

Ethane Pipeline Income Fund

Ethane Pipeline Income Trust
ARSN 118 961 167

Ethane Pipeline Income Financing Trust
ARSN 118 961 023

APA Ethane Limited
ACN 132 157 290

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ASX RELEASE

23 September 2015

The Manager

ASX Market Announcements
Australian Securities Exchange
4th Floor, 20 Bridge Street
Sydney NSW 2000

Electronic Lodgement

Dear Sir or Madam

Company Announcement

I attach the following announcement for release to the market:

- Letter to securityholders receiving the Annual Report
- Annual Report 2015
- Letter to securityholders not receiving the Annual Report

Yours sincerely



Mark Knapman
Company Secretary
APA Ethane Limited

23 September 2015

Dear Investor

2015 Annual Report and Investor Information Session

Please find enclosed your 2015 Ethane Pipeline Income Fund ("Fund") annual report. This annual report as well as other Fund information is available on the website www.ethanepipeline.com.au.

On behalf of APA Ethane Limited, the responsible entity of the Fund, I am pleased to invite you to attend an information session. The purpose of the meeting is to give you an opportunity to meet the board and the Fund Manager, and ask questions about the Fund. The meeting details are as follows:

Date: 19 November 2015 at 11.30am.

Location: The offices of APA Group, Level 19, 580 George Street, Sydney.

No reply necessary.

At the meeting, the Chairman will provide a brief report on results and activities of the Fund and answer questions from securityholders.

Securityholders are encouraged to submit questions by 12 November 2015 via email to registrars@linkmarketservices.com.au. We will endeavour to address as many of the frequently raised topics as reasonably possible at the meeting. For those unable to attend, the presentation will be published on the website www.ethanepipeline.com.au. Please note individual responses will not be sent to securityholders.

You can help the Fund reduce both costs and impact on the environment by electing to receive the annual report electronically, not in paper form. To do so please contact the share registry on 1300 780 445 or make your election via the website www.linkmarketservices.com.au.

Thank you for supporting the Ethane Pipeline Income Fund.

Yours sincerely



Mark Knapman
Company Secretary
APA Ethane Limited



Ethane Pipeline Income Fund



ETHANE PIPELINE INCOME FUND ANNUAL REPORT 2015

comprising:

Ethane Pipeline Income Trust

ASRN 118 961 167

ABN 58 240 488 540

Ethane Pipeline Income Financing Trust

ASRN 118 961 023

ABN 73 040 115 921




TABLE OF CONTENTS

Chairman's Report	1
Ethane Pipeline Income Fund	
Directors' Report	4
Financial Report	12
Ethane Pipeline Income Financing Trust	
Directors' Report	39
Financial Report	42
Additional Information	59

ETHANE PIPELINE INCOME FUND

comprising:

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ASRN 118 961 167

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ABN 73 040 115 921

CHAIRMAN'S REPORT

On behalf of the Board of APA Ethane Limited, the responsible entity of the Ethane Pipeline Income Fund ("Fund"), I am pleased to report on the Fund's performance for the year to 30 June 2015.

OVERVIEW

The Fund owns the Moomba to Sydney Ethane Pipeline that supplies ethane from the Cooper Basin production facility at Moomba, South Australia ("Moomba Facility") to the ethylene plant at Botany ("Botany Plant") owned by the Fund's sole customer Qenos Pty Limited ("Qenos"). The pipeline was purpose-built to transport ethane gas from the Cooper Basin gas fields to Qenos, and was later sold with the current, long term Product Transportation Agreement ("PTA"), agreed with Qenos in 2000, in place.

The Fund's only significant source of revenue is from transporting ethane through the pipeline pursuant to the PTA, which continues until 2030. Under the terms of the PTA, Qenos is required to advise the Fund of forecast ethane quantities on an annual basis.

In November 2014, the Fund announced that it had agreed to amend the PTA with Qenos with effect from 1 January 2015. The amendments to the PTA include:

- imposition of a fixed minimum charge for the period from 1 January 2015 to 31 December 2018 of \$20 million per annum (adjusted annually by 50% of CPI) that is not dependent on the volume of ethane transported through the pipeline ("Fixed Minimum Charge");
- waiver of the transportation charge component calculated on the volume of ethane transported for the same period;
- Qenos' right to terminate the PTA on 12 months' notice is varied so that termination cannot take effect before 1 January 2019;
- the Fund is entitled to recover any shortfall in revenue for the period from 1 January 2015 to 31 December 2018 vis-a-vis the previously agreed tariff structure if, in any calendar year in that period, ethane volumes and Qenos' earnings before interest, tax, depreciation and amortisation ("EBITDA") are greater than specified threshold levels; and
- from 1 January 2019, the tariff reverts to that previously agreed under the PTA, instead of the Fixed Minimum Charge, and there is a mechanism that affords the Fund another opportunity to recover the revenue shortfall referred to above.

The principal risks and uncertainties that could materially affect the Fund are outlined in the Directors' Report. If the PTA is terminated for any reason, the Fund would consider alternative uses for the pipeline, the most likely use being natural gas storage.

In November 2014, Qenos announced that it had secured a five year contract extension for the supply of ethane gas to its Botany Plant. The Fund is not a party to Qenos' ethane supply arrangements, the terms and conditions of which are confidential and negotiated between Qenos and the Cooper Basin producers. The Fund is also not privy to the current ethane supply position of the Moomba Facility.

FINANCIAL PERFORMANCE

The Fund's consolidated net profit after tax for the financial year is \$4.3 million (2014: \$5.1 million). The decrease in net profit after tax is primarily due to a \$0.9 million reduction in revenue from the prior year. Total revenue for the year was \$21.3 million (FY2014: \$22.2 million). The decrease in revenue is driven by the following factors:

- revenue for the first half of FY2015 was \$0.5 million lower than the prior corresponding period due to the change in the basis of charging for services under the PTA, agreed in 2000, with Qenos applying from 1 October 2013. Prior to 1 October 2013, the reservation component of tariffs was higher, and the transportation component lower, such that a lesser proportion of the revenue was dependant on the volume of ethane transported through the pipeline; and
- revenue for the second half of FY2015 was \$0.4 million lower than the prior corresponding period due to the impact of the amendments to the PTA, agreed in November 2014, with effect from 1 January 2015. The amendments varied the termination notification period and the tariff structure such that during the four year period to 31 December 2018 the tariff is in the form of a fixed charge of \$20 million per annum (adjusted annually by 50% of CPI) that is not dependent on the volume of ethane transported through the pipeline. Further details with respect to these changes are set out in the Fund's announcement of 13 November 2014.

The Fund continues the practice of quarantining funds required for major operating and capital expenditure projects scheduled to occur within the next five years. These projects include the Fund's share of mine subsidence work and magnetic flux leakage pigging on the pipeline scheduled to occur during FY2016 to FY2018.

CHAIRMAN'S REPORT CONTINUED

OPERATIONS

Activity continues to focus on maintaining the long-term operational integrity of the pipeline. Operating and maintenance costs during the year remained consistent with the prior period. The Fund expects to incur non-routine costs of approximately \$0.5 million in FY2016 for mine subsidence mitigation works along the pipeline, with the remaining \$1.9 million to be incurred in FY2017. These mine subsidence mitigation works costs have been fully provided for in prior years.

During the second quarter of FY2016, Qenos is scheduled to undertake a major maintenance investment at its Botany Plant. As a result of the changes to transportation charges arising from the PTA amendment, the Fund's revenues will not be impacted by this shutdown.

The ethane pipeline continued to deliver ethane without any major operating, environmental or occupational health and safety incidents during the year.

DISTRIBUTIONS

Distributions for the year totalled 12.95 cents per stapled security, a yield of 7.62% based on the price as at 30 June 2015 (\$1.70).

The Fund will continue paying distributions from available net cash flows, which are determined after meeting all costs of the Fund.

OUTLOOK

FY2016 will be the first full financial year of revised revenues under the PTA amendment.

Taking into account the agreed variations to the PTA, and barring unforeseen circumstances, the Fund expects:

- quarterly cash distributions for the financial year ending 30 June 2016 to be between 3.0 to 3.25 cents per security plus franking credits of approximately 1 cent per security;
- EBITDA for the financial year ending 30 June 2016 to be between \$11.0 million and \$11.5 million; and
- quarterly distributions for the period following the end of FY2016 to December 2018 to be in line with the distribution range indicated above.

The Directors of the responsible entity of the Fund will keep you informed on any developments and thank you for your continued support.



Robert Wright
Chairman, APA Ethane Limited

ETHANE PIPELINE INCOME FUND

FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

4	Directors' Report
12	Consolidated Statement of Profit or Loss and Other Comprehensive Income
13	Consolidated Statement of Financial Position
14	Consolidated Statement of Changes In Equity
15	Consolidated Statement of Cash Flows
16	Notes to the Consolidated Financial Statements
34	Declaration by the Directors
35	Auditor's Independence Declaration
36	Independent Auditor's Report

DIRECTORS' REPORT

The Directors of APA Ethane Limited ("Responsible Entity"), the responsible entity of Ethane Pipeline Income Fund ("Fund"), present their report together with the financial report of Ethane Pipeline Income Trust ("Trust" or "EPIT") and its controlled entities (Gorodok Pty Limited and Moomba to Sydney Ethane Pipeline Trust) and Ethane Pipeline Income Financing Trust ("EPIFT"), which together form the stapled entity called Ethane Pipeline Income Fund, for the year ended 30 June 2015 ("financial year").

The consolidated financial report incorporates the assets and liabilities of all entities in the Fund as at 30 June 2015 and the results of the Fund for the financial year.

The Responsible Entity's registered office and principal place of business is as follows:

Level 19, HSBC Centre
580 George Street
SYDNEY NSW 2000

DIRECTORS

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

Robert Wright	Chairman
Rick Coles	Independent Director
Nancy Fox	Independent Director

More information on the Directors is set out in the section of this report entitled "Information on Directors and Company Secretary".

PRINCIPAL ACTIVITIES

The principal activity of the Fund during the financial year was investment in the Moomba to Sydney Ethane Gas Pipeline through its wholly-owned subsidiary, Gorodok Pty Limited ("Gorodok"). The pipeline is a 1,375 km high pressure gas pipeline purpose built to transport ethane from the gas processing facility at Moomba in South Australia's Cooper Basin ("Moomba Facility") to a petrochemical plant owned by Gorodok's sole customer, Qenos Pty Limited ("Qenos") and located adjacent to the Botany Bay shipping terminal in Sydney ("Botany Plant").

Pursuant to a Product Transportation Agreement ("PTA") with Qenos, agreed in 2000, Gorodok provides capacity on the pipeline for the transportation of ethane supplied to Qenos by producers in the Cooper Basin from the Moomba Facility to the Botany Plant.

In November 2014, the Fund announced that it had agreed to amend the PTA with Qenos with effect from 1 January 2015. The amendments varied the tariff structure and termination notification period during the four year period to 31 December 2018. Further details with respect to these changes are set out in the Fund's announcement of 13 November 2014.

Other than as described in the report, there were no significant changes in the nature of the activities of the Fund during the financial year.

DISTRIBUTIONS

Distributions declared and paid or payable in respect of the financial year were:

Year ended 30 June 2015	\$000	Cents per unit
Interim distributions paid:		
EPIT profit distribution	5,173	7.47
EPIFT profit distribution	1,549	2.23
	6,722	9.70
Final distribution payable*:		
EPIT profit distribution	1,743	2.52
EPIFT profit distribution	510	0.73
	2,253	3.25
	8,975	12.95

* The 30 June 2015 quarterly distribution, declared on 16 June 2015, was paid on 15 July 2015.

DIRECTORS' REPORT CONTINUED

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

EPIT profit distributions for the financial year were paid as fully franked dividends and it is expected that EPIT distributions in future years will continue to be fully franked.

FINANCIAL AND OPERATIONAL REVIEW

			Changes	
	2015 \$000	2014 \$000	\$000	%
Operating results				
Revenue from ordinary activities ⁽¹⁾	21,288	22,217	(929)	(4.2)
EBITDA ⁽²⁾	13,142	14,260	(1,118)	(7.8)
Profit before tax attributable to securityholders	6,677	7,893	(1,216)	(15.4)
Profit after tax attributable to securityholders	4,274	5,134	(860)	(16.8)
Operating cash flow ⁽³⁾	9,030	10,549	(1,519)	(14.4)
Operating cash flow per security (cents)	13.0	15.2	(2.6)	(14.4)
Earnings per security (cents)	6.2	7.4	(1.2)	(16.2)
Distributions per security (cents) ⁽⁴⁾	12.95	12.66	0.29	2.3
Distribution payout ratio ⁽⁵⁾	99.4%	83.6%		
Net tangible assets per security	\$0.55	\$0.57	(\$0.02)	(3.5)
Weighted average number of securities (000)	69,302	69,302		

(1) Excludes interest income and other income.

(2) EBITDA = earnings before interest, tax, depreciation and amortisation.

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

(4) Cash distribution excluding franking credits.

(5) Distribution payout ratio = total cash distributions in relation to the financial year (excluding franking credits) as a percentage of operating cash flow.

2015 financial performance compared to 2014

The Fund's consolidated net profit after tax for the financial year is \$4.3 million (2014: \$5.1 million). The decrease in net profit after tax is primarily due to a \$0.9 million reduction in revenue from the prior year. Total revenue for the year was \$21.3 million (FY2014: \$22.2 million). The decrease in revenue is driven by the following factors:

- revenue for the first half of FY2015 was \$0.5 million lower than the prior corresponding period due to the change in the basis of charging for services under the Product Transportation Agreement ("PTA"), agreed in 2000, with Qenos Pty Limited ("Qenos") applying from 1 October 2013. Prior to 1 October 2013, the reservation component of tariffs was higher, and the transportation component lower, such that a lesser proportion of the revenue was dependant on the volume of ethane transported through the pipeline; and
- revenue for the second half of FY2015 was \$0.4 million lower than the prior corresponding period due to the impact of the amendments to the PTA, agreed in November 2014, with effect from 1 January 2015. The amendments varied the termination notification period and the tariff structure such that during the four year period to 31 December 2018 the tariff is in the form of a fixed charge of \$20 million per annum (adjusted annually by 50% of CPI) that is not dependent on the volume of ethane transported through the pipeline. Further details with respect to these changes are set out in the Fund's announcement of 13 November 2014.

The actual volume of ethane transported during the financial year was 227,714 tonnes (2014: 202,345 tonnes). The volume of ethane transported on the pipeline is determined by Qenos and its ethane suppliers. Actual volume transported may vary from period to period for a number of reasons including, for example, changes in the availability of ethane from Qenos' suppliers or Qenos' requirements for ethane.

DIRECTORS' REPORT CONTINUED

Operating and maintenance costs have remained consistent compared to the previous financial year. The operation and maintenance activity continues to focus on ensuring the long-term operational integrity of the pipeline. Maintenance currently expected to be conducted in the coming financial years includes the following:

- mine subsidence mitigation works along the ethane pipeline, specifically in the Appin region, due to long wall coal mining conducted by BHP. The mitigation works are required to ensure the ethane pipeline continues to remain well within its design limits. The estimated cost of the works for the financial year ending 30 June 2016 is \$0.5 million and an additional \$1.9 million for the remainder of the project during the financial year ending 30 June 2017; and
- magnetic flux leakage (“intelligent” or “smart”) inspection pigging and required cleaning pigging of the pipeline from Wilton to Botany, the expenditure for which is expected to be \$2.5 million for the financial year ending 30 June 2017.

Statement of financial position

Trade and other receivables have increased to \$1.8 million as at 30 June 2015 (2014: \$0.6 million) due to Qenos’ late payment of its June 2015 debtor amount (\$1.8 million), which was subsequently received on 1 July 2015. Qenos has advised the Fund that the delayed payment was due to an administrative error.

At 30 June 2015 the Fund was in a tax payable position with an estimated tax liability of \$0.6 million (2014: \$0.7 million).

This amount is comprised of an estimated liability for the financial year of \$2.9 million, partially offset by income tax instalments paid (\$2.3 million). An additional instalment of \$0.7 million relating to the June 2015 quarter was paid in July 2015, thereby settling the liability.

Provisions of \$6.4 million at 30 June 2015 (2014: \$6.1 million) reflect amounts provided for abandonment and mine subsidence. Cash to fund the remaining balance of the mine subsidence provision will continue to be quarantined from each distribution until completion of the project. No amount has been quarantined from distributions with respect to abandonment.

Statement of cash flows

Operating cash flow for the financial year was \$9.0 million (2014: \$10.5 million). The decrease on the prior financial year primarily relates to late payment of the June 2015 Qenos debtor amount (\$1.8 million), which was received on 1 July 2015. Higher income tax payments in the prior year (\$3.7 million), which included payment of the balance of the FY2013 tax liability (\$2.3 million), were partially offset by late receipt of the June 2013 Qenos debtor amount (\$2.4 million) in FY2014.

Cash flows from financing activities decreased due to lower distributions paid during the financial year of \$8.8 million (2014: \$9.1 million).

Outlook

FY2016 will be the first full financial year of revised revenues under the PTA amendment.

Taking into account the agreed variations to the PTA, and barring unforeseen circumstances, the Fund expects:

- quarterly cash distributions for the financial year ending 30 June 2016 to be between 3.0 to 3.25 cents per security plus franking credits of approximately 1 cent per security;
- EBITDA for the financial year ending 30 June 2016 to be between \$11.0 million and \$11.5 million; and
- quarterly distributions for the period following the end of FY2016 to December 2018 to be in line with the distribution range indicated above.

Principal risks and uncertainties

The Board assesses the potential economic and non-economic consequences of risks using the framework defined by APA Group’s risk management policy. Principal risks and uncertainties are identified when the Board and management determine that the potential consequences are material at a Fund level or when the risk may trigger a succession of events that, in aggregate, become material to the Fund.

The following describes known principal risks and uncertainties that could materially affect the Fund. There may be additional risks unknown to the Fund and other risks, currently believed to be immaterial, which could turn out to be material.

DIRECTORS' REPORT CONTINUED

Factor	Nature
Single asset	The performance of the Fund and its ability to pay distributions is reliant on the performance of a single asset, the ethane pipeline. If the pipeline is damaged or its ability to transport ethane is otherwise curtailed, the revenues generated by the Fund may reduce.
Single revenue stream	<p>The Fund's only significant source of revenue is derived from transporting ethane through the pipeline pursuant to the PTA which continues until 2030, but may terminate earlier in certain circumstances. Qenos may terminate the PTA by providing at least 12 months' notice, without compensation to the Fund over and above reservation and transportation charges payable during the notice period, but such termination cannot take effect before 1 January 2019.</p> <p>Qenos may also terminate the PTA if the Fund breaches its obligations under the PTA and fails to cure the breach within a specified timetable.</p> <p>In the event of a termination notice being issued on or before 1 January 2018 (which cannot be effective before 1 January 2019), the tariff during the 2018 calendar year will be based on the tariff structure before amendment.</p>
Exposure to volume risk	<p>The basis of calculating revenue under the PTA changed from 1 October 2013. As a result, revenue was dependent on the volume of ethane transported through the pipeline up to 31 December 2014.</p> <p>Between 1 January 2015 and 31 December 2018 the PTA tariff structure has been adjusted so that the Fund's revenue will be fixed to at least \$20 million per annum (adjusted annually by half of CPI) irrespective of the volumes transported. If during that period certain thresholds regarding the quantity of ethane transported and Qenos' EBITDA are met, the Fund will receive the same tariff as if the PTA had not been adjusted on 1 January 2015.</p> <p>The basis of calculating revenue under the PTA after 31 December 2018 will revert back to the reservation charge and the transportation charge applicable from 1 October 2013. As a result, revenue will then be more dependent on the volume of ethane transported through the pipeline.</p> <p>The actual volume of ethane transported through the pipeline may differ from the volumes forecast by Qenos.</p>
Risks to ethane supply	<p>The producers extracting ethane from the Cooper Basin may become unwilling or unable to supply Qenos the quantity of ethane it requires for its Botany plant at a price acceptable to Qenos.</p> <p>Risks to ethane supply include insufficient quantities of ethane being extracted at the Cooper Basin and a reduction in the incentive for the Cooper Basin producers to sell ethane separately to natural gas.</p> <p>However, the risk to revenue associated with the volume of ethane transported through the pipeline between 1 January 2015 and 31 December 2018 is ameliorated as described in "Exposure to volume risk" above.</p>
Single customer	<p>The Fund is dependent on the creditworthiness of its single customer, Qenos, which may default in paying the Fund for transportation of ethane through the pipeline if it becomes insolvent or for other reasons.</p> <p>If Qenos were to become insolvent, a sale of its Botany plant may result in a purchaser resuming operation of the plant and wishing to use ethane transported through the pipeline for that purpose.</p>
Ethane demand	<p>The volume of ethane transported through the pipeline may be reduced if the demand for ethane at Qenos' Botany plant reduces.</p> <p>Such demand may be affected by a number of factors, including a planned or unplanned shut-down (for example, for maintenance purposes) of Qenos' Botany plant, a reduction in the demand for ethylene and polyethylene manufactured by the Botany plant or a decision to use a feedstock other than ethane in the manufacturing process.</p> <p>However, the risk to revenue associated with the volume of ethane transported through the pipeline between 1 January 2015 and 31 December 2018 is ameliorated as described in "Exposure to volume risk" above.</p>

DIRECTORS' REPORT CONTINUED

Corporate Governance Statement

The Corporate Governance Statement of the Fund is available on the Fund's website at the following address:
www.ethanepipeline.com.au/key-fund-information/corporate-governance.aspx.

ENVIRONMENTAL REGULATIONS

The ethane pipeline and associated assets owned by the Fund are designed, constructed, tested, operated and maintained in accordance with pipeline licences issued by the relevant State technical regulators. All licences require compliance with relevant Australian and State environmental legislation and Australian standards.

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

In accordance with Part 3 of AS 2885, environmental management plans satisfying Part B of the Australian Pipeline Industry Association Code of Environmental Practice are in place for the ethane pipeline and are managed in accordance with the operating agreement for the pipeline and the terms and conditions of applicable licences.

The Board reviews internal operating reports which would report any environmental issues. No breaches have been reported during the financial year and the assets have been managed in accordance with the environmental management plans that are in place.

The Fund is currently registered under the National Greenhouse and Energy Reporting Act 2007, as its operations emit greenhouse gases above certain thresholds. Total emissions for financial year are to be reported by 31 October 2015. APA Group, as operator of the ethane pipeline, will be responsible for reporting greenhouse emissions from the pipeline in compliance with the Act.

SUBSEQUENT EVENTS

Except as disclosed elsewhere in this report, the Directors are unaware of any matter or circumstance occurring since the end of the financial year that has significantly affected or may significantly affect the operations of the Fund, the results of those operations or the state of affairs of the Fund in future financial years.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, except as disclosed elsewhere in this report, there were no significant changes in the state of affairs of the Fund during the financial year.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

Robert Wright (Chairman) BComm FCPA	Appointed 10 July 2008 Robert Wright is the Chairman of the Board of Directors of the Responsible Entity and a member of its Audit Committee. Robert Wright has over 35 years' financial management experience. During his executive career he was the Chief Financial Officer of several listed companies. He has also been both an Executive Director and Non Executive Director of a number of listed companies. Robert is currently the Chairman of Super Retail Group Limited and a Director of Australian Pipeline Limited, the responsible entity of the registered managed investment schemes that comprise APA Group and was previously Chairman of SAI Global Limited, Dexion Limited and RCL Group Limited.
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DIRECTORS' REPORT CONTINUED

Rick Coles BSc (Hons) PhD	Appointed 10 July 2008 Dr Rick Coles is an independent Director of the Responsible Entity and a member of the Board's Audit Committee. Rick has more than 30 years' experience in the petrochemical, gas and pipeline industries in Australia, the United States, Canada and Asia. He was ICI Australia Ltd's project manager for the Moomba to Sydney Ethane Gas Pipeline during its construction between 1994 and 1996 and worked in a number of roles in the ethylene business unit of ICI Australia, culminating in his 1996 appointment as the business manager of the unit. After leaving ICI Australia Ltd in 1997, Rick worked as a consultant to the oil, gas, petroleum and petrochemical industries in Australia and throughout Asia as the principal of his own consultancy firm. He also acted as Vice President, Asia of a variety of petrochemical products (including ethylene and polyethylene) for the Houston-based chemical consultants, DeWitt and Company Inc.
Nancy Fox BA JD (Law) FAICD	Appointed 23 June 2011 Nancy Fox is an independent Director of the Responsible Entity and Chair of the Board's Audit Committee. Nancy has more than 25 years' experience in the financial services industry in Australia, Asia and the US. Nancy has held senior executive investment banking positions with Ambac Assurance Corporation, ABN Amro, AIDC Ltd and Citibank. She is a lawyer by training and admitted to the Bars of New York and New Jersey (now retired). Nancy is a Director of HCF Life, Kinetic Superannuation Limited, the Australian Theatre for Young People and the Taronga Conservation Society. She was previously Chairman of Adelaide Managed Funds Ltd, a subsidiary of Bendigo and Adelaide Bank, a Director of ThinkSmart Limited and a member of the Energy Security Council. Nancy has had more than 10 years' experience as a Director, including a number of not-for-profit boards. She is a Fellow of the Australian Institute of Company Directors.
Mark Knapman (Company Secretary) BComm LLB FCIS FCSA	Appointed 19 August 2008 Mark Knapman is the Company Secretary of the Responsible Entity. Mark has extensive experience as a Company Secretary. He is also the Company Secretary of Australian Pipeline Limited, the responsible entity of the registered managed investment schemes that comprise APA Group. He was Company Secretary and General Counsel of an ASX-listed company and Asia Pacific Legal Counsel and Company Secretary for a US multinational company prior to joining APA Group. Prior to those roles, he was a partner of an Australian law firm. Mark holds degrees in law and commerce and a Graduate Diploma in Applied Corporate Governance. He is a Fellow of the Governance Institute of Australia (formerly Chartered Secretaries Australia) and the Institute of Company Secretaries and Administrators, and is admitted to practice as a solicitor.

DIRECTORSHIPS OF OTHER LISTED COMPANIES

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

Director	Company	Period of directorship
Robert Wright	Australian Pipeline Limited ⁽¹⁾	Since February 2000
	Super Retail Group Limited	Since May 2004
	SAI Global Limited	October 2003 to October 2013
Rick Coles	–	–
Nancy Fox	ThinkSmart Limited	October 2011 to March 2013

(1) Australian Pipeline Limited is the responsible entity of the registered managed investment schemes that comprise APA Group, the securities in which are quoted on the ASX.

DIRECTORS' REPORT CONTINUED

OPTIONS GRANTED

In this report, the term “EPX securities” refers to the stapled securities each comprising a unit in the Trust stapled to a unit in EPIFT and traded on the Australian Securities Exchange (“ASX”) under the ticker symbol “EPX”.

No options over unissued EPX securities were granted during or since the end of the financial year. No unissued EPX securities were under option as at the date of this report. No EPX securities were issued during or since the end of the financial year as a result of the exercise of an option over unissued EPX securities.

INDEMNIFICATION AND INSURANCE OF OFFICERS

During the financial year, the Responsible Entity paid an insurance premium in respect of a contract insuring the Directors and Company Secretary of the Responsible Entity against any liability incurred in performing those roles to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

APA Ethane Limited, in its capacity as responsible entity of Ethane Pipeline Income Trust and Ethane Pipeline Income Financing Trust (together “Trusts”), indemnifies each person who is or has been a Director or Company Secretary of the Responsible Entity or of any company the shares in which the Responsible Entity holds on trust for members of the Trusts or any related body corporate of such a company, pursuant to deeds of indemnity entered into since its appointment as responsible entity in 2008. The indemnity operates to the full extent allowed by law but only to the extent not covered by insurance, and is on terms the board considers usual for arrangements of this type.

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

The Responsible Entity has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or external auditor of the Responsible Entity or the Fund against a liability incurred by an officer or auditor.

DIRECTORS' MEETINGS

Six meetings of the Directors of the Responsible Entity and two Audit Committee meetings were held during the financial year. The following table sets out the number of meetings attended by each Director while they were a Director or a committee member during the financial year:

Director	Board Meetings		Audit Committee	
	Number held	Number attended	Number held	Number attended
Robert Wright	6	6	2	2
Rick Coles	6	6	2	2
Nancy Fox	6	6	2	2

DIRECTORS' SECURITYHOLDINGS

The aggregate number of EPX securities held directly, indirectly or beneficially by Directors or their director-related entities at 30 June 2015 is 150,000.

The following table sets out each Director's relevant interests in EPX securities as at 30 June 2015:

Director	Fully paid securities at 30 June 2014	Securities acquired during the financial year	Securities disposed of during the financial year	Fully paid securities as at 30 June 2015
Robert Wright	50,000	—	—	50,000
Rick Coles	50,000	—	—	50,000
Nancy Fox	50,000	—	—	50,000

The Directors of the Responsible Entity hold no other rights or options over EPX securities. There are no contracts to which a Director is a party or under which a Director is entitled to a benefit, and that confer a right to call for or deliver EPX securities.

DIRECTORS' REPORT CONTINUED

REMUNERATION REPORT

The *Corporations Act 2001* does not require registered managed investment schemes like the Fund to include a remuneration report as part of a Directors' Report.

However, set out below is the actual remuneration received by Directors of the Responsible Entity during the financial year.

Directors	Salary/Fees	Superannuation	Total paid 2015	Total paid 2014
Robert Wright	\$75,000	\$7,125	\$82,125	\$79,206
Rick Coles	\$55,000	\$5,225	\$60,225	\$57,357
Nancy Fox	\$60,000	\$5,700	\$65,700	\$62,818
Total	\$190,000	\$18,050	\$208,050	\$199,381

The Fund did not have any employees during the financial year.

INFORMATION REQUIRED FOR REGISTERED SCHEMES

Fees paid to the Responsible Entity and its associates (including Directors and secretaries of the Responsible Entity, related bodies corporate and Directors and secretaries of related bodies corporate) out of the Fund's scheme property during the financial year are disclosed in Note 19 to the financial report.

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

The number of EPX securities issued during the financial year, and the number of such securities at the end of the financial year, are disclosed in Note 16 to the financial report.

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


AUDITOR'S INDEPENDENCE DECLARATION

A copy of the independence declaration of the auditor, KPMG ("Auditor") as required under section 307C of the Corporations Act 2001 is set out on page 34.

ROUNDING

The Fund is an entity of the kind referred to in ASIC Class Order 98/0100 dated 10 July 1998 and, in accordance with that Class Order, all financial information presented in Australian dollars has been rounded off to the nearest thousand dollars, unless otherwise stated.

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



Robert Wright
Chairman

SYDNEY, 20 August 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 30 June 2015

	Note	2015 \$000	2014 \$000
Revenue	5	21,429	22,364
Asset operating and management expenses	6	(6,127)	(6,071)
Depreciation and amortisation expense	6	(6,365)	(6,287)
Insurance expense		(753)	(820)
Finance costs	6	(241)	(227)
Employee benefit expense		(215)	(212)
Other expenses		(1,051)	(854)
Profit before tax		6,677	7,893
Income tax expense	8	(2,403)	(2,759)
Profit for the year		4,274	5,134
Total comprehensive income for the year		4,274	5,134
Profit attributable to:			
Unitholders of the parent		2,215	3,075
Non-controlling interest		2,059	2,059
Profit for the year		4,274	5,134
Total comprehensive income attributable to:			
Unitholders of the parent		2,215	3,075
Non-controlling interest		2,059	2,059
Total comprehensive income for the year		4,274	5,134
Earnings per security/ unit (cents)			
Basic and diluted earnings per unit (EPIT)	17	3.2	4.4
Basic and diluted earnings per security (Fund)	17	6.2	7.4

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

	Note	2015 \$000	2014 \$000
Current assets			
Cash and cash equivalents	9	6,459	6,442
Trade and other receivables	10	1,846	602
Prepayments		236	198
Total current assets		8,541	7,242
Non-current assets			
Cash on deposit	9	2,169	2,169
Property, plant and equipment	12	30,939	33,640
Intangible assets	13	37,689	41,158
Deferred tax assets	8	405	–
Total non-current assets		71,202	76,967
Total assets		79,743	84,209
Current liabilities			
Trade and other payables	14	3,119	2,928
Income tax payable		613	726
Provisions	15	540	150
Total current liabilities		4,272	3,804
Non-current liabilities			
Provisions	15	5,837	5,986
Deferred tax liabilities	8	–	84
Total non-current liabilities		5,837	6,070
Total liabilities		10,109	9,874
Net assets		69,634	74,335
Equity			
Issued capital	16	52,413	52,413
Accumulated losses		(8,194)	(3,493)
Total equity attributable to unitholders of the parent		44,219	48,920
Non-controlling interests:			
Ethane Pipeline Income Financing Trust:			
Issued capital	16	36,352	36,352
Accumulated losses		(10,937)	(10,937)
Total equity attributable to unitholders of Ethane Pipeline Income Financing Trust		25,415	25,415
Total equity		69,634	74,335

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2015

	Notes	Attributable to securityholders			Total Equity \$000
		Issued Capital \$000	Accumulated profits/(losses) \$000	Non- controlling Interest \$000	
Balance at 1 July 2013		52,413	148	25,415	77,976
Total comprehensive income for the year		–	3,075	2,059	5,134
Distributions paid/ payable to securityholders	7	--	(6,716)	(2,059)	(8,775)
Balance at 30 June 2014		52,413	(3,493)	25,415	74,335
Total comprehensive income for the year		–	2,215	2,059	4,274
Distributions paid/ payable to securityholders	7	–	(6,916)	(2,059)	(8,975)
Balance at 30 June 2015		52,413	(8,194)	25,415	69,634

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2015

	Note	2015 \$000	2014 \$000
Cash flows from operating activities			
Receipts from customers		22,300	26,219
Payments to suppliers and employees		(10,406)	(10,094)
Interest received		142	147
Income tax paid		(3,006)	(5,723)
Net cash provided by operating activities	9	9,030	10,549
Cash flows from investing activities			
Payments for property, plant and equipment		(184)	(296)
Net cash used in investing activities		(184)	(296)
Cash flows from financing activities			
Distributions paid		(8,829)	(9,092)
Net cash used in financing activities		(8,829)	(9,092)
Net increase in cash and cash equivalents		17	1,161
Cash and cash equivalents at beginning of financial year		6,442	5,281
Cash and cash equivalents at end of financial year	9	6,459	6,442

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

1. GENERAL INFORMATION

Ethane Pipeline Income Fund ("Fund") is comprised of two trusts, Ethane Pipeline Income Trust ("EPIT" or "Trust") and Ethane Pipeline Income Financing Trust ("EPIFT"), which are registered managed investment schemes regulated by the Corporations Act 2001. EPIT units are "stapled" to EPIFT units on a one-to-one basis so that one EPIT unit and one EPIFT unit form a single stapled security which trades on the Australian Securities Exchange under the code "EPX".

Australian Accounting Standards require one of the stapled entities of a stapled structure to be identified as the parent entity for the purposes of preparing a consolidated financial report. In accordance with this requirement, EPIT is deemed to be the parent entity. The results and equity attributable to EPIFT, being the other stapled entity which is not directly or indirectly held by EPIT, are shown separately in the financial statements as non controlling interests.

The financial report represents the consolidated financial statements of EPIT, EPIFT and their respective subsidiaries (together "Ethane Pipeline Income Fund"). For the purposes of preparing the consolidated financial report, Ethane Pipeline Income Fund is a for-profit entity.

The Fund's registered office and its principal place of business are as follows:

Level 19, HSBC Building
580 George Street
SYDNEY NSW 2000

2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

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

In the current year, there has been no impact from new and revised Standard and Interpretations issued by the AASB that are relevant to the Fund's operations and effective for the current reporting period.

(b) Standards and Interpretations issued not yet adopted

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

Standard/Interpretation	Effective for annual beginning on or after	Expected to be initially applied in the reporting periods 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'	1 January 2017	30 June 2018

The potential impact of the initial application of the above Standards is yet to be determined.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These general purpose financial statements for the year ended 30 June 2015 have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Standards Board and interpretations (AIFRS). Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS).

The financial statements have been prepared on the basis of historical cost, unless otherwise stated. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. The financial report is presented in Australian dollars which is the functional currency of the Fund. All values are rounded to the nearest thousand dollars (\$000) in accordance with ASIC Class Order 98/0100, unless otherwise stated.

The financial statements were authorised for issue by the Directors on 20 August 2015.

The principal accounting policies adopted in the presentation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Working capital position

The working capital position as at 30 June 2015 for the Fund is a surplus of current assets to current liabilities of \$4.3 million (2014: \$3.4 million surplus).

The Directors continually monitor the Fund's working capital position, including forecast working capital requirements and believe operating cash flows are sufficient to accommodate payment of liabilities as and when they fall due. The Fund continues the practice of quarantining funds required for major operating and capital expenditure projects scheduled to occur within the next five years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the financial year ended 30 June 2015

(b) Basis of consolidation

The financial statements comprise the consolidation of the accounts of EPIT and EPIFT and their respective subsidiaries (together "the Fund") accounted for as described below.

All intragroup transactions and balances have been eliminated on consolidation. Where necessary, adjustments are made to the assets, liabilities, and results of subsidiaries, joint arrangements, associates and joint ventures to bring their accounting policies into line with those used by the Fund.

EPIFT is reflected as the non-controlling interest in the financial statements. Non-controlling interests in the net assets of controlled entities are identified separately from EPIT's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination. Total comprehensive income attributable to non-controlling interests is reported as disclosed in the separate financial statements of EPIFT. Comprehensive income arising from transactions between the parent (EPIT) group entities and the non-controlling interest (EPIFT) have not been eliminated in the reporting of total comprehensive income attributable to non-controlling interests. Losses applicable to the non-controlling interests in a controlled entity are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(c) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. Revenue is recognised when the services are provided. Amounts disclosed as revenue are net of duties and taxes paid (i.e. GST).

Reservation charges

Reservation charges are earned and received monthly under the terms of the Product Transportation Agreement ("PTA") with a third party. Subsequent increases to the reservation charge (i.e. CPI increases) are recognised when the Fund is contractually entitled to them.

Transportation revenue

Transportation revenue is earned and receivable each month for transportation of ethane through the pipeline. The consideration received is based on the volume of ethane transported through the pipeline. Under the amendments to the PTA, the transportation charge has been waived for the period 1 January 2015 to 31 December 2018.

Interest revenue

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

(d) Expenses

Expenses are recognised in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. Amounts disclosed as expenses are net of duties and taxes paid (i.e. GST).

(e) Finance costs

Borrowing costs comprise interest expense, fees on borrowings and unwinding of the discount on provisions. All borrowing costs are recognised in the statement of profit or loss using the effective interest method.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. Work in progress is stated at cost. Cost includes expenditure that is directly attributable to the acquisition or construction of the item.

Depreciation is provided on property, plant and equipment excluding land. Depreciation is calculated on a straight-line basis so as to write off the net cost of each asset over its estimated useful life.

Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes recognised on a prospective basis.

The following estimated useful lives are used in the calculation of depreciation:

- Buildings and easements 20 years
- Plant and Equipment 4 – 20 years

(g) Intangible assets

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired in a business combination are identified and recognised separately from goodwill and are initially recognised at their fair value at the acquisition date and subsequently at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effects of any changes in estimate being accounted for on a prospective basis. The estimated useful lives for the current and comparative years are as follows:

- SCADA System 10 years
- Product Transportation Agreement 20 years

The Fund's impairment policy is explained in Note 3 (j).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the financial year ended 30 June 2015

3. SIGNIFICANT ACCOUNTING POLICIES

(CONTINUED)

(h) Financial assets and liabilities

Trade and other receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Trade and other receivables are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are stated at their amortised cost less impairment.

Trade and other payables

Trade and other payables are recognised when the Fund becomes obliged to make future payments resulting from the purchase of goods and services. Trade and other payables are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are stated at amortised cost.

Distributions payable represent amounts accrued in respect of the distributions declared in respect of the quarter ended 30 June.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the asset have been unfavourably impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss and other comprehensive income.

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

Cash and cash equivalents

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

(i) Goods and services tax

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

amount of GST incurred is not recoverable from the taxation authority. Receivables and payables are recognised inclusive of GST, except for accrued revenue and accrued expense at balance dates which exclude GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. GST receivable or GST payable is only recognised once a tax invoice has been issued or received.

Cash flows are included in the cash flow statement on a gross basis, except for the GST component of cash flows arising from investing and financing activities, which are classified as operating cash flows.

(j) Impairment of assets

Property, plant and equipment and intangible assets with finite lives are reviewed for impairment if there is an indication that the carrying amount may not be recoverable.

At the end of each reporting period, the Fund assesses whether there is any indication that an asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the greater of an asset's fair value less costs to sell, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period.

(k) Income tax

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the financial year ended 30 June 2015

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

Tax consolidation

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

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

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

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

(l) Provisions

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

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

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

(m) Issued capital

Issued capital is comprised of stapled securities, each comprising a unit in the Trust stapled to a unit in EPIF. These securities are classified as equity. Incremental costs directly attributable to the issue of securities are recognised as a deduction from equity, net of any tax effects.

(n) Earnings per security/unit

The Fund presents basic and diluted earnings per security ("EPS") data for its securityholders. Basic EPS is calculated by dividing the profit or loss attributable to securityholders by the weighted average number of securities on issue during the period. Diluted EPS is determined by adjusting the profit or loss attributable to securityholders and the weighted average number of securities on issue for the effects of all dilutive potential securities.

Basic and diluted earnings per unit are presented separately for EPIT.

4. USE OF ESTIMATES AND JUDGEMENTS

In the application of the Fund's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from estimates.

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

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

■ Note 15: Provisions

Impairment of assets

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

Estimates and assumptions used are reviewed on an ongoing basis.

Useful lives of non-current assets

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the financial year ended 30 June 2015

5. REVENUE

An analysis of revenue for the year is as follows:

	2015 \$000	2014 \$000
Operating revenue		
Revenue from the Product Transportation Agreement ("PTA"):		
Reservation charges	16,702	16,621
Transportation charges	4,586	5,596
	21,288	22,217
Finance income		
Interest	141	147
	21,429	22,364

6. EXPENSES

Profit for the year includes the following expenses:

Asset operating and management expense		
Routine maintenance	4,968	4,859
Non-routine maintenance	223	327
Management fees	733	724
Utilities	203	161
	6,127	6,071
Depreciation and amortisation expense		
Depreciation of non-current assets	2,896	2,836
Amortisation of non-current assets	3,469	3,451
	6,365	6,287
Finance costs		
Unwinding of discount on non-current provisions	241	227

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the financial year ended 30 June 2015

7. DISTRIBUTIONS

	2015		2014	
	Cents per security	Total \$000	Cents per security	Total \$000
First quarterly distribution paid 15 October 2014 (2014: 15 October 2013)				
Profit distribution – EPIT	2.45	1,695	2.55	1,767
Profit distribution – EPIFT	0.75	522	0.74	513
Second quarterly distribution paid 15 January 2015 (2014: 15 January 2014)				
Profit distribution – EPIT	2.51	1,737	2.54	1,761
Profit distribution – EPIFT	0.74	516	0.75	520
Third quarterly distribution paid 15 April 2015 (2014: 15 April 2014)				
Profit distribution – EPIT	2.51	1,741	2.30	1,594
Profit distribution – EPIFT	0.74	511	0.74	513
	9.70	6,722	9.62	6,668
Accrued amounts				
Final distribution payable 15 July 2015 (2014: 15 July 2014)				
Profit distribution – EPIT	2.52	1,743	2.30	1,594
Profit distribution – EPIFT	0.73	510	0.74	513
	3.25	2,253	3.04	2,107
Total profit distribution – EPIT(a)	9.99	6,916	9.69	6,716
Total profit distribution – EPIFT(b)	2.96	2,059	2.97	2,059
Total distributions	12.95	8,975	12.66	8,775

(a) Profit distributions from EPIT were 100% franked (2014: 100% franked).

(b) Profit distributions from EPIFT were 100% unfranked (2014: 100% unfranked).

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

Dividend franking account

	2015 \$000	2014 \$000
Amount of franking credits available to securityholders of the Fund for subsequent financial years	4,725	4,620

The ability to utilise franking credits is dependant on the ability to declare distributions. In accordance with the tax consolidation legislation, EPIT as the head entity in the tax-consolidated group has also assumed the benefit of \$4.7 million (2014: \$4.6 million) of franking credits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the financial year ended 30 June 2015

8. INCOME TAX

Income tax recognised in profit or loss

	2015 \$000	2014 \$000
Tax expense comprises:		
Current tax expense	2,892	3,068
Deferred tax expense relating to the origination and reversal of temporary differences	(490)	(306)
Adjustments recognised in the current year in relation to deferred tax of prior years	1	(3)
Total tax expense	2,403	2,759

The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:

Profit before tax	6,677	7,893
Income tax expense calculated using the Fund's domestic tax rate of 30% (2014: 30%)	2,003	2,368
Effect of revenue that is exempt from taxation	(618)	(618)
Effect of expenses that are non-deductible in determining taxable profit	1,017	1,012
	2,402	2,762
Adjustments recognised in the current year in relation to deferred tax of prior years	1	(3)
	2,403	2,759

Deferred tax balances

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

	2015		
	Opening balance \$000	Charged to income \$000	Closing balance \$000
Gross deferred tax assets			
Provisions	1,841	72	1,913
Accrued and other expenditure	21	36	57
	1,862	108	1,970
Gross deferred tax liabilities			
Property, plant and equipment	(1,946)	381	(1,565)
	(84)	489	405

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the financial year ended 30 June 2015

	2014		
	Opening balance \$000	Charged to income \$000	Closing balance \$000
Gross deferred tax assets			
Provisions	1,773	68	1,841
Accrued and other expenditure	20	1	21
	1,793	69	1,862
Gross deferred tax liabilities			
Property, plant and equipment	(2,185)	239	(1,946)
Accrued and other income	(1)	1	–
	(2,186)	240	(1,946)
	(393)	309	(84)

Tax consolidation

Relevance of tax consolidation to the Group

The Trust and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 26 July 2006 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Ethane Pipeline Income Trust. The members of the tax-consolidated group are identified at Note 11.

Nature of tax funding arrangement and tax sharing agreement

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, Ethane Pipeline Income Trust and each of the entities in the tax-consolidated group have agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated group.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the financial year ended 30 June 2015

9. CASH BALANCES

(a) Cash and cash equivalents

	2015 \$000	2014 \$000
Cash at bank and on hand	6,459	6,442

(b) Non-current cash on deposit

Cash on deposit ⁽¹⁾	2,169	2,169
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(1) As at 30 June 2015, Gorodok Pty Limited held \$2.2 million (2014: \$2.2 million) on deposit to support bank guarantees in relation to various contractual agreements.

(c) Reconciliation of cash flows provided by operating activities

Profit for the year	4,274	5,134
Depreciation and amortisation expense	6,365	6,287
Changes in assets and liabilities		
Trade and other receivables	(1,244)	1,852
Prepayments	(38)	50
Trade and other payables	34	(38)
Provisions	241	227
Income tax balances	(602)	(2,963)
Net cash provided by operating activities	9,030	10,549

The Fund's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 18.

10. TRADE AND OTHER RECEIVABLES

Trade receivables	1,845	597
Interest receivable	1	5
	1,846	602

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the financial year ended 30 June 2015

11. OTHER INVESTMENTS

Details of the Fund's subsidiaries at 30 June 2015 are as follows:

		Ownership interest	
	Country of Registration /Incorporation	2015 %	2014 %
Ethane Pipeline Income Fund - the Stapled Entity consists of:			
Ethane Pipeline Income Financing Trust	Australia	—	—
Ethane Pipeline Income Trust ^(a) and its controlled entities:			
– Moomba to Sydney Ethane Pipeline Trust ^(a)	Australia	100	100
– Gorodok Pty Limited ^(a)	Australia	100	100

(a) These entities are members of the Ethane Pipeline Income Trust tax-consolidated group.

12. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings \$000	Plant and equipment \$000	Work in progress \$000	Total \$000
Gross carrying amount				
Balance at 1 July 2013	12,658	196,430	735	209,823
Additions	–	–	191	191
Transfers	–	916	(916)	–
Balance at 1 July 2014	12,658	197,346	10	210,014
Additions	–	–	195	195
Transfers	–	167	(167)	–
Balance at 30 June 2015	12,658	197,513	38	210,209
Accumulated depreciation				
Balance at 1 July 2013	(9,481)	(164,057)	–	(173,538)
Depreciation expense	(244)	(2,592)	–	(2,836)
Balance at 1 July 2014	(9,725)	(166,649)	–	(176,374)
Depreciation expense	(244)	(2,652)	–	(2,896)
Balance at 30 June 2015	(9,969)	(169,301)	–	(179,270)
Net book value				
At 30 June 2014	2,933	30,697	10	33,640
At 30 June 2015	2,689	28,212	38	30,939

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the financial year ended 30 June 2015

13. INTANGIBLE ASSETS

	Right to receive tariff ^(a) \$000	Contract intangible ^(b) \$000	Total \$000
Gross carrying amount			
Balance at 1 July 2013	67,453	783	68,236
Balance at 1 July 2014	67,453	783	68,236
Balance at 30 June 2015	67,453	783	68,236
Accumulated amortisation			
Balance at 1 July 2013	(23,393)	(234)	(23,627)
Amortisation expense	(3,373)	(78)	(3,451)
Balance at 1 July 2014	(26,766)	(312)	(27,078)
Amortisation expense	(3,391)	(78)	(3,469)
Balance at 30 June 2015	(30,157)	(390)	(30,547)
Net book value			
At 30 June 2014	40,687	471	41,158
At 30 June 2015	37,296	393	37,689

(a) The PTA rights are amortised on a straight line basis over 20 years based on estimated ethane reserves. The PTA expires in 2030.

(b) Represents the contractual right to information from East Australian Pipeline Pty Limited's SCADA communication system. Subsequent to initial recognition it is measured at cost less accumulated amortisation and accumulated impairment losses. The contract intangible is being amortised over 10 years, representing the estimated useful life of the SCADA System, from 1 July 2010.

14. TRADE AND OTHER PAYABLES

	2015 \$000	2014 \$000
Trade creditors (OpEx)	5	13
Other creditors (OpEx)	850	808
Other creditors (CapEx)	11	–
Distributions payable	1	–
	867	821

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the financial year ended 30 June 2015

15. PROVISIONS

	2015 \$000	2014 \$000
Current liabilities		
Mine subsidence ^(a)	540	150
Non-current liabilities		
Mine subsidence	1,885	2,275
Abandonment ^(b)	3,952	3,711
	5,837	5,986
	6,377	6,136

	Mine subsidence \$000	Abandonment \$000	Total \$000
Balance at 1 July 2014	2,425	3,711	6,136
Unwind of discount	–	241	241
Balance at 30 June 2015	2,425	3,952	6,377

(a) The provision for mine subsidence relates to potential mitigation work as a consequence of mine subsidence in an area where the pipeline crosses creeks. Due to the nature of the liability, the uncertainty in estimating the provision is the costs that will be incurred and the timing of those costs. It is estimated that these costs will be incurred during the financial years ending 30 June 2016 and 30 June 2017.

(b) The provision for abandonment relates to the Fund's obligation to dismantle the pipeline and restore the site on which the pipeline is located once the useful life of the asset has been expended. It is estimated that \$7.9 million will be required for abandonment at the end of the estimated useful life of the pipeline in 2026, which is based on estimated ethane reserves.

16. ISSUED CAPITAL

	2015 \$000	2014 \$000
Ethane Pipeline Income Trust (EPIT)		
69,302,275 securities, fully paid (2014: 69,302,275 securities, fully paid)	52,413	52,413
	No. of securities 000	\$000
Movements		
Balance at 1 July 2013	69,302	69,302
Balance at 1 July 2014	69,302	69,302
Balance at 30 June 2015	69,302	69,302

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the financial year ended 30 June 2015

16. ISSUED CAPITAL (CONTINUED)

Non-controlling interest	2015 \$000	2014 \$000
Ethane Pipeline Income Financing Trust (EPIFT)		
69,302,275 securities, fully paid (2014: 69,302,275 securities, fully paid)	36,352	36,352
	No. of securities 000	\$000
Movements		
Balance at 1 July 2013	69,302	36,352
Balance at 1 July 2014	69,302	36,352
Balance at 30 June 2015	69,302	36,352

Securityholders participate in distributions and the proceeds on winding up of the Fund in proportion to the number of securities held.

At the securityholders' meetings each security is entitled to one vote when a poll is called, otherwise each securityholder has one vote on a show of hands.

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

17. EARNINGS PER SECURITY/ UNIT

	2015	2014
Basic and diluted earnings per unit (EPIT – cents)	3.2	4.4
Profit attributable to unitholders for calculating basic and diluted earnings per unit (\$000)	2,215	3,075
Adjusted weighted average number of units used in the calculation of basic and diluted earnings per unit ('000)	69,302	69,302
Basic and diluted earnings per security (Fund – cents)	6.2	7.4
Profit attributable to securityholders for calculating basic and diluted earnings per security (\$000)	4,274	5,134
Adjusted weighted average number of securities used in the calculation of basic and diluted earnings per security ('000)	69,302	69,302

18. FINANCIAL INSTRUMENTS

(a) Risk management framework

The Responsible Entity of the Fund is APA Ethane Limited ("Responsible Entity"). The risk management strategy and policies of the Fund follow those of the Responsible Entity. Additionally, the Corporate Treasury function of the Fund Manager⁽¹⁾ provides services to the business, co-ordinates access to financial markets, and monitors and manages the financial risks relating to the operations of the Fund.

The Fund manages its capital structure to ensure that it is able to continue as a going concern while maximising the return to securityholders through the optimisation of the debt to equity structure.

The Fund's overall strategy remains unchanged from 2014.

(1) The Fund Manager, APT (MIT) Services Pty Limited, is a wholly owned entity of APA Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the financial year ended 30 June 2015

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Fund. The Fund has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or bank guarantees where appropriate as a means of mitigating any risk of loss.

Cash and cash equivalents

The Fund held cash and cash equivalents of \$6.5 million at 30 June 2015 (2014: \$6.4 million), which represents its maximum credit exposure on these assets. Cash and cash equivalents are held with bank and financial institution counterparties, which are rated Aa3, based on Moody's Investors Service debt ratings.

Trade and other receivables

All of the Fund's operating revenue is generated from a single customer, Qenos Pty Limited. Under the PTA, Qenos Pty Limited is entitled to "uninterruptible access to Product Capacity", meaning the Fund cannot provide firm transportation services to any other party in respect of the Moomba to Sydney Ethane Pipeline.

Guarantees

As at 30 June 2015, a controlled entity of the Fund, Gorodok Pty Limited, held cash on deposit to support bank guarantees held in relation to various contractual agreements (refer Note 23).

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2015 \$000	2014 \$000
Cash and cash equivalents	9	6,459	6,442
Non-current cash on deposit	9	2,169	2,169
Trade and other receivables	10	1,846	602
		10,474	9,213

(c) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund has a policy dealing with liquidity risk which requires an appropriate liquidity risk management framework for the management of its short, medium and long-term funding and liquidity management requirements. Liquidity risk is managed by maintaining adequate cash reserves and by monitoring and forecasting cash flow.

Detailed below are the Fund's remaining contractual maturities for its financial liabilities, based on undiscounted cash flows and considering the earliest date on which the Fund can be required to pay. The table includes both interest and principal cash flows.

	Carrying amount \$000	Contractual cashflows \$000	6 months or less \$000	6-12 months \$000	1- 2 years \$000	2-5 years \$000	More than 5 years \$000
30 June 2015							
Financial liabilities							
Trade and other payables	867	867	867	—	—	—	—
	867	867	867	—	—	—	—
30 June 2014							
Financial liabilities							
Trade and other payables	821	821	821	—	—	—	—
	821	821	821	—	—	—	—

It is not expected that the cash flows above could occur significantly earlier or at significantly different amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the financial year ended 30 June 2015

18. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Interest rate risk

The Fund earns variable interest on its cash deposits.

At the reporting date the interest rate profile of the Fund's interest-bearing financial instruments was:

	2015 \$000	2014 \$000
Variable rate instruments		
Financial assets	8,628	8,611

Sensitivity Analysis

The sensitivity analysis below has been determined based on the Fund's exposure to interest rates for cash held on deposit. All other financial assets and liabilities are at fixed interest rates and not accounted for at fair value through profit or loss. At reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the Fund's equity and net profit would increase by \$87,000 or decrease by \$87,000 (2014: increase by \$82,000 or decrease by \$82,000).

(e) Fair values versus carrying amounts

The fair values of the Fund's financial assets and liabilities as at the reporting date approximate their carrying values.

19. RELATED PARTIES

(a) Transactions with key management personnel

Details of key management personnel

The Fund does not employ personnel in its own right. However, it is required to have an incorporated Responsible Entity to manage its activities. The Directors of the Responsible Entity are the key management personnel of that entity as listed below:

- Robert Wright (Chairman)
- Rick Coles (Independent Director)
- Nancy Fox (Independent Director)

Key management personnel compensation

	2015 \$	2014 \$
Short-term employee benefits	190,000	182,500
Post-employment benefits	18,050	16,881
	208,050	199,381

The Responsible Entity does not provide any non-cash benefits to key management personnel.

Key management personnel security holdings

	Fully paid securities as at 30 June 2014	Securities acquired during the financial year	Securities disposed of during the financial year	Fully paid securities as at 30 June 2015
Directors:				
Robert Wright	50,000	–	–	50,000
Rick Coles	50,000	–	–	50,000
Nancy Fox	50,000	–	–	50,000

Loans to key management personnel

No loans have been made to key management personnel.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the financial year ended 30 June 2015

(b) Other related party transactions

Set out below are the ongoing fees paid or payable by the Trust to the Responsible Entity during the period:

	2015 \$	2014 \$
Responsible Entity fees	200,000	200,000
Other expense reimbursements	271,726	312,535
	471,726	512,535

No fees are payable to the Responsible Entity as at the reporting date (2014: nil).

Refer to Note 11 for details of the entities that comprise the Fund.

20. REMUNERATION OF EXTERNAL AUDITOR

	2015 \$	2014 \$
Amounts received or due and receivable by KPMG for:		
Auditing the financial report	85,400	83,800
Other assurance services ^(a)	30,500	12,000
	115,900	95,800

(a) Services provided were in accordance with the external auditor independence policy. Other assurance services comprise a review of cashflow forecasts (annually) and financial model integrity (at least every three years) as required under the current ASIC Regulatory Guide (RG231).

21. OPERATING SEGMENTS

The main business segment of the Fund is investment in pipeline infrastructure which is contracted to a third party for transportation of ethane from Moomba to Qenos Pty Limited's plant at Port Botany. The Trust operates in New South Wales, Australia only.

22. CAPITAL OR OTHER COMMITMENTS

During or since the end of the financial year the Fund has not committed to any capital or other commitments.

23. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	2015 \$000	2014 \$000
Contingent liabilities		
Bank guarantees	2,149	2,149

At the end of the financial year there are no contingent assets (2014: \$nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the financial year ended 30 June 2015

24. NON-CONTROLLING INTERESTS

The Fund has one material non-controlling subsidiary, EPIFT. EPIT is deemed the parent entity of Ethane Pipeline Income Fund comprising of the stapled structure of EPIT and EPIFT.

Equity attributable to another trust stapled to the parent is a form of non-controlling interest and represents 100% of the equity of EPIFT.

Summarised financial information for EPIFT is set out below, the amounts disclosed are before inter-company eliminations.

	2015 \$000	2014 \$000
Financial position		
Current assets	589	592
Non-current assets	25,346	25,346
Total assets	25,935	25,938
Current liabilities	520	523
Total liabilities	520	523
Net Assets	25,415	25,415
Equity attributable to non-controlling interests	25,415	25,415
Financial performance		
Revenue	2,081	2,081
Expenses	(22)	(22)
Profit for the year	2,059	2,059
Other comprehensive income	–	–
Total comprehensive income allocated to non-controlling interests for the year	2,059	2,059
Cash flows		
Net cash provided by operating activities	2,059	2,054
Net cash used in financing activities	(2,062)	(2,065)

The accounting policies of EPIFT are the same as those applied to the Fund. The financial year end of EPIFT is 30 June.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the financial year ended 30 June 2015

25. PARENT ENTITY DISCLOSURES

Summary financial information	2015 \$000	2014 \$000
The individual financial statements for the parent entity show the following aggregate amounts:		
Current assets	54,042	44,109
Total assets	139,696	129,727
Current liabilities	72,851	62,904
Total liabilities	87,226	77,278
Equity		
Issued capital	52,413	52,413
Accumulated profits	58	36
Total equity	52,471	52,449
Profit for the year	6,938	6,693
Total comprehensive income	6,938	6,693

As at, and throughout the financial year ended 30 June 2015, the parent entity of the Fund was Ethane Pipeline Income Trust ("Trust").

The Trust is reporting a deficiency of current assets to current liabilities as at 30 June 2015 of \$18.8 million (2014: \$18.8 million) as a result of the loan payable to Gorodok and estimated current tax liability. Gorodok has agreed to provide financial support to Ethane Pipeline Income Trust where it would be deemed insolvent if and as a result of being required to repay the debt owed to Gorodok and other related parties.

During or since the end of the financial year the Trust has not committed to any capital or other commitments.

During or since the end of the financial year the Trust did not have any contingent liabilities or contingent assets.

26. SUBSEQUENT EVENTS

Except as disclosed elsewhere in this report, the Directors are unaware of any matter or circumstance occurring since the end of the financial year that has significantly affected or may significantly affect the operations of the Fund, the results of those operations or the state of affairs of the Fund in future financial years.

DECLARATION BY THE DIRECTORS

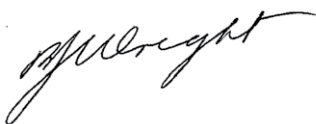
of APA Ethane Limited for the financial year ended 30 June 2015

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable;
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Accounting Standards and giving a true and fair view of the financial position and performance of the Fund;
- (c) in the Director's opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and
- (d) the Directors have been given the declarations by the Fund Manager and Chief Financial Officer required by section 295A of the Corporations Act 2001.

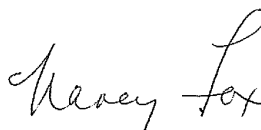
Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Directors



Robert Wright
Chairman

SYDNEY, 20 August 2015



Nancy Fox
Independent Director

AUDITOR'S INDEPENDENCE DECLARATION

for the financial year ended 30 June 2015



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of APA Ethane Limited, the Responsible Entity of Ethane Pipeline Income Fund

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit

A handwritten signature in dark ink, appearing to read 'KPMG' or a similar stylized name.

KPMG

A handwritten signature in dark ink, appearing to be 'Daniel Camilleri'.

Daniel Camilleri
Partner

Sydney

20 August 2015

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation

INDEPENDENT AUDITOR'S REPORT

for the financial year ended 30 June 2015



Independent auditor's report to the members of Ethane Pipeline Income Fund

Report on the financial report

We have audited the accompanying financial report of Ethane Pipeline Income Fund (the Fund). The financial report includes the stapled financial statements of Ethane Pipeline Income Trust (the Trust) and its controlled entities and Ethane Pipeline Income Financing Trust as at 30 June 2015. This includes the consolidated statement of financial position as at 30 June 2015, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 26 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Fund comprising the Trust and the entities it controlled and Ethane Pipeline Income Financing Trust at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the APA Ethane Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 3, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Fund's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT CONTINUED

for the financial year ended 30 June 2015



Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of the Fund is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Fund's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 3.

A handwritten signature in black ink, appearing to read 'KPMG' or a similar stylized mark.

KPMG

A handwritten signature in black ink, appearing to be 'Daniel Camilleri'.

Daniel Camilleri
Partner

Sydney

20 August 2015

ETHANE PIPELINE INCOME FINANCING TRUST

FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

39	Directors' Report
42	Statement of Profit or Loss and Other Comprehensive Income
43	Statement of Financial Position
44	Statement of Changes in Equity
45	Statement of Cash Flows
46	Notes to the Financial Statements
55	Declaration by the Directors
56	Auditor's Independence Declaration
57	Independent Auditor's Report

DIRECTORS' REPORT

The Directors of APA Ethane Limited ("Responsible Entity"), the responsible entity of Ethane Pipeline Income Financing Trust ("EPIFT"), present their report together with the financial report of EPIFT, for the year ended 30 June 2015 ("financial year"). EPIFT and Ethane Pipeline Income Trust ("Trust") together form the stapled entity called Ethane Pipeline Income Fund ("Fund").

The Responsible Entity's registered office and principal place of business is as follows:

Level 19, HSBC Centre
580 George Street
SYDNEY NSW 2000

DIRECTORS

The names of the Directors of the Responsible Entity at any time during and since the end of the financial year are:

Robert Wright	Chairman
Rick Coles	Independent Director
Nancy Fox	Independent Director

More information on the Directors is set out in the Ethane Pipeline Income Fund Directors' Report on pages 8 to 11.

PRINCIPAL ACTIVITIES

The principal activity of EPIFT during the financial year was to earn interest on loans advanced to related parties. EPIFT did not have any employees during the year.

There were no significant changes in the nature of the activities of EPIFT during the financial year.

DISTRIBUTIONS

Distributions paid or payable in respect of the financial year were:

Year ended 30 June 2015	\$000	Cents per unit
Interim distributions paid:		
Profit distribution	1,549	2.23
Final distribution payable*:		
Profit distribution	510	0.73
	2,059	2.96

* The 30 June 2015 quarterly distribution, declared on 16 June 2015, was paid on 15 July 2015.

Distribution information is presented on an accounting classification basis. The Fund's annual tax statement and annual tax return guide (released in July) provide the classification of distribution components for the purposes of preparation of securityholder income tax returns.

DIRECTORS' REPORT CONTINUED

FINANCIAL AND OPERATIONAL REVIEW

	2015 \$000	2014 \$000	Changes	
			\$000	%
Operating results				
Revenue from ordinary activities	2,081	2,081	–	–
Profit attributable to unitholders	2,059	2,059	–	–
Operating cash flow	2,059	2,054	5	0.2

2015 financial performance compared to 2014

EPIFT's profit for the financial year has remained consistent year on year at \$2.1 million (2014: \$2.1 million). The financial result reflects the interest only nature of the loans to related parties, which is EPIFT's primary source of income.

Statement of financial position

Total receivables of \$25.3 million have remained consistent with the prior year reflecting the interest only nature of the related party loans. On 20 November 2012, EPIFT entered into deeds of amendment with the Trust and Gorodok Pty Limited to convert its related party loans to interest only with a final balloon payment due on 30 June 2030. As a result, the entire balance receivable on the loans is classified as non-current at 30 June 2015.

Trade and other payables of \$0.5 million as at 30 June 2015 are consistent with the prior year and represents the final distribution payable on 15 July 2015.

Statement of cash flows

Operating cash flow for the financial year of \$2.1 million (2014: \$2.1 million) has remained consistent with the prior financial year.

Cash flows from investing activities were nil for the current financial year (2014: \$nil), reflecting the interest only nature of the related party loan receivables.

Distribution payments for the financial year were \$2.1 million (2014: \$2.1 million) comprising distribution of the net income of EPIFT. No capital distributions have been paid since the quarter ended 30 September 2012.

Principal risks and uncertainties

The Board assesses the potential economic and non-economic consequences of risks using the framework defined by APA Group's risk management policy. Principal risks and uncertainties are identified when the Board and management determines that the potential consequences are material at a Fund level or when the risk may trigger a succession of events that, in aggregate, become material to the Fund.

For a description of known principal risks and uncertainties that could materially affect the Fund, please refer to the Directors' Report in the Fund's Annual Report. There may be additional risks unknown to the Fund and other risks, currently believed to be immaterial, which could turn out to be material.

Corporate Governance Statement

The Corporate Governance Statement of the Fund is available on the Fund's website at the following address:
www.ethanepipeline.com.au/key-fund-information/corporate-governance.aspx.

ENVIRONMENTAL REGULATIONS

EPIFT's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

SUBSEQUENT EVENTS

Except as disclosed elsewhere in this report, the Directors are unaware of any matter or circumstance occurring since the end of the financial year that has significantly affected or may significantly affect the operations of EPIFT, the results of those operations or the state of affairs of EPIFT in future financial years.

DIRECTORS' REPORT CONTINUED

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of EPIFT during the financial year.

OTHER INFORMATION

Details of Directors and the Company Secretary are on pages 8 and 9. Further information on directorships, attendance at meetings, securityholdings, remuneration, options granted and indemnification of officers and external auditors are found in the Ethane Pipeline Income Fund Directors' Report on pages 9 to 11.

INFORMATION REQUIRED FOR REGISTERED SCHEMES

Fees paid to the Responsible Entity and its associates (including Directors and secretaries of the Responsible Entity, related bodies corporate and Directors and secretaries of related bodies corporate) out of the Fund's scheme property during the financial year are disclosed in Note 14 to the financial report.

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

The number of EPIFT units issued during the financial year, and the number of such units at the end of the financial year, are disclosed in Note 11 to the financial report.

The value of EPIFT's assets as at the end of the financial year is disclosed in the statement of financial position in total assets, and the basis of valuation is included in Note 3 to the financial report.

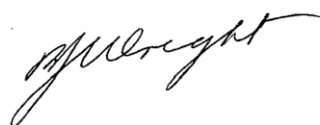
AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 56.

ROUNDING

EPIFT is an entity of a kind referred to in ASIC Class Order 98/0100 dated 10 July 1998 and, in accordance with that Class Order, all financial information presented in Australian dollars has been rounded off to the nearest thousand dollars, unless otherwise stated.

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



Robert Wright
Chairman

SYDNEY, 20 August 2015

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 30 June 2015

	Note	2015 \$000	2014 \$000
Revenue	5	2,081	2,081
Other expenses	6	(22)	(22)
Profit for the year		2,059	2,059
Total comprehensive income for the year		2,059	2,059
Profit attributable to:			
Unitholders of EPIFT		2,059	2,059
Total comprehensive income attributable to:			
Unitholders of EPIFT		2,059	2,059
Earnings per unit			
Basic and diluted earnings per unit (cents)	12	3.0	3.0

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

	Note	2015 \$000	2014 \$000
Current assets			
Cash and cash equivalents	8	589	592
Total current assets		589	592
Non-current assets			
Trade and other receivables	9	25,346	25,346
Total non-current assets		25,346	25,346
Total assets		25,935	25,938
Current liabilities			
Trade and other payables	10	520	523
Total current liabilities		520	523
Total liabilities		520	523
Net assets		25,415	25,415
Equity			
Issued capital	11	36,352	36,352
Accumulated losses		(10,937)	(10,937)
Total equity attributable to unitholders		25,415	25,415

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

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2015

	Notes	Attributable to unitholders		
		Issued Capital \$000	Accumulated losses \$000	Total Equity \$000
Balance at 1 July 2013		36,352	(10,937)	25,415
Total comprehensive income for the year		–	2,059	2,059
Distributions to unitholders of EPIFT	7	–	(2,059)	(2,059)
Balance at 30 June 2014		36,352	(10,937)	25,415
Total comprehensive income for the year		–	2,059	2,059
Distributions to unitholders of EPIFT	7	–	(2,059)	(2,059)
Balance at 30 June 2015		36,352	(10,937)	25,415

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

STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2015

	Note	2015 \$000	2014 \$000
Cash flows from operating activities			
Receipts from customers		2	3
Payments to suppliers		(25)	(31)
Interest received		2,082	2,082
Net cash provided by operating activities	8	2,059	2,054
Cash flows from investing activities			
Loans to related parties - repayments received		–	–
Net cash provided by investing activities		–	–
Cash flows from financing activities			
Distributions paid		(2,062)	(2,065)
Net cash used in financing activities		(2,062)	(2,065)
Net decrease in cash and cash equivalents		(3)	(11)
Cash and cash equivalents at beginning of financial year		592	603
Cash and cash equivalents at end of financial year	8	589	592

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

1. GENERAL INFORMATION

Ethane Pipeline Income Financing Trust ("EPIFT") is a registered managed investment scheme under the Corporations Act 2001 and is domiciled in Australia. EPIFT and Ethane Pipeline Income Trust ("Trust") together form the stapled entity Ethane Pipeline Income Fund ("Fund"), which is traded on the Australian Securities Exchange under the code "EPX".

The financial statements represent the results of EPIFT for the financial year ended 30 June 2015.

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

Level 19, HSBC Building
580 George Street
SYDNEY NSW 2000

2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

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

In the current year, there has been no impact from new and revised Standard and Interpretations issued by the AASB that are relevant to the EPIFT's operations and effective for the current reporting period.

(b) Standards and Interpretations issued not yet adopted

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

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers'	1 January 2017	30 June 2018

The potential impact of the initial application of the above Standards is yet to be determined.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis or preparation

These general purpose financial statements for the year ended 30 June 2015 have been prepared in accordance with the Corporations Act 2001, Australian Accounting standards and other authoritative pronouncements of the Australian Standards Board and interpretations (AIFRS). Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS).

The financial statements have been prepared on the basis of historical cost, unless otherwise stated. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. The financial report is presented in Australian dollars which is the functional currency of EPIFT. All values are rounded to the nearest thousand dollars (\$000) in accordance with ASIC Class Order 98/0100, unless otherwise stated.

The financial statements were authorised for issue by the Directors on 20 August 2015.

The principal accounting policies adopted in the presentation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to EPIFT and the revenue can be reliably measured. Amounts disclosed as revenue are net of duties and taxes paid (i.e. GST).

Interest revenue

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

(b) Expenses

Expenses are recognised in the statement of profit or loss and other comprehensive income when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. Amounts disclosed as expenses are net of duties and taxes paid (i.e. GST).

(c) Financial assets and liabilities

Trade and other receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Trade and other receivables are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are stated at their amortised cost less impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the financial year ended 30 June 2015

Trade and other payables

Trade and other payables are recognised when EPIFT becomes obliged to make future payments resulting from the purchase of goods and services. Trade and other payables are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are stated at amortised cost.

Distributions payable represent amounts accrued in respect of the distributions declared in respect of the quarter ended 30 June.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the asset have been unfavourably impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss and other comprehensive income.

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

Cash and cash equivalents

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

(d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the taxation authority. Receivables and payables are recognised inclusive of GST, except for accrued revenue and accrued expense at balance dates which exclude GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. GST receivable or GST payable is only recognised once a tax invoice has been issued or received.

Cash flows are included in the cash flow statement on a gross basis, except for the GST component of cash flows arising from investing and financing activities, which are classified as operating cash flows.

(e) Impairment of assets

At the end of each reporting period, EPIFT assesses whether there is any indication that an asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the greater of an asset's fair value less costs to sell, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period.

(f) Income tax

Income tax expense is not brought to account in respect of EPIFT as, pursuant to Australian taxation laws EPIFT is not liable for income tax provided that its realised taxable income (including any assessable realised capital gains) is fully distributed to its unitholders each year.

(g) Issued capital

Issued capital is comprised of units in EPIFT. Each unit in EPIFT is stapled to a unit of the Trust, which together form the stapled entity Ethane Pipeline Income Fund. These units are classified as equity. Incremental costs directly attributable to the issue of units are recognised as a deduction from equity, net of any tax effects.

(h) Earnings per unit

EPIFT presents basic and diluted earnings per unit ("EPS") data. Basic EPS is calculated by dividing the profit or loss attributable to unitholders of EPIFT by the weighted average number of units on issue during the period. Diluted EPS is determined by adjusting the profit or loss attributable to unitholders and the weighted average number of units on issue for the effects of all dilutive potential units.

4. USE OF ESTIMATES AND JUDGEMENTS

In the application of EPIFT's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from estimates.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the financial year ended 30 June 2015

5. REVENUE

An analysis of revenue for the year is as follows:

	Note	2015 \$000	2014 \$000
Operating revenue			
Interest on loans to related parties	14(b)	2,078	2,078
Finance income			
Interest		3	3
		2,081	2,081

6. OTHER EXPENSES

Profit for the year includes the following expenses:

Professional fees	14	14
Custody fees	7	7
Other	1	1
	22	22

7. DISTRIBUTIONS

	2015		2014	
	Cents per unit	Total \$000	Cents per unit	Total \$000
First quarterly distribution paid 15 October 2014 (2014: 15 October 2013)				
Profit distribution	0.75	522	0.74	513
Second quarterly distribution paid 15 January 2015 (2014: 15 January 2014)				
Profit distribution	0.74	516	0.75	520
Third quarterly distribution paid 15 April 2015 (2014: 15 April 2014)				
Profit distribution	0.74	511	0.74	513
	2.23	1,549	2.23	1,546
Accrued amounts				
Final distribution payable 15 July 2015 (2014: 15 July 2014)				
Profit distribution	0.73	510	0.74	513
	0.73	510	0.74	513
Total profit distribution^(a)	2.96	2,059	2.97	2,059
Total distributions	2.96	2,059	2.97	2,059

(a) Profit distributions were 100% unfranked (2014: 100% unfranked).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the financial year ended 30 June 2015

8. CASH AND CASH EQUIVALENTS

(a) Reconciliation of cash and cash equivalents

	Note	2015 \$000	2014 \$000
Bank balances	13(b)	589	592

EPIFT's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 13.

(b) Reconciliation of cash flows from operating activities

Profit for the year		2,059	2,059
Adjustments for:			
Change in trade and other receivables		–	1
Change in trade and other payables		–	(6)
Net cash from operating activities		2,059	2,054

9. TRADE AND OTHER RECEIVABLES

Non-current assets			
Loans receivable – related parties	14(b)	25,346	25,346

The related party loans accrued interest at the rate of 8.2% (2014: 8.2%) per annum. Interest is payable in arrears on the last business day of each quarter. The Trust and Gorodok Pty Limited related party loan amounts are interest only with a final balloon payment due on 30 June 2030.

10. TRADE AND OTHER PAYABLES

Other creditors		10	10
Distributions payable		510	513
		520	523

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the financial year ended 30 June 2015

11. ISSUED CAPITAL

	2015 \$000	2014 \$000
Units		
69,302,275 units, fully paid (2014: 69,302,275 units, fully paid)	36,352	36,352
	No. of units 000	\$000
Movements		
Balance at 1 July 2013	69,302	36,352
Balance at 30 June 2014	69,302	36,352
Balance at 30 June 2015	69,302	36,352

EPIFT units are stapled to Trust units on a one-to-one basis so that one EPIFT unit and one Trust unit form a single stapled security which trades on the Australian Securities Exchange under the code "EPX".

Securityholders participate in dividends and the proceeds on winding up of the Fund in proportion to the number of securities held.

At the securityholders' meetings each security is entitled to one vote when a poll is called, otherwise each securityholder has one vote on a show of hands.

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

12. EARNINGS PER UNIT

	2015	2014
Basic and diluted earnings per unit (cents)	3.0	3.0

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

Profit attributable to unitholders for calculating basic and diluted earnings per unit (\$'000)	2,059	2,059
Adjusted weighted average number of units used in the calculation of basic and diluted earnings per unit ('000)	69,302	69,302

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the financial year ended 30 June 2015

13. FINANCIAL INSTRUMENTS

(a) Risk management framework

The Responsible Entity of EPIFT is APA Ethane Limited ("Responsible Entity"). The risk management strategy and policies of EPIFT follow those of the Responsible Entity. Additionally, the Corporate Treasury function of the Fund Manager⁽¹⁾ provides services to the business, co-ordinates access to financial markets, and monitors and manages the financial risks relating to the operations of EPIFT.

EPIFT manages its capital structure to ensure that it is able to continue as a going concern while maximising the return to unit holders through the optimisation of the debt to equity structure.

EPIFT's overall strategy remains unchanged from 2014.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to EPIFT. EPIFT has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or bank guarantees where appropriate as a means of mitigating any risk of loss.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2015 \$000	2014 \$000
Cash and cash equivalents	8	589	592
Trade and other receivables	9	25,346	25,346
Loans to related parties – repayments received		25,935	25,938

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

(c) Liquidity risk

Liquidity risk is the risk that EPIFT will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. EPIFT has a policy dealing with liquidity risk which requires an appropriate liquidity risk management framework for the management of its short, medium and long-term funding and liquidity management requirements. Liquidity risk is managed by maintaining adequate cash reserves and by monitoring and forecasting cash flow.

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

	Note	Carrying amount \$000	Contractual cashflows \$000	6mths or less \$000
30 June 2015				
Financial liabilities				
Trade and other payables	10	520	520	520
30 June 2014				
Financial liabilities				
Trade and other payables	10	523	523	523

It is not expected that the cashflows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(1) The Fund Manager, APT (MIT) Services Pty Limited, is a wholly owned entity of APA Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the financial year ended 30 June 2015

13. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Interest rate risk

Financial assets earn interest at fixed interest rates with the exception of cash and cash equivalents, which earn variable interest.

Profile

At the reporting date the interest rate profile of EPIFT's interest-bearing financial instruments was:

	Note	2015 \$000	2014 \$000
Fixed rate instruments			
Financial assets	9	25,346	25,346
Variable rate instruments			
Financial assets	8	589	592

Sensitivity Analysis

The sensitivity analysis below has been determined based on EPIFT's exposure to interest rates for cash held on deposit. All other financial assets and liabilities are at fixed interest rates and not accounted for at fair value through profit or loss. At reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, EPIFT's equity and net profit would increase by \$2,000 or decrease by \$2,000 (2014: increase by \$2,000 or decrease by \$2,000).

Fair values versus carrying amounts

The fair values of EPIFT's financial assets and liabilities as at the reporting date approximate their carrying values.

14. RELATED PARTIES

(a) Transactions with key management personnel

Details of key management personnel

EPIFT does not employ personnel in its own right. However, it is required to have an incorporated Responsible Entity to manage its activities. The Directors of the Responsible Entity, APA Ethane Limited, are the key management personnel of that entity as listed below:

- Robert Wright (Chairman)
- Rick Coles (Independent Director)
- Nancy Fox (Independent Director)

Key management personnel compensation

	2015 \$	2014 \$
Short-term employee benefits	190,000	182,500
Post-employment benefits	18,050	16,881
	208,050	199,381

The remuneration costs are reimbursed to APA Ethane Limited by the Trust and as such is represented in the Trust's financial statements.

The Responsible Entity does not provide any non-cash benefits to key management personnel.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the financial year ended 30 June 2015

Key management personnel security holdings

	Fully paid securities as at 30 June 2014	Securities acquired during the financial year	Securities disposed of during the financial year	Fully paid securities as at 30 June 2015
Directors:				
Robert Wright	50,000	–	–	50,000
Rick Coles	50,000	–	–	50,000
Nancy Fox	50,000	–	–	50,000

Loans to key management personnel

No loans have been made to key management personnel.

(b) Other related party transactions

Significant transactions with related parties are set out below:

	2015 \$	2014 \$
Non-current loans and receivables:		
Ethane Pipeline Income Trust	14,374,900	14,374,900
Gorodok Pty Limited	10,971,071	10,971,071
	25,345,971	25,345,971
Interest income:		
Ethane Pipeline Income Trust	1,178,742	1,178,742
Gorodok Pty Limited	899,628	899,628
	2,078,370	2,078,370

Loans with both related parties are priced on an arm's length basis, with scheduled quarterly interest repayments. Both the Trust and Gorodok Pty Limited loan amounts are interest only with a final balloon payment due on 30 June 2030. None of the balances are secured.

15. AUDITORS' REMUNERATION

Amounts received or due and receivable by KPMG for:

Auditing the financial report	13,900	13,500
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the financial year ended 30 June 2015

16. OPERATING SEGMENTS

The main business segment of EPIFT is the advancement of loans to related parties. EPIFT operates in New South Wales, Australia only.

17. CAPITAL OR OTHER COMMITMENTS

During or since the end of the financial year EPIFT has not committed to any capital or other commitments.

18. CONTINGENCIES

During or since the end of the financial year EPIFT has not had any contingent liabilities or assets.

19. SUBSEQUENT EVENTS

Except as disclosed elsewhere in this report, the Directors are unaware of any matter or circumstance occurring since the end of the financial year that has significantly affected or may significantly affect the operations of EPIFT, the results of those operations or the state of affairs of EPIFT in future financial years.

DECLARATION BY THE DIRECTORS

of APA Ethane Limited for the financial year ended 30 June 2015

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that Ethane Pipeline Income Financing Trust will be able to pay its debts as and when they become due and payable;
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Accounting Standards and giving a true and fair view of the financial position and performance of Ethane Pipeline Income Financing Trust;
- (c) in the Director's opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and
- (d) the Directors have been given the declarations by the Fund Manager and Chief Financial Officer required by section 295A of the Corporations Act 2001.

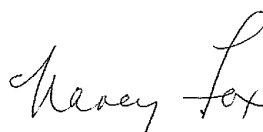
Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Directors



Robert Wright
Chairman

SYDNEY, 20 August 2015



Nancy Fox
Independent Director

AUDITOR'S INDEPENDENCE DECLARATION

for the financial year ended 30 June 2015



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of APA Ethane Limited, the Responsible Entity of Ethane Pipeline Income Financing Trust

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit

A handwritten signature in black ink, appearing to read 'KPMG' or a similar stylized name.

KPMG

A handwritten signature in black ink, appearing to read 'Daniel Camilleri'.

Daniel Camilleri
Partner

Sydney

20 August 2015

INDEPENDENT AUDITOR'S REPORT

for the financial year ended 30 June 2015



Independent auditor's report to the members of Ethane Pipeline Income Financing Trust

Report on the financial report

We have audited the accompanying financial report of Ethane Pipeline Income Financing Trust ("EPIFT"), which comprises the statement of financial position as at 30 June 2015, and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 19 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

The directors of EPIFT are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 3, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the EPIFT's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT CONTINUED

for the financial year ended 30 June 2015



Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Ethane Pipeline Income Financing Trust is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the EPIFT's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 3.

A handwritten signature in black ink, appearing to read 'DC' followed by a long horizontal stroke.

KPMG

A handwritten signature in black ink, appearing to read 'DC' followed by a long horizontal stroke.

Daniel Camilleri
Partner

Sydney
20 August 2015

ADDITIONAL INFORMATION

Additional information required by the Listing Rules of Australian Securities Exchange Limited and not provided elsewhere in this report (the information is applicable as at 31 August 2015).

Twenty Largest Holders

	No. of Securities	%
Australian Pipeline Limited	4,213,049	6.08
Mr Andrew Bruce + Mrs Wendy Bruce	2,181,654	3.15
Australian Executor Trustees Ltd	1,198,724	1.73
HBC Custody Nominees (Australia) Limited	962,045	1.39
Citicorp Nominees Pty Limited	825,106	1.19
Washington H Soul Pattinson & Co Ltd	600,000	0.87
SCA FT Pty Ltd	554,678	0.80
Mr Andrew Bruce + Mrs Wendy Bruce	450,000	0.65
Mr George Raymond Filewood + Mrs Pauline Rowena Filewood	390,951	0.56
Said Retirement Fund Pty Ltd	375,999	0.54
ABN AMRO Clearing Sydney Nominees Pty Ltd	360,884	0.52
Custodial Services Limited	360,000	0.52
Mrs Robyn Killin McAuliffe + Mr Robert Killin McAuliffe	325,000	0.47
Dr Thomas Reginald Sutterby	310,643	0.45
Donetta Pty Limited	305,000	0.44
Depeto Pty Limited	300,000	0.43
Mr Anthony Michael Said	264,500	0.38
Navigator Australia Ltd	228,996	0.33
Mr Steven Andrew Bruce + Mrs Lisa Dianne Bruce	225,173	0.32
General Packaging Pty Ltd	220,000	0.32
Total for top 20	14,652,402	21.14

Distribution of Holders

Ranges	No. of Holders	%	No. of Securities	%
1 – 1,000	318	7.14	188,977	0.27
1,001 – 5,000	1,561	35.04	4,938,159	7.13
5,001 – 10,000	1,115	25.03	8,288,047	11.96
10,001 – 100,000	1,397	31.36	34,740,276	50.13
100,001 and over	64	1.43	21,146,816	30.51
Total	4,455	100	69,302,275	100

81 holders hold less than a marketable parcel of securities (market value less than \$500, or 296 securities based on a market price on 31 August 2015 of \$1.69).

ADDITIONAL INFORMATION CONTINUED

Substantial holders

By notice dated 8 April 2008, Australian Pipeline Limited advised that it had an interest in 4,213,049 ordinary securities.

Voting Rights

On a show of hands, each member of a registered scheme has one vote.

On a poll, each member of the scheme has one vote for each dollar of the value of the total interests they have in the scheme.

On-Market Buy-Back

There is no current on-market buy-back.

Responsible Entity and Registered Office

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EPX Group Registry

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DISCLAIMER

APA Ethane Limited (ACN 132 157 290) is the responsible entity of the Ethane Pipeline Income Trust (ARSN 118 961 167) and Ethane Pipeline Income Financing Trust (ARSN 118 961 023) (Ethane Pipeline Income Fund).

Please note that APA Ethane Limited is not licensed to provide financial product advice in relation to securities in the Ethane Pipeline Income Fund. This publication does not constitute financial product advice and has been prepared without taking into account your objectives, financial situation or particular needs. Before relying on any statements contained in this publication, you should consider the appropriateness of the information, having regard to your own objectives, financial situations and needs and consult an investment adviser if necessary.

Whilst due care and attention have been used in preparing this publication, certain forward looking statements (including forecasts or projections) are made in this publication which are not based on historical fact and necessarily involve assumptions as to future events and analysis, which may or may not be correct. These forward looking statements should not be relied upon as an indication or guarantee of future performance.



23 September 2015

Dear Investor

2015 Annual Report and Investor Information Session

The Ethane Pipeline Income Fund ("Fund") annual report for 2015 is now available on the website www.ethanepipeline.com.au. The enclosed letter from the Chairman outlines the Fund's performance and operations for the year.

On behalf of APA Ethane Limited, the responsible entity of the Fund, I am pleased to invite you to attend an information session. The purpose of the meeting is to give you an opportunity to meet the board and the Fund Manager and ask questions about the Fund. The meeting details are as follows:

Date: 19 November 2015 at 11.30am.

Location: The offices of APA Group, Level 19, 580 George Street, Sydney.

No reply necessary.

At the meeting, the Chairman will provide a brief report on results and activities of the Fund and answer questions from securityholders.

Securityholders are encouraged to submit questions by 12 November 2015 via email to registrars@linkmarketservices.com.au. We will endeavour to address as many of the frequently raised topics as reasonably possible at the meeting. For those unable to attend, the presentation will be published on the website www.ethanepipeline.com.au. Please note that individual responses will not be sent to securityholders.

Thank you for supporting the Ethane Pipeline Income Fund.

Yours sincerely



Mark Knapman
Company Secretary
APA Ethane Limited

Ethane Pipeline Income Fund

Ethane Pipeline Income Trust
ARSN 118 961 167

Ethane Pipeline Income Financing Trust
ARSN 118 961 023

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Dear Investor

On behalf of the Board of APA Ethane Limited, the responsible entity of the Ethane Pipeline Income Fund ("Fund"), I am pleased to report on the Fund's performance for the year to 30 June 2015.

Overview

The Fund owns the Moomba to Sydney Ethane Pipeline that supplies ethane from the Cooper Basin production facility at Moomba, South Australia ("Moomba Facility") to the ethylene plant at Botany ("Botany Plant") owned by the Fund's sole customer Qenos Pty Limited ("Qenos"). The pipeline was purpose-built to transport ethane gas from the Cooper Basin gas fields to Qenos, and was later sold with the current, long term Product Transportation Agreement ("PTA"), agreed with Qenos in 2000, in place.

The Fund's only significant source of revenue is from transporting ethane through the pipeline pursuant to the PTA, which continues until 2030. Under the terms of the PTA, Qenos is required to advise the Fund of forecast ethane quantities on an annual basis.

In November 2014, the Fund announced that it had agreed to amend the PTA with Qenos with effect from 1 January 2015. The amendments to the PTA include:

- imposition of a fixed minimum charge for the period from 1 January 2015 to 31 December 2018 of \$20 million per annum (adjusted annually by 50% of CPI) that is not dependent on the volume of ethane transported through the pipeline ("Fixed Minimum Charge");
- waiver of the transportation charge component calculated on the volume of ethane transported for the same period;
- Qenos' right to terminate the PTA on 12 months' notice is varied so that termination cannot take effect before 1 January 2019;
- the Fund is entitled to recover any shortfall in revenue for the period from 1 January 2015 to 31 December 2018 vis-a-vis the previously agreed tariff structure if, in any calendar year in that period, ethane volumes and Qenos' earnings before interest, tax, depreciation and amortisation ("EBITDA") are greater than specified threshold levels; and
- from 1 January 2019, the tariff reverts to that previously agreed under the PTA, instead of the Fixed Minimum Charge, and there is a mechanism that affords the Fund another opportunity to recover the revenue shortfall referred to above.

The principal risks and uncertainties that could materially affect the Fund are outlined in the Directors' Report. If the PTA is terminated for any reason, the Fund would consider alternative uses for the pipeline, the most likely use being natural gas storage.

In November 2014, Qenos announced that it had secured a five year contract extension for the supply of ethane gas to its Botany Plant. The Fund is not a party to Qenos' ethane supply arrangements, the terms and conditions of which are confidential and negotiated between Qenos and the Cooper Basin producers. The Fund is also not privy to the current ethane supply position of the Moomba Facility.

Financial performance

The Fund's consolidated net profit after tax for the financial year is \$4.3 million (2014: \$5.1 million). The decrease in net profit after tax is primarily due to a \$0.9 million reduction in revenue from the prior year. Total revenue for the year was \$21.3 million (FY2014: \$22.2 million). The decrease in revenue is driven by the following factors:

- revenue for the first half of FY2015 was \$0.5 million lower than the prior corresponding period due to the change in the basis of charging for services under the PTA, agreed in 2000, with Qenos applying

from 1 October 2013. Prior to 1 October 2013, the reservation component of tariffs was higher, and the transportation component lower, such that a lesser proportion of the revenue was dependant on the volume of ethane transported through the pipeline; and

- revenue for the second half of FY2015 was \$0.4 million lower than the prior corresponding period due to the impact of the amendments to the PTA, agreed in November 2014, with effect from 1 January 2015. The amendments varied the termination notification period and the tariff structure such that during the four year period to 31 December 2018 the tariff is in the form of a fixed charge of \$20 million per annum (adjusted annually by 50% of CPI) that is not dependent on the volume of ethane transported through the pipeline. Further details with respect to these changes are set out in the Fund's announcement of 13 November 2014.

The Fund continues the practice of quarantining funds required for major operating and capital expenditure projects scheduled to occur within the next five years. These projects include the Fund's share of mine subsidence work and magnetic flux leakage pigging on the pipeline scheduled to occur during FY2016 to FY2018.

Operations

Activity continues to focus on maintaining the long-term operational integrity of the pipeline. Operating and maintenance costs during the year remained consistent with the prior period. The Fund expects to incur non-routine costs of approximately \$0.5 million in FY2016 for mine subsidence mitigation works along the pipeline, with the remaining \$1.9 million to be incurred in FY2017. These mine subsidence mitigation works costs have been fully provided for in prior years.

During the second quarter of FY2016, Qenos is scheduled to undertake a major maintenance investment at its Botany Plant. As a result of the changes to transportation charges arising from the PTA amendment, the Fund's revenues will not be impacted by this shutdown.

The ethane pipeline continued to deliver ethane without any major operating, environmental or occupational health and safety incidents during the year.

Distributions

Distributions for the year totalled 12.95 cents per stapled security, a yield of 7.62% based on the price as at 30 June 2015 (\$1.70).

The Fund will continue paying distributions from available net cash flows, which are determined after meeting all costs of the Fund.


Outlook

FY2016 will be the first full financial year of revised revenues under the PTA amendment.

Taking into account the agreed variations to the PTA, and barring unforeseen circumstances, the Fund expects:

- quarterly cash distributions for the financial year ending 30 June 2016 to be between 3.0 to 3.25 cents per security plus franking credits of approximately 1 cent per security;
- EBITDA for the financial year ending 30 June 2016 to be between \$11.0 million and \$11.5 million; and
- quarterly distributions for the period following the end of FY2016 to December 2018 to be in line with the distribution range indicated above.

The Directors of the responsible entity of the Fund will keep you informed on any developments and thank you for your continued support.



Robert Wright
Chairman, APA Ethane Limited