired with the Wallumbilla Gladstone Pipeline which are not deductible for tax purposes.

Following completion of the FY2017 group tax return, total cash tax of $34.0 million was paid in respect of FY2017 profits.

8.5 Distributions

On 21 February 2018, the Directors declared an interim distribution of 21.0 cents per security for APA, an increase of 2.4%, or 0.5 cents, over the previous corresponding period (1H FY2017 interim: 20.5 cents). This is comprised of a distribution of 15.59 cents per security from APT and a distribution of 5.41 cents per security from APTIT. The APT distribution represents a 5.83 cents per security franked profit distribution, a 2.47 cents per security unfranked profit distribution and a 7.29 cents per security capital distribution. The APTIT distribution represents a 3.03 cents per security profit distribution and a 2.38 cents per security capital distribution. Franking credits of 2.50 cents per security will be allocated to the APT franked profit distribution (1H FY2017: 0.0 cents per security). The distribution is scheduled to be paid on 14 March 2018.

The Distribution Reinvestment Plan remains suspended.

8.6 Guidance for 2018 financial year

At the release of APA's full year financial results for 30 June 2017 in August 2017, APA advised that it expected EBITDA for the full year to 30 June 2018 to be in a range of $1,475 million to $1,510 million, representing an increase of up to 2.7% year-on-year. Based on results to 31 December 2017 as reported here, APA is of the view that full year EBITDA to 30 June 2018 is likely to remain within that range.

APA is comfortable with the current market consensus for EBITDA compiled by Bloomberg[1].

APA has entered into forward exchange contracts for FY2018, for the net USD cash flow from the gas transportation agreements for the Wallumbilla Gladstone Pipeline (WGP), after servicing USD denominated debt. In forecasting the AUD equivalent EBITDA contribution from WGP, the forward exchange rates for these hedged revenues have been used.

---

[1] Source: Bloomberg Finance L.P.(16 February 2018) (APA AU EQUITY EEO <GO>)

Based on actual expenditure to date and our further expectations for the balance of the financial year, net interest cost is now expected to be in a range of $510 million to $515 million, down from the previously advised higher range of $525 million to $535 million.

Distributions per security for the 2018 financial year are expected to be in the order of 45.0 cents per security, with the 2.5 cents per security of franking credits announced for the half year and any further franking credits which may be allocated to the final distribution attaching to that cash payout.

As per current APA distribution policy, all distributions will be fully covered by operating cash flows.

9 Regulatory Matters

Gas Policy developments

Australia's economic regulatory regime for gas pipelines is set out in the National Gas Law (NGL) and the National Gas Rules (NGR). Some of APA's pipelines have been covered by the National Gas Access Regime since it was introduced in the 1990s. This regime includes mechanisms for regulatory pricing approval for "fully regulated" pipelines, and lesser obligations for "light regulation" pipelines.

A new, additional regulatory regime came into effect in August 2017 (December 2017 in WA) and applies to APA's unregulated pipelines. APA has worked with the Gas Market Reform Group, Australian Energy Markets Operator and the industry on the design and implementation of the new market mechanisms which include additional information disclosure to support commercial negotiation for pipeline services, with an option to seek an arbitrated outcome available in the event negotiation is unsuccessful.

Under the new regime, pipeline operators are required to publish their pricing methodologies for unregulated pipelines. This information for APA's East Coast and Central Region gas transmission assets was published on APA's website on 31 January 2018. It includes APA's pricing methodology and other information in relation to pipeline services and tariffs for these assets consistent with the requirements of the National Gas Rules (Part 23). The published tariffs are consistent with tariffs that APA has agreed with its customers over a number of years and with competitive outcomes. APA supports this initiative of improved information transparency. Additional disclosure provisions require publication by 31 October 2018 of individual pipeline financial statements and average prices.

The commercial arbitration regime provides negotiating parties who cannot reach agreement, access to an arbitrator to determine a commercial outcome that would occur in a workably competitive market.

The COAG Energy Council has agreed to final recommendations on the design and implementation of a pipeline capacity trading reform package following industry discussions that APA participated in, including:

- A Capacity Trading Platform to be operated by the Australian Energy Market Operator, to facilitate the secondary trade of pipeline capacity between shippers;
- A daily auction of un-nominated, contracted shipper capacity run by the Australian Energy Market Operator, on all major pipelines;

The new capacity trading market mechanisms are scheduled to commence in March 2019.

During the period, at the request of the Victorian government, the AEMC undertook a review of the Victorian Declared Wholesale Gas Market (DWGM). The Victorian Government has not initiated any material changes to the structure of the market.

Limited Merits Review

On 31 October 2017, the Australian Government abolished limited merits review by the Australian Competition Tribunal in relation to decisions by the Australian Energy Regulator or Economic Regulation Authority (WA). Judicial review continues to be available as a means of challenging an error by the regulator in its access arrangement determinations.

AEMC review of economic regulatory rules

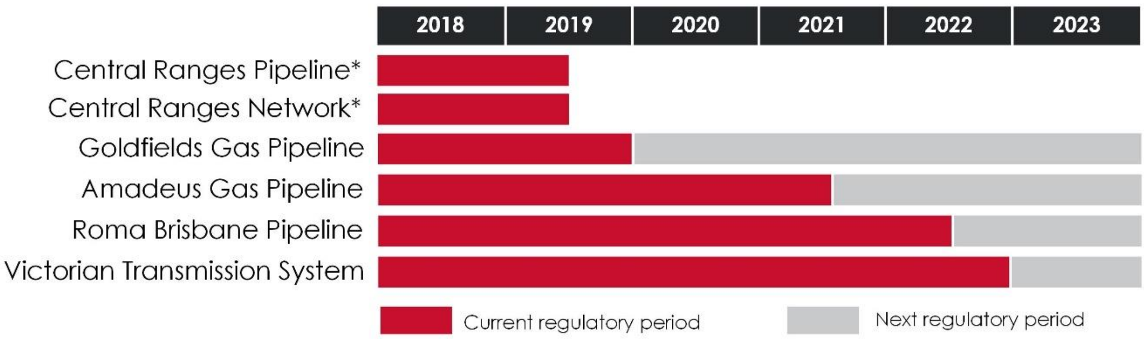
In May 2017, the Australian Energy Market Commission (AEMC) started a review of the scope of economic regulation applied to regulated pipelines under Parts 8-12 of the National Gas Rules.

The AEMC review is broad in scope, and is looking at the nature of economic regulation for gas pipelines and networks. The review is expected to report in June 2018, with a draft report due in February 2018.

APA is engaging with the AEMC on matters under review.

Regulatory resets

The diagram below outlines the scheduled regulatory reset dates for pipelines owned and operated by APA. During 1H FY2018, approximately 9.9% of APA's Energy Infrastructure revenues were delivered from regulated assets under approved access arrangements.



Note: Asset will cease to be covered as of 1 July 2019 in accordance with the National Gas Law and Rules

Key regulatory matters addressed during the half year period included:

Victorian Transmission System access arrangement

In November 2017, the Australian Energy Regulator published its final decision on the access arrangement applying to the Victorian Transmission System. The Australian Energy Regulator approved APA's recent significant expansions of the system to enable gas flows between Victoria and New South Wales, as well as the need for further future expansions of the Victorian system, as prudent expenditure. Average tariffs will be largely unchanged from the previous period.

Roma Brisbane Pipeline access arrangement

In November 2017, the Australian Energy Regulator also published its final decision on the Roma Brisbane Access Arrangement which will apply from 1 January 2018. The Regulator in its decision recognises changes in the pipeline configuration and demand profile since the

Regulator's last review through the approval of a bi-directional postage stamp tariff structure. The new tariff is in line with that applying in the previous period, and APA's ongoing revenues that flow from longer term contracts that are currently in place, are unchanged by the determination.

Environmental reporting

In October 2017, APA complied with Australia's National Greenhouse and Energy Reporting (NGER) obligations for FY2017.

APA's main sources of emissions are from the combustion of natural gas in compressor stations, from fugitive emissions associated with natural gas pipelines, and from gas fired power stations. NGER compliance reporting applies to assets under APA's operational control, which includes gas transmission/distribution pipelines, power generation facilities (including wind farms), gas storage, gas processing, cogeneration, electricity transmission interconnectors and corporate offices.

APA's summary of Scope 1 emissions and energy consumption for the 2017 financial year as reported under the NGER, are set out in the following table:

	FY2017	FY2016*	Change
Scope 1 CO_2 emissions (tonnes)	1,228,807	1,084,200	11.77%
Energy consumption (GJ)	23,930,506	19,510937	18.4%

* FY2016 figures do not include Daandine Power Station as these were reported in the on-site service provider's report only

10 Corporate Governance

New APA Corporate Governance Framework

The Board is committed to the highest standards of corporate governance, and on 1 July 2017 the Board adopted a new APA corporate governance framework which is designed to be as consistent, as far as is practicable, with the best practice procedures of public listed companies. The new APA Corporate Governance Framework gives Securityholders a number of additional entitlements in relation to governance and remuneration matters. This includes giving Securityholders the right to remove Directors from the Board, and to also vote on APA's annual Remuneration Report. If at two consecutive Annual Meetings at least 25% of the votes cast on the Remuneration Report are voted against its adoption, then the 'two strikes' mechanism under the Corporations Act would be triggered, giving Securityholders the opportunity to spill the Board. A summary of the Corporate Governance Framework and those additional entitlements is available on APA's website.

The Remuneration Report for the year ended 30 June 2017 was voted on by Securityholders at the 2017 Annual Meeting and was adopted.

Board changes

On 27 October 2017, Leonard Bleasel, AM, retired as Chairman of APA and was succeeded by Michael Fraser following his re-election as a Director at the 2017 Annual Meeting.

During the period, John Fletcher advised of his intention to retire from the Board effective 21 February 2018 and Patricia McKenzie advised of her intention to retire at the 2018 Annual Meeting.

A process for Board renewal and the appointment of new directors is ongoing. APA's Nomination Committee, is overseeing the non-executive director appointment process.

On 21 February 2018, APA announced the appointment of Shirley In't Veld and Peter Wasow as Directors of the Board effective 19 March 2018.

11 Auditor's independence declaration

A copy of the independence declaration of the auditor, Deloitte Touche Tohmatsu ("Auditor") as required under section 307C of the Corporations Act is included at page 42.

12 Rounding of Amounts

APA is an entity of the kind referred to in ASIC Corporations Instrument 2016/191 and, in accordance with that Instrument, amounts in the Directors' report and the financial report are rounded to the nearest thousand dollars, unless otherwise indicated.

13 Authorisation

The Directors' report is signed in accordance with a resolution of the Directors of the Responsible Entity.

On behalf of the Directors

Michael Fraser **Chairman**	Debra Goodin **Director**

21 February 2018

Australian Pipeline Trust and its Controlled Entities

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2017

	Note	**31 Dec 2017 $000**	31 Dec 2016 $000
Continuing operations			
Revenue	4	**1,177,314**	1,168,557
Share of net profits of associates and joint ventures using the equity method	4	**11,335**	10,528
		1,188,649	1,179,085
Asset operation and management expenses		**(97,334)**	(98,372)
Depreciation and amortisation expense	5	**(289,120)**	(281,983)
Other operating costs - pass-through	5	**(233,935)**	(224,780)
Finance costs	5	**(266,328)**	(255,493)
Employee benefit expense		**(97,318)**	(92,695)
Other expenses		**(1,131)**	(2,802)
Profit before tax		**203,483**	222,960
Income tax expense		**(79,517)**	(83,130)
Profit for the period		**123,966**	139,830
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain on defined benefit plan		**3,350**	8,329
Income tax relating to items that will not be reclassified subsequently		**(1,005)**	(2,499)
		2,345	5,830
Items that may be reclassified subsequently to profit or loss:			
Transfer of gain on cash flow hedges to profit or loss		**52,025**	72,052
Gain/(loss) on cash flow hedges taken to equity		**75,478**	(67,015)
Gain on associate hedges taken to equity		**2,722**	9,717
Income tax relating to items that may be reclassified subsequently		**(39,068)**	(4,427)
		91,157	10,327
Other comprehensive income for the period (net of tax)		**93,502**	16,157
Total comprehensive income for the period		**217,468**	155,987
Profit attributable to:			
Unitholders of the parent		**90,145**	101,061
Non-controlling interest - APT Investment Trust unitholders		**33,821**	38,769
APA stapled securityholders		**123,966**	139,830
Total comprehensive income attributable to:			
Unitholders of the parent		**183,647**	117,218
Non-controlling interest - APT Investment Trust unitholders		**33,821**	38,769
APA stapled securityholders		**217,468**	155,987
Earnings per security			
Basic and diluted (cents per security)	6	**11.1**	12.5

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

Australian Pipeline Trust and its Controlled Entities
Condensed Consolidated Statement of Financial Position
As at 31 December 2017

	31 Dec 2017 $000	30 Jun 2017 $000
Current assets		
Cash and cash equivalents	**273,234**	394,501
Trade and other receivables	**267,603**	289,709
Other financial assets	**80,231**	52,334
Inventories	**25,988**	25,260
Other	**12,380**	10,527
Total current assets	**659,436**	772,331
Non-current assets		
Trade and other receivables	**14,780**	15,496
Other financial assets	**561,587**	458,773
Investments accounted for using the equity method	**264,186**	259,882
Property, plant and equipment	**9,290,543**	9,150,165
Goodwill	**1,183,604**	1,183,604
Other intangible assets	**3,083,100**	3,174,282
Other	**34,748**	31,415
Total non-current assets	**14,432,548**	14,273,617
Total assets	**15,091,984**	15,045,948
Current liabilities		
Trade and other payables	**310,145**	312,611
Borrowings	**205,029**	126,858
Other financial liabilities	**181,469**	145,768
Provisions	**77,344**	93,773
Unearned revenue	**32,854**	19,225
Total current liabilities	**806,841**	698,235
Non-current liabilities		
Trade and other payables	**6,331**	4,984
Borrowings	**9,528,569**	9,573,907
Other financial liabilities	**108,055**	182,087
Deferred tax liabilities	**596,392**	502,265
Provisions	**68,218**	69,051
Unearned revenue	**38,218**	37,236
Total non-current liabilities	**10,345,783**	10,369,530
Total liabilities	**11,152,624**	11,067,765
Net assets	**3,939,360**	3,978,183

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

Australian Pipeline Trust and its Controlled Entities
Condensed Consolidated Statement of Financial Position (continued)
As at 31 December 2017

	Note	**31 Dec 2017 $000**	30 Jun 2017 $000
Equity			
Australian Pipeline Trust equity:			
Issued capital	9	**2,994,434**	3,114,617
Reserves		**(116,616)**	(207,773)
Retained earnings		**92,491**	60,804
Equity attributable to unitholders of the parent		**2,970,309**	2,967,648
Non-controlling interests:			
APT Investment Trust:			
Issued capital	9	**935,177**	976,284
Retained earnings		**33,821**	34,198
Equity attributable to unitholders of APT Investment Trust		**968,998**	1,010,482
Other non-controlling interest		**53**	53
Total non-controlling interests		**969,051**	1,010,535
Total equity		**3,939,360**	3,978,183

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

Australian Pipeline Trust and its Controlled Entities

Condensed Consolidated Statement of Changes in Equity

For the half year ended 31 December 2017

	Australian Pipeline Trust					APT Investment Trust			Other non-controlling interest				
	Issued Capital $000	Asset Revaluation Reserve $000	Hedging Reserve $000	Retained earnings $000	Attributable to owner of the parent $000	Issued Capital $000	Retained earnings $000	APT Investment Trust $000	Issued Capital $000	Other $000	Retained earnings $000	Other non-controlling Interest $000	Total $000
Balance at 1 July 2016	3,195,445	8,669	(404,004)	182,062	2,982,172	1,005,074	41,812	1,046,886	4	1	48	53	4,029,111
Profit for the period	-	-	-	101,061	101,061	-	38,769	38,769	-	-	-	-	139,830
Other comprehensive income	-	-	14,754	8,329	23,083	-	-	-	-	-	-	-	23,083
Income tax relating to components of other comprehensive income	-	-	(4,427)	(2,499)	(6,926)	-	-	-	-	-	-	-	(6,926)
Total comprehensive income for the period	-	-	10,327	106,891	117,218	-	38,769	38,769	-	-	-	-	155,987
Payment of distributions	(19,869)	-	-	(182,063)	(201,932)	(6,976)	(41,811)	(48,787)	-	-	-	-	(250,719)
Balance at 31 December 2016	3,175,576	8,669	(393,677)	106,890	2,897,458	998,098	38,770	1,036,868	4	1	48	53	3,934,379
Balance at 1 July 2017	**3,114,617**	**8,669**	**(216,442)**	**60,804**	**2,967,648**	**976,284**	**34,198**	**1,010,482**	**4**	**1**	**48**	**53**	**3,978,183**
Profit for the period	**-**	**-**	**-**	**90,145**	**90,145**	**-**	**33,821**	**33,821**	**-**	**-**	**-**	**-**	**123,966**
Other comprehensive income	**-**	**-**	**130,225**	**3,350**	**133,575**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**133,575**
Income tax relating to components of other comprehensive income	**-**	**-**	**(39,068)**	**(1,005)**	**(40,073)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(40,073)**
Total comprehensive income for the period	**-**	**-**	**91,157**	**92,490**	**183,647**	**-**	**33,821**	**33,821**	**-**	**-**	**-**	**-**	**217,468**
Payment of distributions	**(120,183)**	**-**	**-**	**(60,803)**	**(180,986)**	**(41,107)**	**(34,198)**	**(75,305)**	**-**	**-**	**-**	**-**	**(256,291)**
Balance at 31 December 2017	**2,994,434**	**8,669**	**(125,285)**	**92,491**	**2,970,309**	**935,177**	**33,821**	**968,998**	**4**	**1**	**48**	**53**	**3,939,360**

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

Australian Pipeline Trust and its Controlled Entities
Condensed Consolidated Statement of Cash Flows
For the half year ended 31 December 2017

	Notes	31 Dec 2017 $000	31 Dec 2016 $000
Cash flows from operating activities			
Receipts from customers		**1,308,637**	1,295,330
Payments to suppliers and employees		**(588,516)**	(555,202)
Dividends received from associates and joint ventures		**9,754**	11,799
Proceeds from repayment of finance leases		**887**	1,242
Interest received		**6,133**	2,194
Interest and other costs of finance paid		**(237,995)**	(237,008)
Income tax paid		**(36,373)**	(108)
Net cash provided by operating activities		**462,527**	518,247
Cash flows from investing activities			
Payments for property, plant and equipment		**(320,705)**	(126,212)
Proceeds from sale of property, plant and equipment		**256**	402
Payments for equity accounted investments		**-**	(35,250)
Payments for controlled entities		**-**	(760)
Payments for intangible assets		**(345)**	(912)
Net cash used in investing activities		**(320,794)**	(162,732)
Cash flows from financing activities			
Proceeds from borrowings		**-**	803,782
Repayments of borrowings		**(5,731)**	(861,639)
Payment of debt issue costs		**(835)**	(982)
Release of restricted cash		**-**	2,149
Distributions paid to:			
Unitholders of APT	7	**(180,986)**	(201,932)
Unitholders of non-controlling interests - APTIT	7	**(75,305)**	(48,787)
Net cash used in financing activities		**(262,857)**	(307,409)
Net (decrease)/increase in cash and cash equivalents		**(121,124)**	48,106
Cash and cash equivalents at beginning of the period		**394,501**	84,506
Unrealised foreign exchange loss on cash held		**(143)**	(26)
Cash and cash equivalents at end of the period		**273,234**	132,586

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

Basis of Preparation

1. About this report

In the following financial statements, note disclosures are grouped into four sections being: Basis of Preparation; Financial Performance; Capital Management; and Other.

Basis of Preparation

1. About this report
2. General information

Financial Performance

3. Segment information
4. Revenue
5. Expenses
6. Earnings per security
7. Distributions

Capital Management

8. Financial risk management
9. Issued capital

Other

10. Contingencies
11. Adoption of new and revised Accounting Standards
12. Events occurring after reporting date

2. General information

The condensed consolidated general purpose financial statements for the half year ended 31 December 2017 have been prepared in accordance with AASB 134 'Interim Financial Reporting' and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". The half year financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000) in accordance with ASIC Corporations Instrument 2016/191 unless otherwise stated.

The half year financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly this report should be read in conjunction with the most recent annual financial report and any public announcements made by APA Group during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies are consistent with those adopted and disclosed in the annual report for the financial year ended 30 June 2017.

Basis of Preparation

2. General information (continued)

Working capital position

The working capital position as at 31 December 2017 for APA Group is that current liabilities exceed current assets by $147.4 million (30 June 2017: current assets exceeded current liabilities by $74.1 million) primarily as a result of current borrowings of $205.0 million.

As at 31 December 2017, APA Group has access to committed, un-drawn bank facilities of $1,068.8 million (30 June 2017: $1,068.8 million) to meet the repayment of current borrowings on the due date.

The Directors continually monitor APA 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.

Financial Performance

3. Segment information

APA Group operates in one geographical segment, being Australia and the revenue from major products and services is shown by the reportable segments.

APA Group comprises the following reportable segments:

- **Energy Infrastructure,** which includes all wholly or majority owned pipelines, gas storage and processing assets, and power generation assets;
- **Asset Management**, which provides commercial, operating services and/or asset maintenance services to the majority of APA Group's energy investments and Australian Gas Networks Limited for appropriate fees; and
- **Energy Investments**, which includes APA Group's strategic stakes in a number of investment entities that house energy infrastructure assets, generally characterised by long term secure cash flows, with low capital expenditure requirements.

Reportable segments

Half year ended 31 December 2017	Energy Infrastructure $000	Asset Management $000	Energy Investments $000	Consolidated $000
Segment revenue [(a)]				
External sales revenue	**898,823**	**39,557**	**-**	**938,380**
Equity accounted net profits	**-**	**-**	**11,335**	**11,335**
Pass-through revenue	**20,334**	**213,601**	**-**	**233,935**
Finance lease and investment interest income	**747**	**-**	**577**	**1,324**
Total segment revenue	**919,904**	**253,158**	**11,912**	**1,184,974**
Other interest income				**3,675**
Consolidated revenue				**1,188,649**

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

Financial Performance

3. Segment information (continued)

Reportable segments (continued)

Half year ended 31 December 2017	Energy Infrastructure $000	Asset Management $000	Energy Investments $000	Other $000	Consolidated $000
Segment result					
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	745,016	25,920	-	-	770,936
Share of net profits of joint ventures and associates using the equity method	-	-	11,335	-	11,335
Finance lease and investment interest income	747	-	577	-	1,324
Corporate costs	-	-	-	(28,339)	(28,339)
Total EBITDA	745,763	25,920	11,912	(28,339)	755,256
Depreciation and amortisation	(283,638)	(5,482)	-	-	(289,120)
Earnings before interest and tax ("EBIT")	462,125	20,438	11,912	(28,339)	466,136
Net finance costs (b)					(262,653)
Profit before tax					203,483
Income tax expense					(79,517)
Profit for the period					123,966

Segment assets and liabilities as at 31 December 2017	Energy Infrastructure $000	Asset Management $000	Energy Investments $000	Consolidated $000
Segment assets	13,679,473	233,297	10,665	13,923,435
Carrying value of investments using the equity method	-	-	264,186	264,186
Unallocated assets (c)				904,363
Total assets				15,091,984
Segment liabilities	338,778	57,470	-	396,248
Unallocated liabilities (d)				10,756,376
Total liabilities				11,152,624

(b) Excluding finance lease and investment interest income, and any gains or losses on revaluation of derivatives included as part of EBIT for segment reporting purposes, but including other interest income.

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

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

Financial Performance

3. Segment information (continued)

Reportable segments (continued)

Half year ended 31 December 2016	Energy Infrastructure $000	Asset Management $000	Energy Investments $000	Other $000	Consolidated $000
Segment revenue [(a)]					
External sales revenue	900,995	39,157	-	-	940,152
Equity accounted net profits	-	-	10,528	-	10,528
Pass-through revenue	26,417	198,363	-	-	224,780
Finance lease and investment interest income	849	-	2,022	-	2,871
Total segment revenue	928,261	237,520	12,550	-	1,178,331
Other interest income					754
Consolidated revenue					1,179,085
Segment result					
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	750,833	25,193	-	-	776,026
Share of net profits of joint ventures and associates using the equity method	-	-	10,528	-	10,528
Finance lease and investment interest income	849	-	2,022	-	2,871
Corporate costs	-	-	-	(29,743)	(29,743)
Total EBITDA	751,682	25,193	12,550	(29,743)	759,682
Depreciation and amortisation	(276,526)	(5,457)	-	-	(281,983)
Earnings before interest and tax ("EBIT")	475,156	19,736	12,550	(29,743)	477,699
Net finance costs [(b)]					(254,739)
Profit before tax					222,960
Income tax expense					(83,130)
Profit for the period					139,830

Segment assets and liabilities as at 30 June 2017	Energy Infrastructure $000	Asset Management $000	Energy Investments $000	Consolidated $000
Segment assets	13,670,034	210,449	10,662	13,891,145
Carrying value of investments using the equity method	-	-	259,882	259,882
Unallocated assets [(c)]				894,921
Total assets				15,045,948
Segment liabilities	376,220	55,626	-	431,846
Unallocated liabilities [(d)]				10,635,919
Total liabilities				11,067,765

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

(b) Excluding finance lease and investment interest income, and any gains or losses on revaluation of derivatives included as part of EBIT for segment reporting purposes, but including other interest income.

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

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

Financial Performance

3. Segment information (continued)

Information about major customers

Included in revenues arising from energy infrastructure of $898.8 million (half year ended 31 December 2016: $901.0 million) are revenues of approximately $347.7 million (half year ended 31 December 2016: $363.3 million) which arose from sales to APA Group's top three customers.

4. Revenue

An analysis of APA Group's revenue for the period is as follows:

	31 Dec 2017 $000	31 Dec 2016 $000
Energy infrastructure revenue	**898,571**	900,720
Pass-through revenue	**20,334**	26,417
Energy infrastructure revenue	**918,905**	927,137
Asset management revenue	**39,557**	39,157
Pass-through revenue	**213,601**	198,363
Asset management revenue	**253,158**	237,520
Operating revenue	**1,172,063**	1,164,657
Interest	**3,675**	754
Interest income on redeemable ordinary shares (EII) and redeemable preference shares (GDI) [(a)]	**577**	2,022
Finance lease income	**747**	849
Finance income	**4,999**	3,625
Rental income	**252**	275
Total revenue	**1,177,314**	1,168,557
Share of net profits of joint ventures and associates using the equity method	**11,335**	10,528
	1,188,649	1,179,085

(a) The redeemable ordinary shares were redeemed for ordinary shares in Energy Infrastructure Investments Pty Ltd on 23 December 2016.

Financial Performance

5. Expenses

	31 Dec 2017 $000	31 Dec 2016 $000
Depreciation of non-current assets	**197,594**	190,587
Amortisation of non-current assets	**91,526**	91,396
Depreciation and amortisation expense	**289,120**	281,983
Energy infrastructure costs - pass-through	**20,334**	26,417
Asset management costs - pass-through	**213,601**	198,363
Other operating costs - pass-through	**233,935**	224,780
Interest on borrowings	**261,313**	248,864
Amortisation of deferred borrowing costs	**4,916**	4,721
Other finance costs	**3,257**	2,645
	269,486	256,230
Less: amounts included in the cost of qualifying assets	**(5,930)**	(2,881)
	263,556	253,349
Loss on derivatives	**307**	261
Unwinding of discount on non-current liabilities	**2,465**	1,883
Finance costs	**266,328**	255,493

6. Earnings per security

	31 Dec 2017	31 Dec 2016
Basic and diluted earnings per security (cents)	**11.1**	12.5

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

	31 Dec 2017 $000	31 Dec 2016 $000
Net profit attributable to securityholders for calculating basic and diluted earnings per security	**123,966**	139,830

	31 Dec 2017 No. of securities 000	31 Dec 2016 No. of securities 000
Adjusted weighted average number of ordinary securities used in the calculation of basic and diluted earnings per security	**1,114,307**	1,114,307

Financial Performance

7. Distributions

	31 Dec 2017 cents per security	**31 Dec 2017 Total $000**	31 Dec 2016 cents per security	31 Dec 2016 Total $000
Recognised amounts				
Final distribution paid on 13 September 2017				
(2017: 16 September 2016)				
Profit distribution - APT [(a)]	**5.46**	**60,803**	16.34	182,063
Capital distribution - APT	**10.78**	**120,183**	1.78	19,869
Profit distribution - APTIT [(b)]	**3.07**	**34,198**	3.75	41,811
Capital distribution - APTIT	**3.69**	**41,107**	0.63	6,976
	23.00	**256,291**	22.50	250,719
Unrecognised amounts				
Interim distribution payable on 14 March 2018 [(c)]				
(2017: 15 March 2017)				
Profit distribution - APT [(d)]	**8.30**	**92,491**	9.59	106,890
Capital distribution - APT	**7.29**	**81,202**	5.47	60,959
Profit distribution - APTIT [(b)]	**3.03**	**33,821**	3.48	38,770
Capital distribution - APTIT	**2.38**	**26,490**	1.96	21,814
	21.00	**234,004**	20.50	228,433

(a) Final profit distributions are 4.67 cents per security franked and 0.79 cents per security unfranked (2017: unfranked).
(b) Profit distributions were unfranked (2017: unfranked).
(c) Record date 29 December 2017.
(d) Interim profit distributions are 5.83 cents per security franked and 2.47 cents per security unfranked (2017: 4.67 cents per security franked and 4.92 cents per security unfranked).

The interim distribution in respect of the financial year has not been recognised in this half year financial report because the distribution was not declared, determined or publicly confirmed prior to 31 December 2017.

Capital Management

8. Financial risk management

Fair value 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 liability that are not based on observable market data (unobservable inputs).

Capital Management

8. Financial risk management (continued)

Fair value of financial instruments (continued)

Fair value measurements recognised in the statement of financial position (continued)

Transfers between levels of the fair value hierarchy occur at the end of the reporting period. There have been no transfers between the levels during the 6 months to 31 December 2017 (year ended 30 June 2017: none). Transfers between level 1 and level 2 are triggered when there are quoted prices available in active markets. Transfers into level 3 are triggered when the observable inputs become no longer observable, or vice versa for transfer out of level 3.

Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis

The fair values of financial assets and financial liabilities are measured at the end of each reporting period and determined as follows:

- the fair values of available-for-sale financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices. These instruments are classified in the fair value hierarchy at level 1;
- the fair values of forward foreign exchange contracts included in hedging assets and liabilities are calculated using discounted cash flow analysis based on observable forward exchange rates at the end of the reporting period and contract forward rates discounted at a rate that reflects the credit risk of the various counterparties. These instruments are classified in the fair value hierarchy at level 2;
- the fair values of interest rate swaps, cross currency swaps, equity forwards and other derivative instruments included in hedging assets and liabilities are calculated using discounted cash flow analysis using observable yield curves at the end of the reporting period and contract rates discounted at a rate that reflects the credit risk of the various counterparties. These instruments are classified in the fair value hierarchy at level 2;
- 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 discounted at a rate that reflects the credit risk of the various counterparties. These instruments are classified in the fair value hierarchy at level 2;
- the fair value of financial guarantee contracts is determined based upon the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default. These instruments are classified in the fair value hierarchy at level 2; and
- 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.

Capital Management

8. Financial risk management (continued)

Fair value of financial instruments (continued)

Fair value hierarchy

As at 31 December 2017	**Level 1 $000**	**Level 2 $000**	**Level 3 $000**	**Total $000**
Financial assets measured at fair value				
Equity forwards designated as fair value through profit or loss	**-**	**1,031**	**-**	**1,031**
Cross currency interest rate swaps used for hedging	**-**	**544,289**	**-**	**544,289**
Forward foreign exchange contracts used for hedging	**-**	**63,587**	**-**	**63,587**
	-	**608,907**	**-**	**608,907**
Financial liabilities measured at fair value				
Interest rate swaps used for hedging	**-**	**2,879**	**-**	**2,879**
Cross currency interest rate swaps used for hedging	**-**	**243,052**	**-**	**243,052**
Forward foreign exchange contracts used for hedging	**-**	**27,301**	**-**	**27,301**
	-	**273,232**	**-**	**273,232**
As at 30 June 2017				
Financial assets measured at fair value				
Equity forwards designated as fair value through profit or loss	-	2,673	-	2,673
Cross currency interest rate swaps used for hedging	-	416,256	-	416,256
Forward foreign exchange contracts used for hedging	-	65,485	-	65,485
	-	484,414	-	484,414
Financial liabilities measured at fair value				
Interest rate swaps used for hedging	-	4,977	-	4,977
Cross currency interest rate swaps used for hedging	-	269,019	-	269,019
Forward foreign exchange contracts used for hedging	-	27,912	-	27,912
	-	301,908	-	301,908

Capital Management

8. Financial risk management (continued)

Fair value of financial instruments (continued)

Fair value measurements of financial instruments measured at amortised cost

The financial liabilities included in the following table are fixed rate borrowings. Other debts held by APA Group are floating rate borrowings and amortised cost as recorded in the financial statements at their approximate fair values.

	Carrying amount		Fair value (level 2) [(a)]	
	31 Dec 2017 $000	30 Jun 2017 $000	**31 Dec 2017 $000**	30 Jun 2017 $000
Financial liabilities				
Unsecured long term Private Placement Notes	**702,544**	710,742	**757,104**	774,803
Unsecured Australian Dollar Medium Term Notes	**500,000**	500,000	**534,611**	534,030
Unsecured Japanese Yen Medium Term Notes	**113,704**	115,738	**114,173**	116,681
Unsecured Canadian Dollar Medium Term Notes	**306,380**	301,230	**311,839**	308,490
Unsecured US Dollar 144A Medium Term Notes	**3,842,459**	3,906,504	**4,006,642**	4,008,505
Unsecured British Pound Medium Term Notes	**1,644,476**	1,610,281	**1,775,293**	1,721,799
Unsecured Euro Medium Term Notes	**2,076,311**	2,007,377	**2,075,829**	1,976,924
	9,185,874	9,151,872	**9,575,491**	9,441,232

(a) The fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current markets, discounted at a rate that reflects the credit risk of the various counterparties. These instruments are classified in the fair value hierarchy at level 2.

Capital Management

9. Issued capital

	31 Dec 2017 $000	30 Jun 2017 $000
APT units		
1,114,307,369 units, fully paid (2017: 1,114,307,369 units, fully paid)	**2,994,434**	3,114,617

	31 Dec 2017 No. of securities 000	**$000**	30 Jun 2017 No. of securities 000	$000
Movements				
Balance at beginning of financial year	**1,114,307**	**3,114,617**	1,114,307	3,195,445
Capital distributions paid (Note 7)	**-**	**(120,183)**	-	(80,828)
	1,114,307	**2,994,434**	1,114,307	3,114,617

	31 Dec 2017 $000	30 Jun 2017 $000
APTIT units		
1,114,307,369 units, fully paid (2017: 1,114,307,369 units, fully paid)[a]	**935,177**	976,284

	31 Dec 2017 No. of securities 000	**$000**	30 Jun 2017 No. of securities 000	$000
Movements				
Balance at beginning of financial year	**1,114,307**	**976,284**	1,114,307	1,005,074
Capital distributions paid (Note 7)	**-**	**(41,107)**	-	(28,790)
	1,114,307	**935,177**	1,114,307	976,284

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

Other items

10. Contingencies

	31 Dec 2017 $000	30 Jun 2017 $000
Contingent liabilities		
Bank guarantees	**52,713**	43,034

APA Group had no contingent assets as at 31 December 2017 (30 June 2017: None)

11. Adoption of new and revised Accounting Standards

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

There have not been any new or revised Standards and Interpretations issued by the AASB that are relevant to APA Group's operations that are effective for the current reporting period.

Standards and Interpretations issued not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were on 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 9 ‘Financial Instruments’, and the relevant amending standards	1 January 2018	30 June 2019
• AASB 15 'Revenue from Contracts with Customers' and AASB 2015-8 'Amendments to Australian Accounting Standards - Effective date of AASB 15'	1 January 2018	30 June 2019
• AASB 16 'Leases'	1 January 2019	30 June 2020

As per the table above a number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2018 with earlier adoption permitted. APA Group has chosen not to early adopt the new or amended standards in preparing these condensed consolidated interim financial statements.

Other items

11. Adoption of new and revised Accounting Standards (continued)

The expected impacts of the new standards on APA group include:

AASB 9 'Financial Instruments'

AASB 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. APA Group will apply this new standard from 1 July 2018. AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

APA Group has completed an assessment of the potential impact of the adoption of AASB 9 on the consolidated financial statements and does not expect the new standard to affect the classification and measurement of its financial assets or financial liabilities. The new hedge accounting rules will align the accounting for hedging instruments more closely with APA Group's risk management practices. AASB 9 will expand the range of eligible hedging instruments, and allow for a portfolio management approach to hedge accounting. Changes in the fair value of foreign exchange forward contracts attributable to forward points, and basis spread in relation to cross currency swaps, provide the option to be deferred in a new cost of hedging reserve within equity. The deferred amounts are to be recognised against the related hedge transaction when it occurs. APA Group confirms that its current hedge relationships will qualify as continuing hedges upon the adoption of AASB 9.

AASB 9 requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under AASB 139. Based upon this assessment, aside from the additional disclosure requirements, it is not expected that AASB 9 will have any material impact to APA Group's accounts.

APA Group will apply the new rules retrospectively, except for hedge accounting which is applied prospectively, with practical expedients permitted under the standard, although no material changes are expected. A review of the current classification and measurement of financial assets and liabilities has been undertaken to see if any changes are required. However due to the nature of instruments held, no changes were identified. A detailed assessment of all current hedge relationships has been undertaken to ensure they comply under the new rules and confirm if any of the new concepts could be employed to better manage the existing risks. Once again nothing has been identified. New hedge documentation has been completed for each type of current hedge relationship and regression testing completed in the Treasury Management System for a sample of relationships to ensure no system errors or constraints result, and that effectiveness results are as expected. Recognition of impairment is also not expected to change. The history of collection rates shows that APA Group does not have an expected loss on collection of debtors or loans.

AASB 15 'Revenue from Contracts with Customers'

AASB 15 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. APA Group will apply this new standard from 1 July 2018.

APA Group has completed an initial assessment of the potential impact of the adoption of AASB 15 on the consolidated financial statements. Based upon this assessment, it is not expected that AASB 15 will have a material impact to APA Group's Consolidated Statement of Profit or Loss. The Group is yet to conclude which transition method will be applied.

Other items

11. Adoption of new and revised Accounting Standards (continued)

AASB 16 'Leases'

AASB 16 is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply AASB 15 at or before the date of initial application of AASB 16. The Group will apply AASB 16 in the financial year beginning 1 July 2019.

Under AASB 16, the Group's accounting for leases as a lessee will result in the recognition of a right-of-use (ROU) asset and an associated lease liability in the Consolidated Statement of Financial Position. The lease liability represents the present value of future lease payments, with the exception of short-term leases. An interest expense will be recognised on the lease liabilities and a depreciation charge will be recognised for the ROU assets. There will also be additional disclosure requirements under the new standard. The Group's accounting for leases as a lessor remains unchanged under AASB 16.

As at 30 June 2017, APA Group had non-cancellable undiscounted operating lease commitments of $81.1 million as disclosed in Note 17 of the 2017 APA Group consolidated financial statements. These commitments predominantly relate to commercial offices, motor vehicles and crown leases which will require recognition as ROU assets and associated lease liabilities. The Group is currently assessing the impact of the new requirements on the Group's reported assets and liabilities, however the implementation of AASB 16 is not expected to result in the recognition of ROU assets or lease liabilities each totalling more than the reported commitments as at 30 June 2017.

APA Group has not yet fully quantified the total impact on its consolidated statement of Profit or Loss as a result of the adoption of AASB 16. The quantitative effect will depend on, inter alia, the transition method chosen, discount rates applied, the extent to which APA Group uses the practical expedients and recognition exemptions, and any additional leases that APA Group enters into. However APA Group does not expect the adoption of AASB 16 to materially affect its financial results or to impact its ability to comply with any of its loan covenants.

12. Events occurring after reporting date

On 21 February 2018, the Directors declared an interim distribution of 21.0 cents per security ($234.0 million) for APA Group, an increase of 2.44%, or 0.5 cents per security over the previous corresponding period (31 December 2016: 20.5 cents). This is comprised of a distribution of 15.59 cents per security from APT and a distribution of 5.41 cents per security from APTIT. The APT distribution represents a 5.83 cents per security franked profit distribution, a 2.47 cents per security unfranked profit distribution and 7.29 cents per security capital distribution. The APTIT distribution represents a 3.03 cent per security unfranked profit distribution and a 2.38 cents capital distribution. Franking credits of 2.5 cents per security will be allocated to the franked profit distribution. The distribution will be paid on 14 March 2018.

On 21 February 2018, APA Group announced a fully underwritten pro-rata accelerated institutional tradeable renounceable entitlement offer (Entitlement Offer) to raise $500 million. It is proposed that the proceeds raised will be used to assist in the funding of APA Group's growth projects and capital expenditure program, the funding of the redemption of APA Group Subordinated Notes, and for other general corporate purposes.

On 21 February 2018, APA Group announced APT Pipelines Limited (the issuer) has given notification of its intention to redeem all of the $515 million APA Group Subordinated Notes (AQHHA) on 31 March 2018, in accordance with the terms of the APA Group Subordinated Notes.

Other than the events disclosed above, there have not been any events or transactions that have occurred subsequent to the period end that would require adjustment to or disclosure in the accounts.

Australian Pipeline Trust and its Controlled Entities
Declaration by the Directors of Australian Pipeline Limited
For the half year ended 31 December 2017

The Directors declare that:

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

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

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

Michael Fraser
Chairman

Debra Goodin
Director

SYDNEY, 21 February 2018

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 Australian Pipeline Trust
Level 25, 580 George Street
Sydney NSW 2000

21 February 2018

Dear Directors

Auditor's Independence Declaration to Australian Pipeline Limited as responsible entity for Australian Pipeline Trust

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

As lead audit partner for the review of the financial statements of Australian Pipeline Trust for the half year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrew Griffiths

A V Griffiths
Partner
Chartered Accountants

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

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

We have reviewed the accompanying half-year financial report of Australian Pipeline Trust, which comprises the condensed consolidated statement of financial position as at 31 December 2017, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, 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 end of the half-year or from time to time during the half-year as set out on pages 22 to 41.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Australian Pipeline Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Deloitte.

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

Auditor's Independence Declaration

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

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrew Griffiths

A V Griffiths
Partner
Chartered Accountants
Sydney, 21 February 2018

APT INVESTMENT TRUST DIRECTORS' REPORT

The Directors of Australian Pipeline Limited ("Responsible Entity") submit their interim financial report of APT Investment Trust ("APTIT") and its controlled entity (together "Consolidated Entity") for the half year ended 31 December 2017. This report and 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").

1 Directors

The names of the Directors of the Responsible Entity during the half year and since the half year ended 31 December 2017 are:

Michael Fraser	Chairman
Len Bleasel AM	Retired as Chairman and Director on 27 October 2017
Michael (Mick) McCormack	Chief Executive Officer and Managing Director
Steven (Steve) Crane	
John Fletcher	Retired 21 February 2018
Debra (Debbie) Goodin	
Russell Higgins AO	
Patricia McKenzie	

The Company Secretary of the Responsible Entity during the half year and since the half year ended 31 December 2017 is as follows:

Nevenka Codevelle

2 Principal Activities

The Consolidated Entity operates as an investment and financing entity within the APA stapled group.

3 State of Affairs

No significant change in the state of affairs of the Consolidated Entity occurred during the half year.

4 Subsequent Events

The following events have occurred subsequent to the period end:

- On 21 February 2018, APA Group announced a fully underwritten pro-rata accelerated institutional tradeable retail renounceable entitlement offer (**Entitlement Offer**) to raise approximately $500 million. It is proposed that the proceeds raised will be used to assist in the funding of APA's growth projects and capital expenditure program, the funding of the redemption of APA Group Subordinated Notes, and for other general corporate purposes.

- On 21 February 2018, the Directors declared an interim distribution for the 2017 financial year of 5.41 cents per unit ($60.3 million). The distribution represents a 3.03 cents per unit unfranked profit distribution and 2.38 cents per unit capital distribution. The distribution will be paid on 14 March 2018.

Other than what is noted above and as disclosed elsewhere in this report, there has not arisen in the interval between the end of the half year ended 31 December 2017 and the date of this report any matter or circumstance that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or Group's state of affairs, in future financial years.

5 Review and Results of Operations

The Consolidated Entity reported net profit after tax of $33.8 million (1H FY2017: $38.8 million) for the half year ended 31 December 2017 and total revenue of $33.8 million (1H FY2017: $38.8 million).

6 Distributions

On 21 February 2018, the Directors declared an interim distribution of 5.41 cents per security ($60.3 million), comprising of a 3.03 cents unfranked profit distribution and 2.38 cents capital distribution. The distribution is payable on 14 March 2018.

7 Auditor's Independence Declaration

A copy of the independence declaration of the auditor, Deloitte Touche Tohmatsu ("Auditor") as required under section 307C of the Corporations Act is included at page 57.

8 Rounding of Amounts

The Consolidated Entity is an entity of the kind referred to in ASIC Corporations Instrument 2016/191 and, in accordance with that Instrument, amounts in the Directors' report and the financial report are rounded to the nearest thousand dollars, unless otherwise indicated.

9 Authorisation

The Directors' report is signed in accordance with a resolution of the Directors of the Responsible Entity.

On behalf of the Directors

Michael Fraser	Debra Goodin
Chairman	**Director**
21 February 2018	

APT Investment Trust and its Controlled Entity

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2017

	Note	**31 Dec 2017 $000**	31 Dec 2016 $000
Continuing operations			
Revenue	3	**33,821**	38,769
Profit before tax		**33,821**	38,769
Income tax expense		**-**	-
Profit for the period		**33,821**	38,769
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Other comprehensive income for the period (net of tax)		**-**	-
Total comprehensive income for the period		**33,821**	38,769
Profit Attributable to:			
Unitholders of the parent		**33,821**	38,769
		33,821	38,769
Total comprehensive income attributable to:			
Unitholders of the parent		**33,821**	38,769
Earnings per unit			
Basic and diluted (cents per unit)	4	**3.0**	3.5

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

APT Investment Trust and its Controlled Entity
Condensed Consolidated Statement of Financial Position
For the half year ended 31 December 2017

	Note	31 Dec 2017 $000	30 Jun 2017 $000
Current assets			
Receivables		**756**	738
Non-current assets			
Receivables		**8,128**	8,511
Other financial assets		**960,126**	1,001,246
Total non-current assets		**968,254**	1,009,757
Total assets		**969,010**	1,010,495
Current liabilities			
Trade and other payables		**12**	13
Total liabilities		**12**	13
Net assets		**968,998**	1,010,482
Equity			
Issued capital	6	**935,177**	976,284
Retained earnings		**33,821**	34,198
Total equity		**968,998**	1,010,482

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

APT Investment Trust and its Controlled Entity
Condensed Consolidated Statement of Changes in Equity
For the half year ended 31 December 2017

	Note	Issued capital $000	Retained earnings $000	Total $000
Balance at 1 July 2016		1,005,074	41,812	1,046,886
Profit for the period		-	38,769	38,769
Total comprehensive income for the period		-	38,769	38,769
Distributions to unitholders	5	(6,976)	(41,811)	(48,787)
Balance at 31 December 2016		998,098	38,770	1,036,868
Balance at 1 July 2017		**976,284**	**34,198**	**1,010,482**
Profit for the period		**-**	**33,821**	**33,821**
Total comprehensive income for the period		**-**	**33,821**	**33,821**
Distributions to unitholders	5	**(41,107)**	**(34,198)**	**(75,305)**
Balance at 31 December 2017		**935,177**	**33,821**	**968,998**

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

APT Investment Trust and its Controlled Entity
Condensed Consolidated Statement of Cash Flows
For the half year ended 31 December 2017

	Note	**31 Dec 2017 $000**	31 Dec 2016 $000
Cash flows from operating activities			
Trust distribution - related party		**14,042**	15,063
Interest received - related parties		**19,409**	25,230
Proceeds from repayment of finance leases		**584**	584
Receipts from customers		**151**	137
Net cash provided by operating activities		**34,186**	41,014
Cash flows from investing activities			
Proceeds from related parties		**41,119**	7,773
Net cash provided by in investing activities		**41,119**	7,773
Cash flows from financing activities			
Distributions to unitholders	5	**(75,305)**	(48,787)
Net cash used in financing activities		**(75,305)**	(48,787)
Net increase in cash and cash equivalents		**-**	-
Cash and cash equivalents at beginning of the period		**-**	-
Cash and cash equivalents at end of the period		**-**	-

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

Basis of Preparation

1. About this report

In the following financial statements, note disclosures are grouped into four sections being: Basis of Preparation; Financial Performance; Capital Management; and Other.

Basis of Preparation

1. About this report
2. General information

Financial Performance

3. Profit from operations
4. Earnings per unit
5. Distributions

Capital Management

6. Issued capital

Other

7. Contingencies
8. Adoption of new and revised Accounting Standards
9. Events occurring after reporting date

2. General information

The condensed consolidated general purpose financial statements for the half year ended 31 December 2017 have been prepared in accordance with AASB 134 'Interim Financial Reporting' and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". The half year financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000) in accordance with ASIC Corporations Instrument 2016/191 unless otherwise stated.

The half year financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly this report should be read in conjunction with the most recent annual financial report and any public announcements made by APA Group during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies are consistent with those adopted and disclosed in the annual report for the financial year ended 30 June 2017.

Segment information

The Consolidated Entity has one reportable segment being energy infrastructure investment.

The Consolidated Entity is an investing entity within the Australian Pipeline Trust stapled group. As the Trust only operates in one segment, it has not disclosed segment information separately.

Financial Performance

3. Profit from operations

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

	31 Dec 2017 $000	31 Dec 2016 $000
Revenue		
Distributions		
Trust distribution - related party	**14,042**	15,063
	14,042	15,063
Finance income		
Interest - related parties	**19,409**	23,843
Loss on financial asset held at fair value through profit or loss	**-**	(510)
Finance lease income - related party	**219**	236
	19,628	23,569
Other revenue		
Other	**151**	137
Total revenue	**33,821**	38,769

4. Earnings per unit

	31 Dec 2017	31 Dec 2016
Basic and diluted (cents per unit)	**3.0**	3.5

The earnings and weighted average number of units used in the calculation of basic and diluted earnings per unit are as follows:

	31 Dec 2017 $000	31 Dec 2016 $000
Net profit attributable to unitholders for calculating basic and diluted earnings per unit	**33,821**	38,769

	31 Dec 2017 No. of units 000	31 Dec 2016 No. of units 000
Adjusted weighted average number of ordinary units used in the calculation of basic and diluted earnings per unit	**1,114,307**	1,114,307

Financial Performance

5. Distributions

	31 Dec 2017 cents per unit	**31 Dec 2017 Total $000**	31 Dec 2016 cents per unit	31 Dec 2016 Total $000
Recognised amounts				
Final distribution paid on 13 September 2017				
(2017: 16 September 2016)				
Profit distribution [a]	**3.07**	**34,198**	3.75	41,811
Capital distribution	**3.69**	**41,107**	0.63	6,976
	6.76	**75,305**	4.38	48,787
Unrecognised amounts				
Interim distribution payable on 14 March 2018 [b]				
(2017: 15 March 2017)				
Profit distribution [a]	**3.03**	**33,821**	3.48	38,770
Capital distribution	**2.38**	**26,490**	1.96	21,814
	5.41	**60,311**	5.44	60,584

(a) Profit distributions unfranked (2017: unfranked).
(b) Record date 29 December 2017.

The interim distribution in respect of the financial year has not been recognised in this half year financial report because the distribution was not declared, determined or publicly confirmed prior to 31 December 2017.

6. Issued capital

	31 Dec 2017 $000	30 Jun 2017 $000
1,114,307,369 units, fully paid (2017: 1,114,307,369 units, fully paid) [a]	**935,177**	976,284

	30 Dec 2017 No. of units 000	**$000**	30 Jun 2017 No. of units 000	$000
Movements				
Balance at beginning of financial year	**1,114,307**	**976,284**	1,114,307	1,005,074
Capital distributions paid (Note 5)	**-**	**(41,107)**	-	(28,790)
	1,114,307	**935,177**	1,114,307	976,284

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

Other items

7. Contingencies

The Consolidated Entity had no material contingent assets, liabilities and commitments as at 31 December 2017 (30 June 2017: $nil).

8. Adoption of new and revised Accounting Standards

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

There have not been any new or revised Standards and Interpretations issued by the AASB that are relevant to the Consolidated Entity's operations that are effective for the current reporting period.

Standards and Interpretations issued not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were on 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 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
• AASB 15 'Revenue from Contracts with Customers', and AASB 2015-8 'Amendments to Australian Accounting Standards - Effective date of AASB 15'	1 January 2018	30 June 2019
• AASB 16 'Leases'	1 January 2019	30 June 2020

As per the table above a number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2018 with earlier application permitted. The Consolidated Entity has not chosen to early adopt the new or amended standards in preparing these condensed consolidated interim financial statements.

The expected impacts of the new standards on the Consolidated Entity include:

AASB 9 'Financial Instruments'

AASB 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Consolidated Entity will apply this new standard from 1 July 2018. AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The Consolidated Entity has completed an assessment of the potential impact of the adoption of AASB 9 on the consolidated financial statements and does not expect the new standard to affect the classification and measurement of its financial assets or financial liabilities. The new hedge accounting rules will align the accounting for hedging instruments more closely with APA Group's risk management practices. The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under AASB 139. Based upon the Consolidated Entity's assessment, aside from the additional disclosure requirements, it is not expected that AASB 9 will have any material impact to the Consolidated Entity's accounts.

Due to the nature of instruments held, no changes are required to the current classification and measurement of financial assets and liabilities. The Consolidated Entity currently has not entered into any hedge relationships, and as a result will not be impacted by the hedge accounting changes in AASB 9. Recognition of impairment is not expected to change, with historic collection rates demonstrating that the Consolidated Entity does not have an expected loss on collection of debtors or loans.

Other items

8. Adoption of new and revised Accounting Standards (continued)

AASB 15 'Revenue from Contracts with Customers'

AASB 15 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Consolidated Entity will apply this new standard from 1 July 2018 (financial year ended 30 June 2019).

The Consolidated Entity has completed an initial assessment of the potential impact of the adoption of AASB 15. As the revenue of the Consolidated Entity is limited to interest earnt on inter-entity loans, distribution revenue and finance lease income, AASB 15 is not expected to have any impact on the Consolidated Entity.

AASB 16 'Leases'

AASB 16 is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply AASB 15 at or before the date of initial application of AASB 16. The consolidated entity will apply AASB 16 in the financial year beginning 1 July 2019.

The Consolidated Entity has completed an initial assessment of the potential impact of the adoption of AASB 16, as the Consolidated Entity is a lessor only, the new standard will not have a material impact on the consolidated financial statements.

9. Events occurring after reporting date

On 21 February 2018, the Directors declared an interim distribution for the 2018 financial year of 5.41 cents per unit ($60.3 million). The distribution represents a 3.03 cents per unit unfranked profit distribution and 2.38 cents per unit capital distribution. The distribution will be paid on 14 March 2018.

On 21 February 2018, APA Group announced a fully underwritten pro-rata accelerated institutional tradeable renounceable entitlement offer (Entitlement Offer) to raise $500 million. It is proposed that the proceeds raised will be used to assist in the funding of APA Group's growth projects and capital expenditure program, the funding of the redemption of APA Group Subordinated Notes, and for other general corporate purposes.

Other than the events disclosed above, there have not been any events or transactions that have occurred subsequent to the period end that would require adjustment to or disclosure in the accounts.

APT Investment Trust and its Controlled Entity
Declaration by the Directors of Australian Pipeline Limited
For the half year ended 31 December 2017

The Directors declare that:

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

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

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

Michael Fraser
Chairman

Debra Goodin
Director

SYDNEY, 21 February 2018

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
Level 25, 580 George Street
Sydney NSW 2000

21 February 2018

Dear Directors

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

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

As lead audit partner for the review of the financial statements of APT Investment Trust for the half year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrew Griffiths

A V Griffiths
Partner
Chartered Accountants

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

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

We have reviewed the accompanying half-year financial report of APT Investment Trust, which comprises the condensed consolidated statement of financial position as at 31 December 2017, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows for the half-year ended on that date, 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 end of the half-year or from time to time during the half-year as set out on pages 47 to 56.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of APT Investment Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

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

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrew Griffiths

A V Griffiths
Partner
Chartered Accountants
Sydney, 21 February 2018