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APA Group

Australian Pipeline Ltd
ACN 091 344 704

Australian Pipeline Trust
ARSN 091 678 778

APT Investment Trust
ARSN 115 585 441

ASX ANNOUNCEMENT

25 September 2015

APA Group (ASX: APA)
(also for release to APT Pipelines Limited (ASX: AQH))

ANNUAL REVIEW AND SUSTAINABILITY REPORT, ANNUAL REPORT AND NEWSLETTER

The following documents are attached for release to the market:

- Annual Review and Sustainability Report 2015
- Annual Report 2015
- In the Pipeline newsletter

Mark Knapman
Company Secretary
Australian Pipeline Limited

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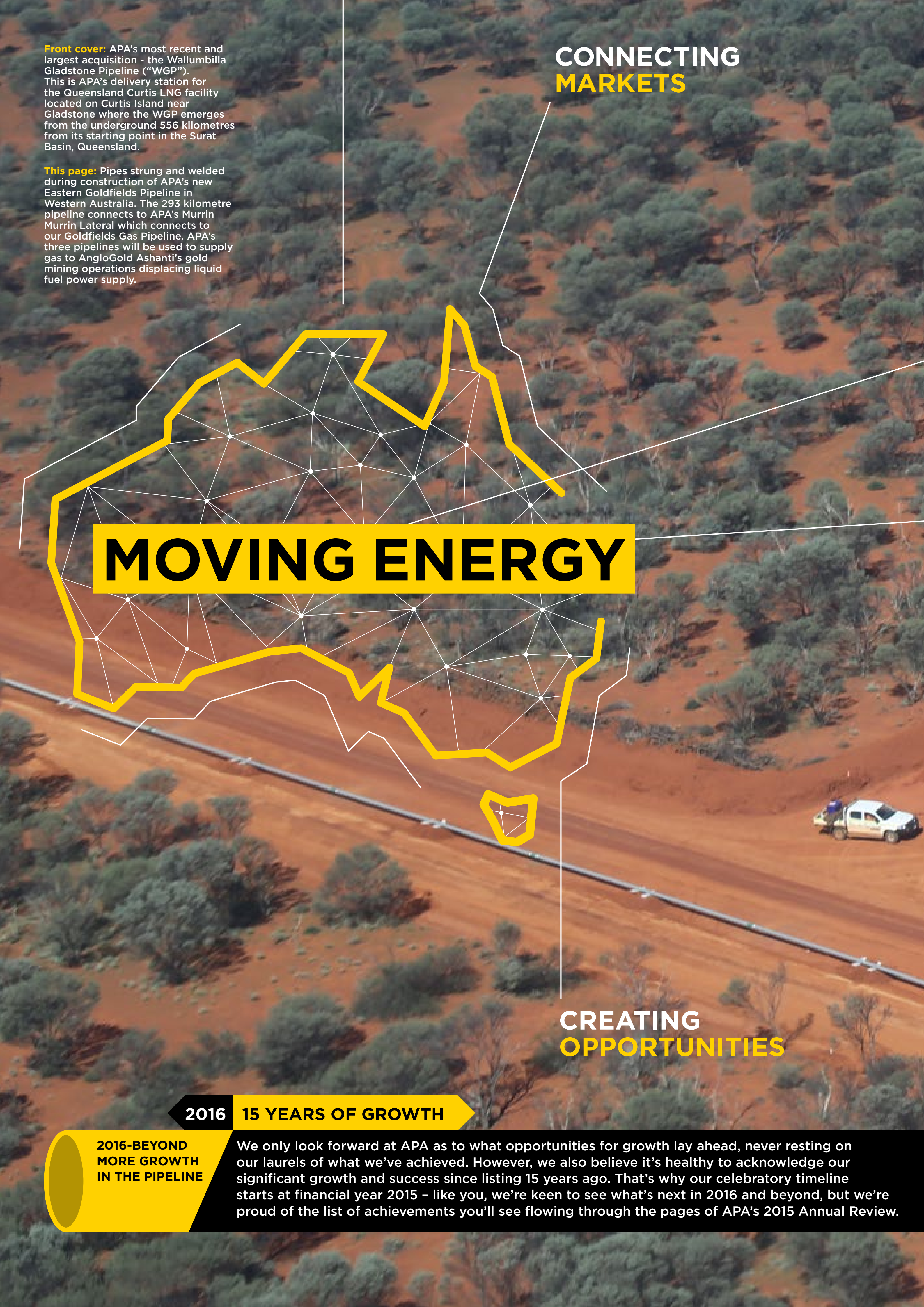
About APA Group (APA)

APA is Australia's largest natural gas infrastructure business, owning and/or operating around $19 billion of energy infrastructure assets. Its gas transmission pipelines span every state and territory on mainland Australia, delivering approximately half of the nation's gas usage. APA has direct management and operational control over its assets and the majority of its investments. APA also holds minority interests in a number of energy infrastructure enterprises including SEA Gas Pipeline, Energy Infrastructure Investments, GDI Allgas Gas Networks and Diamantina and Leichhardt Power Stations.

APT Pipelines Limited is a wholly owned subsidiary of Australian Pipeline Trust and is the borrowing entity of APA Group.

For more information visit APA's website, www.apa.com.au

APA GROUP
ANNUAL REVIEW AND SUSTAINABILITY REPORT
2015



Front cover: APA's most recent and largest acquisition - the Wallumbilla Gladstone Pipeline ("WGP"). This is APA's delivery station for the Queensland Curtis LNG facility located on Curtis Island near Gladstone where the WGP emerges from the underground 556 kilometres from its starting point in the Surat Basin, Queensland.

This page: Pipes strung and welded during construction of APA's new Eastern Goldfields Pipeline in Western Australia. The 293 kilometre pipeline connects to APA's Murrin Murrin Lateral which connects to our Goldfields Gas Pipeline. APA's three pipelines will be used to supply gas to AngloGold Ashanti's gold mining operations displacing liquid fuel power supply.

CONNECTING MARKETS

MOVING ENERGY

CREATING OPPORTUNITIES

2016 **15 YEARS OF GROWTH**

2016-BEYOND MORE GROWTH IN THE PIPELINE

We only look forward at APA as to what opportunities for growth lay ahead, never resting on our laurels of what we've achieved. However, we also believe it's healthy to acknowledge our significant growth and success since listing 15 years ago. That's why our celebratory timeline starts at financial year 2015 – like you, we're keen to see what's next in 2016 and beyond, but we're proud of the list of achievements you'll see flowing through the pages of APA's 2015 Annual Review.

Information contained in this document is current as at 26 August 2015.

OUR STRATEGY

1. Continuing to grow our ownership interests in transmission pipelines through further expanding the east and west coast grids
2. Growing other energy infrastructure midstream assets
3. Leveraging APA's asset management, development and operational capabilities
4. Delivering responsive, valuable solutions to our customers
5. Maintaining financial flexibility

OUR VISION

MAINTAIN OUR RANKING AS AUSTRALIA'S NUMBER ONE ENERGY INFRASTRUCTURE BUSINESS

As a leader in energy delivery, APA is transforming Australia's dynamic energy sector. Energy is essential to our everyday lives and Australians are fortunate to take for granted 24/7 connection to it. For 15 years, APA has been making sure connections are in place, when and where they are needed now and for the future.

By connecting gas resources to markets, we create opportunities for our customers to more effectively manage their energy portfolios. Our focus is on serving our customers and solving their challenges which generates sustainable growth opportunities for APA.

We add value to our customers' businesses which adds value to their customers' operations. By providing flexible services and solutions, we are able to consistently deliver returns and value to our investors and offer our 1,600 employees a dynamic environment in which to use and further develop their talents.

APA is well positioned to connect, create and grow our stakeholders' interests as we move energy around Australia.

2015

30 JUNE 2015
MARKET CAP
$9.2B
SECURITY PRICE
$8.24

JUN 2015
Wallumbilla Gladstone Pipeline acquisition, underpinned by 20 year take-or-pay gas transportation agreements. APA's largest acquisition to-date.

2014

DEC 2014
Diamantina and Leichhardt Power Stations officially opened, underpinned by long term electricity supply contracts until 2030.

2015 HIGHLIGHTS

0.64
LTIFR[1] INCLUDING EMPLOYEES AND CONTRACTORS
-20% year-on-year

$US4.6B
(AUD$6B) AUSTRALIA'S LARGEST PIPELINE ACQUISITION

38.0¢
FY2015 TOTAL DISTRIBUTION PER SECURITY

56.5¢
OPERATING CASH FLOW PER SECURITY +13.5% YEAR-ON-YEAR

$821.3M
NORMALISED EBITDA CONTINUING BUSINESS
+18% year-on-year and in-line with FY2015 guidance

28,535
NEW NETWORK GAS CONNECTIONS

$9.2B
MARKET CAPITALISATION
as at 30 June 2015

+59.5%
as at 30 June 2015

$396.3M
TOTAL CAPITAL EXPENDITURE INCLUDING STAY-IN BUSINESS

Photo: Peter Wheelwright, APA's Construction Manager working on the Victoria-New South Wales Interconnect expansion project.

1. Lost Time Injury Frequency Rate ("LTIFR")

2013

28 JUNE 2013
MARKET CAP
$4.8B
SECURITY PRICE
$5.73

2013-2011
Maximising the value of APA's portfolio through consolidation and expansion – we're more than the sum of our parts.

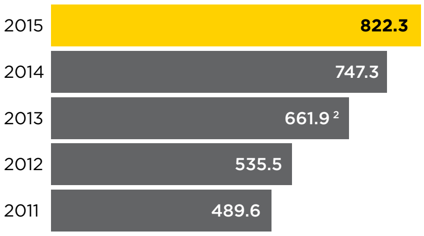
2012

DEC 2012
Completed acquisition of Hastings Diversified Utilities Fund. Creation of APA's East Coast Grid through the addition of the South West Queensland Pipeline. Emergence of the West Coast Grid with acquisition of Pilbara Pipeline System.

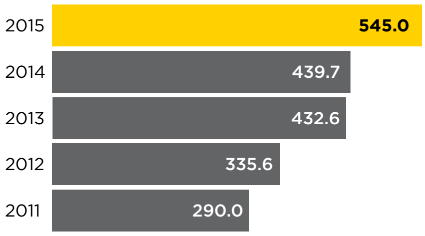
DEC 2012
Commenced expansion of APA's compression capacity at the Wallumbilla Gas Hub.

BUSINESS PERFORMANCE (NORMALISED[1])

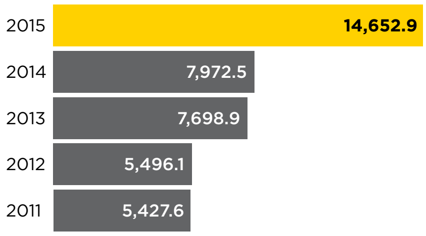
EBITDA ($M)



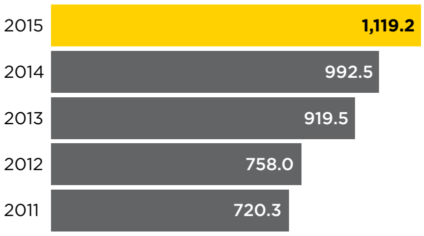
OPERATING CASH FLOW ($M)[3]



TOTAL ASSETS ($M)



REVENUE EXCLUDING PASS-THROUGH ($M)[4]



OPERATING CASH FLOW PER SECURITY (CENTS)[5]

DISTRIBUTIONS PER SECURITY (CENTS)

FINANCIAL RESULTS

FINANCIAL RESULTS	**2015 Normalised[1] $ million**	2014 Normalised[1] $ million	Change Normalised[1] %	**2015 Statutory $ million**	2014 Statutory $ million	Change Statutory %
Revenue	**1,553.6**	1,396.0	11.3	**1,553.6**	1,396.0	11.3
Revenue excluding pass-through[4]	**1,119.2**	992.5	12.8	**1,119.2**	992.5	12.8
EBITDA	**822.3**	747.3	10.0	**1,269.5**	747.3	69.9
Profit after tax and non-controlling interests	**203.9**	199.6	2.1	**559.9**	343.7	62.9
Operating cash flow[3]	**545.0**	439.7	23.9	**562.2**	431.5	30.3
FINANCIAL POSITION						
Total assets	**14,652.9**	7,972.5	83.8	**14,652.9**	7,972.5	83.8
Total drawn debt[6]	**8,642.8**	4,789.4	80.5	**8,642.8**	4,789.4	80.5
Total equity	**4,382.7**	2,496.5	75.6	**4,382.7**	2,496.5	75.6
FINANCIAL RATIOS						
Operating cash flow per security (cents)[5]	**54.8**	50.8	7.9	**56.5**	49.8	13.5
Earnings per security (cents)[5]	**20.5**	23.1	(11.3)	**56.3**	39.7	41.8
Distribution per security (cents)	**38.0**	36.3	4.8	**38.0**	36.3	4.8
Distribution payout ratio (%)[7]	**68.8**	68.9		**66.7**	70.2	
Gearing (net debt plus equity) (%)	**63.4**	64.2				
Interest cover ratio (times)	**2.6**	2.3				

Notes: Numbers in the table may not add up due to rounding.
1. Normalised financial results exclude significant items.
2. The balances for June 2013 have been restated for the effect of applying AASB 119: 'Employee Benefits'.
3. Operating cash flow = net cash from operations after interest and tax payments.
4. Pass-through revenue is revenue on which no margin is earned. Pass-through revenue arises in the asset management operations in respect of costs incurred in, and passed on to Australian Gas Networks Limited ("AGN", formerly Envestra Limited) and GDI in respect of, the operation of the AGN and GDI assets respectively.
5. Between 23 December 2014 and 28 January 2015, APA issued a total of 278,556,562 new ordinary securities, resulting in total securities on issue as at 30 June 2015 of 1,114,307,369. The issue was offered at $6.60 per security, a discount to APA's closing market price of $7.67 per security on 9 December 2014, the last trading day before the record date of the entitlement offer of 15 December 2014. The weighted average number of securities for the current and prior period (FY2014) has been adjusted in accordance with the accounting principles of AASB 133: 'Earnings per Share', for the discounted rights issue.
6. APA's liability to repay debt at relevant due dates of the drawn facilities. This amount represents current and non-current borrowings as per balance sheet and is adjusted for deferred borrowing costs, the effect of unwinding of discount, unrealised foreign exchange differences reported in equity and deducting other financial liabilities that are reported as part of borrowings in the balance sheet.
7. Distribution payout ratio = total distribution payments as a percentage of normalised operating cash flow.

2011

DEC 2011
Capacity expansion of the Goldfields Gas Pipeline.

JUL 2011
Emu Downs wind farm acquisition in the Perth area energy precinct, underpinned by 20 year electricity supply contracts.

JUN 2011
Acquisition of the Amadeus Gas Pipeline in the Northern Territory.

MAY 2011
Fivefold capacity expansion of Mondarra gas storage facility in the Perth area energy precinct.

CHAIRMAN'S REPORT

As we look back over the 15 years since APA listed on the Australian Securities Exchange, it is timely to reflect on how much has been achieved. We began this journey with an asset base of less than $1 billion and a simple goal – "to be recognised as the leading transporter of natural gas in Australia".

From these modest beginnings, consistent strategy execution has seen APA emerge as a leader in energy delivery that is playing an active part in transforming Australia's dynamic energy sector.

Today, we operate around $19 billion of owned or managed assets and our team of 1,600 experienced professionals is working harder than ever to unlock still more value from this diverse and growing portfolio. By connecting gas resources to markets, we create opportunities for our customers to more effectively manage their energy portfolios.

Our focus is on serving our customers and solving their challenges in a manner that generates sustainable growth opportunities for APA. It is pleasing to report that, consistent with this philosophy, APA has delivered another strong result for the 2015 financial year.

The Board declared total distributions for the year of 38.0 cents per security, including a final distribution of 20.5 cents, an increase of 4.8 per cent over the total distribution paid for the previous year. Distributions continue to be fully funded out of operating cash flow as we seek to deliver sustainable growth in distributions while maintaining investment in the growth of the business. Execution of this strategy has seen APA deliver a compound total securityholder return of 19.2 per cent per annum since listing in June 2000.

Net profit after tax including significant items increased by 62.9 per cent to $559.9 million, including a $356.0 million after tax profit from the sale of APA's shareholding in Australian Gas Networks Limited ("AGN", formerly Envestra Limited) and the recovery of fees paid by Hastings Diversified Utilities Fund to Hastings Funds Management during the period. Net profit after tax excluding significant items and profits attributable to minorities, increased by 2.1 per cent to $203.9 million.

Earnings before interest, tax, depreciation and amortisation ("EBITDA") from continuing business and before significant items increased by 18 per cent to $821.3 million. The increase in normalised EBITDA from continuing business was underpinned by organic growth of $109.1 million, more than offsetting the decrease in contribution from the divested investment in AGN, and below-average customer contributions received by APA's Asset Management operations.

WALLUMBILLA GLADSTONE PIPELINE

A highlight of the year was the US$4.6 billion acquisition of the Wallumbilla Gladstone Pipeline that APA announced in December 2014. This was our largest ever acquisition and a true milestone for APA that further cements our position as Australia's largest gas infrastructure business.

The acquisition significantly enhanced our asset portfolio, connecting APA's East Coast Grid to Gladstone. Expansion of the grid provides our customers with the ability to transport gas seamlessly from multiple production facilities to users across four states and the ACT, as well as the export LNG market developing in Gladstone.

The 556 kilometre (including laterals) Wallumbilla Gladstone Pipeline is a key component of the Queensland Curtis LNG Project ("QCLNG") linking gas fields in the Surat Basin to the project's LNG plant on Curtis Island. The acquisition is underpinned by fully contracted revenues with BG Group entities and a China National Offshore Oil Corporation owned entity on a 20 year take-or-pay basis with primary tariff components escalated annually at U.S. Consumer Price Index.

Gas began flowing through the Wallumbilla Gladstone Pipeline in December 2014, with the QCLNG plant commencing commercial operations in May 2015 following the shipping of 16 LNG cargoes as part of commissioning and performance testing.

APA's capacity to complete an acquisition of this scale is testament to the skills of our people, our relationships in the equity and debt markets, and our conservative approach to balance sheet management. From conception, and through preliminary discussions, structuring, due diligence, and financing to the ultimate closing of the acquisition, the quality of execution on this transaction was a credit to all those involved.

We are particularly grateful to APA Securityholders for the confidence they showed in the acquisition, and in our strategy, through their support for the $1.8 billion accelerated renounceable entitlement offer undertaken to partially fund the acquisition.

MORE GROWTH

Continued investment in our existing assets is core to APA's strategy to position the business for ongoing growth. Over the course of the financial year ending 2015, APA spent close to $400 million on capital expenditure including stay-in business capital expenditure, and expansions in New South Wales, Victoria, Queensland and Western Australia. Among a number of previously announced projects, the following were concluded:

— In May 2015, we completed the latest expansion of the Victoria – New South Wales Interconnect ("VNI") to increase the firm peak winter gas flows from Victoria into New South Wales by 145 per cent to nearly 120 terajoules per day, at a total cost of approximately $160 million. New gas transportation agreements with three customers were entered into as a result of the project's completion. A fourth agreement with an existing customer was announced in July 2015, which will support further expansion of the VNI;

— In January 2015, the South West Queensland Pipeline expansion project was completed and commissioned.

2010

APR 2011
Capacity expansion of the Roma Brisbane Pipeline.

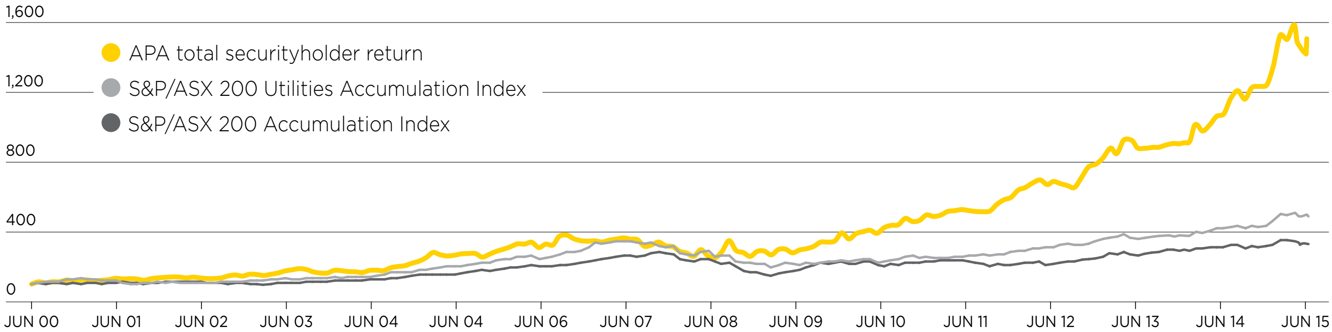
30 JUNE 2010
MARKET CAP
$1.9B
SECURITY PRICE
$3.45

2010-2009
APA obtained investment grade credit ratings from Standard & Poor's (June 2009) and Moody's (April 2010).

2010-2008
Enhanced APA's asset footprint by means of capacity expansion, pipeline development and acquisitions.

TOTAL SECURITYHOLDER RETURN SINCE LISTING [1]

Total returns indexed to 100 from date of APA listing, 13 June 2000 to 30 June 2015



The $325 million growth project, underpinned by a number of long term gas transportation agreements, has seen a significant increase in the pipeline's capacity, the addition of bi-directional capability and the augmentation of compression facilities at Wallumbilla and Moomba.

— In September 2014, the Goldfields Gas Pipeline expansion project was completed. Long term gas transportation agreements with major mining groups underpinned this expansion.

CAPITAL MANAGEMENT

APA's success relies upon a strong balance sheet and, in a year of substantial investment and growth through acquisition, we maintained our solid investment grade credit ratings of BBB/Baa2 from Standard & Poor's and Moody's respectively, through a prudent and conservative approach to capital management.

APA's strategies for financing growth continued to attract strong support from capital markets, with debt sourced across a range of maturities and markets to partially fund the Wallumbilla Gladstone Pipeline acquisition.

This financing program saw US$3.7 billion debt raised in international debt capital markets, across three currencies and five maturity tranches ranging from 7 to 20 years.

At 30 June 2015, APA had around $1.6 billion in cash and committed undrawn facilities available to meet the continued capital growth needs of the business. We finished the year with a debt portfolio containing a broad spread of maturities extending out to 2035, with an average maturity of drawn debt of 8.5 years. Our gearing of 63.4 per cent at 30 June 2015 was down slightly from 64.2 per cent at 30 June 2014.

I recently announced the appointment of two new members to your Board. Michael Fraser and Debbie Goodin will further enhance the Board's expertise in the energy industry and financial management. As foreshadowed at the 2014 Annual Meeting, Robert Wright, who was appointed to the Board when APA was floated in 2000, is retiring from the APA Board with effect from close of the 2015 Annual Meeting of Securityholders in October. I thank Robert for his significant contribution over the last 15 years.

OUTLOOK

Your Board is confident that APA remains well placed to continue delivering sustainable and profitable growth. Our demonstrated ability to generate organic growth from existing assets augurs well for the financial year ahead, which will also benefit from the first full year of ownership of the Wallumbilla Gladstone Pipeline.

Our confidence in the outlook for APA is reflected in our guidance for the 2016 financial year, with statutory EBITDA for the full year to 30 June 2016 to be in a range of $1,275 million to $1,310 million. The distribution per security for the 2016 financial year is expected to be at least equal to that paid in the 2015 financial year, that is, at least 38.0 cents per security.

On behalf of the Board, I thank our Managing Director Mick McCormack, his leadership team and APA's people for their contributions this year.

I also thank you, APA's Securityholders, for your continued support.

Len Bleasel AM
Chairman

1. Total securityholder return is the capital appreciation of the company's security price, adjusted for capital management (such as security splits and consolidations) and assuming the reinvestment of distributions at the declared distribution rate per security. Figures quoted are sourced from IRESS.

2008

MAR 2010
Acquired the Berwyndale to Wallumbilla Pipeline.

DEC 2008
Established Energy Infrastructure Investments (EII) for APA annuity style assets. Completed construction of the Bonaparte Gas Pipeline.

AUG 2008
Acquired the Central Ranges Pipeline.

MANAGING DIRECTOR'S REPORT

At the mid-point of our second decade as a listed entity, it is the skills and expertise of APA's people across asset management, development and operational activities that have seen us emerge as a leader in energy delivery in Australia.

Today, APA owns and/or operates over 14,700 kilometres of natural gas pipelines as well as gas storage facilities, gas-fired generation plants and a wind farm. Half of Australia's natural gas production passes through our network, which is by far the largest in the country. We have a well-earned reputation for delivering our Securityholders sustainable growth and returns, while continuing to invest in assets that are a strategically vital part of our nation's energy infrastructure.

The 2015 financial year saw exceptional levels of activity in the completion of existing projects, the commissioning of new projects, and our most substantial acquisition to date – the Wallumbilla Gladstone Pipeline. Our investment activity is focused on connecting APA's physical assets to link more Australian gas resources to more gas markets. It is a process that is driven by engagement with our customers, listening to their needs and developing new and innovative ways to make the most of our infrastructure.

FUTURE GROWTH

While it's healthy to acknowledge our significant growth and success over the last 15 years, and reflect on what we have achieved in the past year, at APA we are always looking forward to the opportunities for growth that lie ahead. That is why, in addition to the projects we completed in the past year, we have also been planting the seeds for our future growth.

In April 2015 we opened the APA Integrated Operations Centre ("IOC") in Brisbane. This new centre of excellence will enable us to centrally manage our portfolio of interconnected assets, responding more nimbly to operational and market imperatives. By integrating commercial, technical and operational resources in the one location in a real-time environment, we will provide a single operational point of contact for our customers and realise additional operational efficiencies. I have no doubt that this concentration of expertise from many different parts of APA will, in itself, lead to the development of previously unthought-of services and a step-change in the timeliness and dynamism with which we meet our customers' needs. In 2016 we will complete full transitioning of all APA pipelines to the IOC.

The establishment of the IOC is a natural step following the creation in 2012 of the East Coast Grid, which now allows our customers to choose from, and move gas between, around 30 receipt points and approximately 100 delivery points on the east coast. It is APA's ongoing commitment to innovation that enabled us to develop the commercial and operational framework to provide this flexibility to our customers including related offerings such as multi-asset services, bi-directional transportation and gas storage and parking facilities.

We broke ground in March 2015 on the construction of the new 293 kilometre Eastern Goldfields Pipeline ("EGP"). This project is underwritten by two gas transportation agreements executed between AngloGold Ashanti Australia Limited ("AngloGold") and APA in July 2014 for the transportation of natural gas to AngloGold's Sunrise Dam Operations and the Tropicana Operations located in the eastern Goldfields region of Western Australia. The EGP will connect APA's existing infrastructure, the Goldfields Gas Pipeline and the Murrin Murrin Lateral to the respective mine site locations transporting natural gas over a total distance of 1,500 kilometres. Commissioning of this project is scheduled to take place prior to January 2016.

As we discussed in last year's Annual Review, in early 2014 APA announced a feasibility study into a possible link of our Northern Territory pipeline infrastructure with our East Coast Grid. This year the Northern Territory Government announced its own process for this pipeline and shortlisted four bidders, one of which is APA. We are working towards making a final submission in September this year.

The proposed pipeline link would create the opportunity for gas sourced from onshore and offshore fields in the Northern Territory to be economically supplied to east coast markets as well as provide additional gas security for the Northern Territory. Any commitment by APA will be underpinned by appropriate long-term revenue agreements, and we look forward to the favourable conclusion of this exciting prospect.

These are just three of the projects that saw APA invest $343.1 million in growth capital expenditure, including expansions and enhancements to its gas infrastructure in New South Wales, Victoria, Queensland and Western Australia over the course of the year.

TRANSPARENT COSTS

This year we are introducing a change in our reporting by separating corporate costs from operating business segments. In doing so, it is our intention to provide our Securityholders with a greater insight to the underlying performance of the operating businesses and the costs incurred by APA in the management of these businesses.

Corporate costs have declined as a proportion of revenue (excluding pass-through revenue; 2015: 6.7 per cent and 2014: 7.7 per cent) and EBITDA (continuing businesses before corporate costs; 2015: 8.2 per cent and 2014: 9.4 per cent). Indeed, these ratios have trended down over the last five years, demonstrating the efficient scalability of APA.

2007

2007-2006
Start of ongoing acquisition and development of complementary assets for the APA portfolio.

OCT 2007
APA fully internalised asset management and operational services.

APA acquired Origin Energy Network (Jun/Jul 2007) assets including interests in SEA Gas Pipeline and the Envestra gas distribution network along with the long term operations and management contract for Envestra assets.

APA completed construction and commissioning of Daandine (Jan 2007) and X41 (Nov 2007) Power Stations.

PUBLIC POLICY

The 2015 financial year saw unprecedented levels of public and policy discussion of the evolving gas market in Australia as LNG exports from Gladstone commence and domestic supply arrangements need renewal. The Federal and State Energy Ministers, through the Council of Australian Governments' Energy Council, initiated a major review of the east coast gas market and concurrently, the Federal Government has instructed the Australian Competition and Consumer Commission to undertake an inquiry into the competitiveness of the wholesale gas market, including gas transmission.

There appears to be a high degree of overlap between these processes and each consumes a material amount of APA's resources and management attention. These reviews cover much of the same ground considered in the expansive work undertaken by the Productivity Commission, the Harper Review into Competition Policy, and the Federal Government in developing its Energy White Paper, all of which were completed in 2014/15.

Whilst transparent discussion of the issues facing the industry promotes sensible policy determinations, provides certainty and serves to educate the public, it is important that a succession of reviews should not be allowed to adversely affect business confidence. In the last decade Australia has been well served by the relatively light level of regulation and market interference in transmission pipelines. It was this business environment that has enabled the development of the East Coast Grid and the range of services that APA provides the market. Today, as we are about to enter the next expansive stage of the gas market, it is critical that the ability to invest in further enhancements of Australia's pipeline system such as the Northern Territory Link are not crippled by misguided government policy and bureaucratic interference.

CONTINUING COMMITMENT TO SAFETY

In this report last year, I announced APA's three-year Health, Safety and Environment Strategic Improvement Plan following a corporate-wide health and safety cultural survey in early 2013. I am pleased to provide an update on the progress that we have made in the past year towards achieving our aim of being a Zero Harm workplace.

14 of the 17 Plan initiatives we originally identified have now been implemented. The Plan and ongoing progress of the initiatives are regularly reviewed and updated. Given the vast geographical spread and remoteness of our assets, an additional initiative was introduced this year, Safedrive+ which will provide the requisite level of control and training for all APA and contractor drivers and passengers, as well as a minimum standard vehicle specification.

The principle metric against which we measure the safety of our people is the Lost Time Injury Frequency Rate ("LTIFR" including both employees and contractors), which has continued to decline from 0.80 last year to 0.64 this financial year. This represents a significant improvement, but we will continue working towards zero, implementing the remaining initiatives as well as monitoring the active initiatives.

OUTLOOK

I am tremendously proud of the dedication, competence and hard work that each of APA's employees has contributed to our strong 2015 financial year result. It is these same qualities, combined with our robust balance sheet, and a commitment to innovation and excellent execution that give me confidence in APA's future.

Our approach will not change. We will continue to invest in our existing infrastructure to provide tailored services to our customers.

We will continue to invest in the growth of our national infrastructure where customer demand provides an opportunity for commercial long-term returns. And we will remain alert to investment and acquisition opportunities compatible with our over-arching strategy, prudent management of the balance sheet, and our own return on investment requirements.

Recently, APA announced the retirement of two members of my executive team – Peter Wallace, Group Executive Human Resources and Mark Knapman, APA's Company Secretary. Both have contributed significantly to APA's growth and I thank them for their commitment and wish Peter and Mark all the best for their well-deserved retirements. We're very proud of the talent pool and succession planning that has been internally developed within APA over a number of years. It was therefore with great pleasure to also announce at the time that both executive roles were taken up by existing employees and I welcome to the executive team Elise Manns APA's new Group Executive Human Resources and Nevenka Codevelle, APA's new Company Secretary and General Counsel.

Lastly, at 15 years young, I would like to extend my sincere thanks for your continued support of APA. I look forward to leading our business with the same enthusiasm and focus that has brought us this far, to a future that promises to be even more exciting than our past.

Mick McCormack
Managing Director
and Chief Executive Officer

2006

APA completed construction and commissioning of Kogan North (Mar 2006) and Tipton West (Mar 2007) gas processing facilities.

APA acquired the Murraylink (Mar 2006) and Directlink (May 2007) electricity interconnectors.

DEC 2006
Acquisition of the Victorian Transmission System (formerly GasNet).

NOV 2006
Acquisition of Allgas gas distribution network in Queensland.

ENERGY INFRASTRUCTURE

~7,500KM interconnected East Coast Grid

~14,700KM transmission gas pipelines owned and/or operated by APA

Energy Infrastructure is at the core of APA, housing our key gas infrastructure assets including gas transmission pipelines, compression facilities and storage facilities. Our national and interconnected portfolio of assets enables APA to provide various infrastructure services to our customers, including transportation, storage, compression or metering.

Over the last 15 years, APA has extended its infrastructure footprint so gas can be seamlessly transported to the various markets where it is required from every major gas supply source in Australia. And we continue to invest in our interconnected gas infrastructure grids across the country that connects resources to markets and markets to resources. In doing so, we are contributing to the energy security of Australia's economy and assisting the domestic market to adapt to the dynamic times that have developed with the onset of east coast LNG exports.

We now own and/or operate over 14,700 kilometres of gas transmission pipelines as well as a substantial portfolio of energy-related infrastructure assets. To achieve this sustainable growth, we listen to our customers and work with them, leveraging APA's diversified assets and know-how to solve their logistical challenges. Our strategy of expansion and enhancement of our portfolio has remained consistent since we listed in 2000, developing organic growth opportunities surrounding our assets and prudent acquisitions. From 2006, when we acquired the asset management business, we have also become skilled operators. Now we own and/or operate around $19 billion of assets when we include APA's latest and largest acquisition, the Wallumbilla Gladstone Pipeline ("WGP", renamed by APA from the Queensland Curtis LNG Pipeline post completion of the acquisition).

SOLUTIONS DELIVERY

APA has been busy working with our customers to provide more flexible and value-add services across this extensive infrastructure portfolio. Pipelines worldwide, including Australia, were originally built to deliver gas from one point to another. But APA has rewritten the guidelines of tradition by developing an interconnected grid and flexible solutions. Our East Coast Grid has now become a 7,500 kilometre gas superhighway, with customers able to take advantage of the many service offerings along its routes.

It is our technical and commercial 'smarts' that APA applies to our assets that transforms their functionality and capabilities from simple point to point pipelines to an interconnected gas grid. Our customers continually respond to the current dynamic energy markets and associated demand and supply movements, as well as seek to take advantage of short term price differentials across the gas market. By listening to our customers, APA can now seamlessly manage their gas transportation requirements, providing park and loan services, storage services and bi-directional services across our connected gas grids. We can now offer additional services such as capacity and in-pipe trading that enables customers to more efficiently and effectively manage their energy needs.

APA's various teams across commercial, engineering and operational disciplines have always worked together to deliver solutions to our customers' needs. And now with the opening of the Integrated Operations Centre ("IOC") in April 2015, APA expects that our coordinated solutions approach will be further enhanced, and our service delivery even more responsive to changes in operations and gas markets. The IOC currently services APA's infrastructure assets in Queensland, New South Wales, the Northern Territory and the Pilbara Pipeline System in Western Australia with further assets transitioning to the IOC during FY2016. By integrating the service teams we aim to maximise commercial opportunities and minimise operational impact.

2005

2005-2001
Period of acquisition of minority interests in major APA pipelines consolidating our ownership positions across Australia.

FEB 2005
Acquired the remaining 30% interest in the Carpentaria Gas Pipeline.

30 JUNE 2005
MARKET CAP
$1.0B
SECURITY PRICE
$3.45

2004

AUG 2004
Goldfields Gas Pipeline interest increased to 88.2%.

"We are very pleased that APA Group, as one of the most experienced owners and operators of pipeline infrastructure in Australia, has purchased the QCLNG Pipeline.

The newly-named Wallumbilla Gladstone Pipeline is a critical piece of infrastructure connecting our upstream CSG wells to our LNG plant on Curtis Island. APA Group has been an important partner as we have started up and commissioned the world's first integrated, large-scale CSG-to-LNG project – partnering with us on key commercial arrangements; being a pragmatic and highly responsive counterparty; and a first-rate operator of an extensive pipeline network.

APA Group has demonstrated that it is deeply invested in supporting the success of the QCLNG Project - this was evident even before we completed the pipeline sale and we look forward to deepening our relationship with APA Group even further over the next 20 years and beyond."

QGC
A BG Group business

TONY NUNAN
Managing Director QGC

EAST COAST GRID

Three years ago, APA created the East Coast Grid by interconnecting the majority of our existing assets in eastern Australia through the acquisition of the South West Queensland Pipeline. This has allowed our customers on the east coast of Australia to move gas seamlessly between different markets and states, enabling them to manage their energy portfolios with a high degree of flexibility. This year, we added some 500 kilometres to the East Coast Grid as well as a gateway to the LNG export market at Gladstone through the acquisition of the WGP.

The acquisition of the WGP is the largest pipeline transaction in Australia. But more impressive than the size of the transaction is the strategic value it adds to our East Coast Grid, adding a delivery point at Gladstone, extending our strong customer base with the addition of two international customers in BG Group and China National Offshore Oil Corporation and enhancing APA's ability to capture further opportunities for the growing LNG export market as it connects with the other two LNG transmission pipelines due to come online in FY2016. These connections, together with other potential connections that we may develop in the future, provide us with opportunities for additional enhancements of the Wallumbilla Gladstone Pipeline, be they for the foundation shippers or new shippers.

The WGP transports gas to BG's Queensland Curtis LNG export facility on Curtis Island, just off Gladstone, from the Surat Basin, and is fully contracted in the form of long term take-or-pay gas transportation agreements. After the first twenty years, the shippers have two options to extend the contracts by a further ten years. So APA has 20 years of guaranteed revenues and potentially up to forty, with the extensions clearly designed for the shippers to take advantage of the technical life of the pipeline. We will earn a return on capital spent to ensure the pipeline operates for that additional 20 years.

This acquisition is consistent with the strategy that has created value for our investors and underpinned our growth for years. That is, it leverages our core skills in gas infrastructure assets to deliver appropriate commercial returns. The existing contracts provide that return, and the potential enhancements that come from our ownership and integration with our existing platform give further commercial opportunities.

Following commissioning of the pipeline in 2014, QGC Pty Limited, an Australian subsidiary of BG Group will continue to operate the WGP for the next 12 or so months after which APA has the option to take over the operatorship (from June 2016). As we're first and foremost a pipeline operator, we're likely to do so when that time arrives and we are comfortable that all the usual issues around commissioning have been settled.

APA'S EAST COAST GRID

2001

2000

AUG 2004
Acquired Mondarra Gas Storage Facility, along with the Parmelia Gas Pipeline.

FEB 2001
Acquired the remaining 15% interest in the Roma Brisbane Pipeline.

30 JUNE 2000
MARKET CAP
$0.5B
SECURITY PRICE
$2.10

13 JUNE 2000
APA was listed on the Australian Stock Exchange. Foundation contract was on the only 100% owned Moomba Sydney Pipeline.

ENERGY INFRASTRUCTURE

Trebling of VNI capacity in

3

years

MORE CAPACITY

The network of our pipelines is not just getting bigger in length and reach, but we are also expanding the capacity of our pipelines – where that capacity is required. During the year, our Infrastructure Development team completed an expansion of the connection between Victoria and New South Wales (the Victoria-New South Wales Interconnect, "VNI") that has increased the asset's capacity by 145 per cent to nearly 120 terajoules per day. This involved looping around 60 per cent of the pipeline as well as increasing capacity at Culcairn in southern New South Wales.

APA has recently signed a fourth contract that will support 30 terajoules per day of further capacity expansion. On completion of this project, the capacity of the VNI will have trebled in three years, by responding to our customers' needs to transport more gas from southern gas resource basins into northern markets with the benefit of APA's flexible and seamless services. Also in Victoria, new compression facilities were completed at Winchelsea on APA's South West Pipeline which connects to the Victorian Transmission System.

Major capital works were also undertaken and completed at both Moomba in South Australia and Wallumbilla in Queensland with the commissioning of three Solar Mars compressors at each location to enhance the overall capacity of the South West Queensland Pipeline in the LNG ramp up. In Western Australia on the Goldfields Gas Pipeline, additional compression capacity was also increased. All of these expansion projects were underwritten by long term agreements with our customers.

BENEFIT TO LOCAL COMMUNITIES

As APA grows, we're able to bring an economic boost to the local communities where our expansion projects are taking place. We understand that we are long term members of the communities in which our assets and operations exist and therefore where possible, we utilise the services and skills of those regional communities. It is very pleasing to get feedback such as was reported in the Euroa Gazette 17 December 2014 during the VNI expansion project works:

Gas pipe workers bring economic boost – Euroa benefiting economically from gas pipe construction

Shoppers in Euroa will have noticed a sea of flouro yellow work shirts when they've gone to buy their bread or café lattes. The town is in the grip of a mini economic boom thanks to the influx of hundreds of workers who are stationed at the gas pipe site outside Euroa. Almost 300 people are working on a project to construct a gas pipeline which will run 119 kilometres from Mangalore to Glenrowan.

Euroa Hot Bread owner David Mawson said many local businesses had extended their trading hours to accommodate the workers. "It's brought a lot of money into the town, whether it's the take-away shops or the petrol stations because they're buying all their fuel locally."

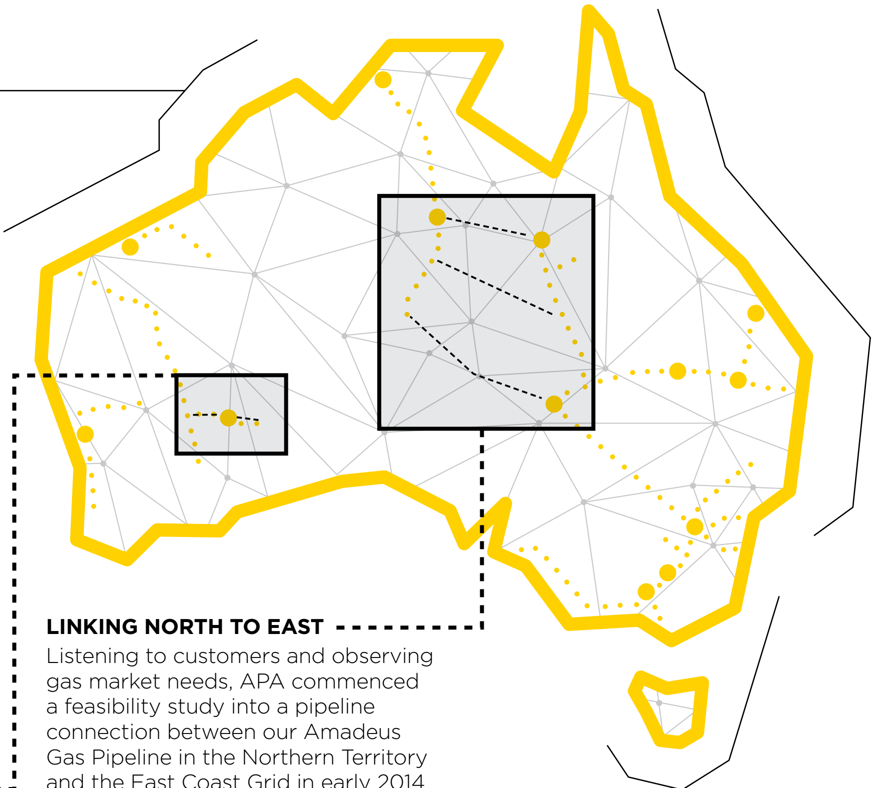
BOTH DIRECTIONS

Not only are our pipelines expanding in length and capacity, but we're changing their flow direction capability as well which increases the flexibility of services we can offer to customers. Today, the majority of APA's key pipelines have bi-directional capabilities allowing gas to flow in both directions rather than simply point to point. We achieve this with a combination of additional compression capacity as well as installation of flow redirection skids.

In addition to the extra compression capacity installed at Moomba and Wallumbilla this year, both the South West Queensland Pipeline and the Berwyndale Wallumbilla Pipeline underwent bi-directional transformation. Currently works are underway on both the Roma Brisbane Pipeline and Moomba Sydney Pipeline to convert to bi-directional capability which are due for completion early FY2016.

Preparing to weld the new pipeline looping sections on the VNI

Ben Tibenszky, APA Project Engineer, with one of the flow redirection skids installed at Wallumbilla



WEST COAST GRID

A grid is roughly defined as a network of horizontal and perpendicular lines and the Goldfields Gas Pipeline in Western Australia with all its expansions over the years in response to mining customer requirements has certainly seen it emerge as a key asset of APA's West Coast Grid. Together with APA's other assets and investments notably the Pilbara Pipeline System, Telfer and Nifty Pipelines, the Parmelia Gas Pipeline, Mid-West Pipeline and the Mondarra Gas Storage Facility, Western Australia is becoming an interconnected gas market.

The latest adjunct to the Goldfields Gas Pipeline is the 293 kilometre Eastern Goldfields Pipeline, APA's latest greenfield project. In mid-2014, we were able to announce construction of the new pipeline on the back of two gas transportation agreements signed with AngloGold Ashanti, who took a long term view about energy supply and appreciated the reliability and cost stability that gas offered.

Once completed, APA will deliver gas from north-west of Western Australia to mines in the eastern Goldfields region via three of its interconnected pipelines spanning 1,500 kilometres – the Goldfields Gas Pipeline, the Murrin Murrin Lateral and the Eastern Goldfields Pipeline. Construction is expected to involve laying approximately 16,500 18-metre lengths of carbon steel pipe. The construction is well under way with completion prior to January 2016.

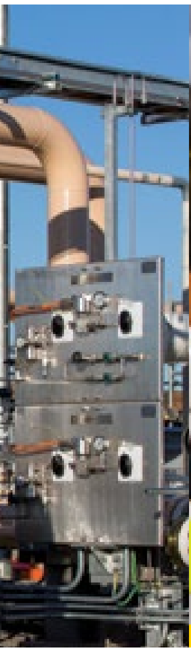
LINKING NORTH TO EAST

Listening to customers and observing gas market needs, APA commenced a feasibility study into a pipeline connection between our Amadeus Gas Pipeline in the Northern Territory and the East Coast Grid in early 2014 ("NT Link"). The study has been ongoing during this financial year.

APA has been short listed as one of four bidders to the Northern Territory Government's process, the North East Gas Interconnect ("NEGI"), which was launched in late 2014 with final bids due in September 2015. Our feasibility work has gone into formulating our bid for this process.

The genesis of the NT Link concept was to address the supply dynamics in the eastern Australia gas market, given the development of the LNG projects around Gladstone. By connecting the Northern Territory with the east coast, those markets will effectively have additional gas basins to source their gas from and, conversely, the gas fields will have new markets they can access. This is another example of APA connecting more resources with more markets.

293KM
new pipeline under construction in Western Australia



Jo Davis, APA's Health and Safety Advisor on the Eastern Goldfields Pipeline project

ASSET MANAGEMENT

349KM
new distribution pipelines

541KM
pipelines replaced

At APA, the diversity and depth of our skills and thinking sets us apart from our peers and therefore our expertise is sought after by asset owners. Under long term agreements, APA provides asset management and operational services to the majority of its energy investments and to a number of third parties.

Our main customers are Australian Gas Networks Limited ("AGN", formerly Envestra Limited), Ethane Pipeline Income Fund, Energy Infrastructure Investments and GDI (EII) Pty Ltd ("GDI"). In August 2014, APA sold its 33.05 per cent interest in AGN. APA retained its operation and management agreements with AGN which run to 2027. Contracts with other customers to provide operational, management and/or corporate support services range from 5 to 20 years.

GROWING OUR CUSTOMERS' BUSINESSES

It has been a busy year for APA's 550 Network employees and 950 contractors. A number of growth projects commenced or continued during FY2015 have required new connections for homes and businesses throughout eastern Australia. Currently, the total new customer connection potential is almost 140,000 homes and businesses in future years. APA works closely with customers, developers and government bodies to promote natural gas as the preferred choice of energy, thereby increasing the utilisation of our customers' networks. In FY2015, over 28,000 new connections were added to existing networks.

Two of the most recent growth project approvals include North Harbour near Caboolture Queensland and McLaren Vale in South Australia. As capital cities become more crowded and expensive to live in, combined with improved transport links, high speed internet technology and flexible work options, new growth corridors centred around lifestyle, community and affordable housing are being developed, providing opportunities for APA to organically grow its business.

The North Harbour development located in the corridor between Brisbane and the Sunshine Coast includes a 2,200 residential lot housing estate and a marina with associated facilities, a neighbourhood shopping centre and lifestyle amenities. There are 400 residential lots for the development of apartments and townhouses and a 170 hectare business park development with a mix of industrial and commercial lots.

McLaren Vale, located 35 kilometres south of Adelaide, is an important centre for the tourism, wine and food production industries, that is very similar to Tanunda, also in South Australia, which APA connected to natural gas during the year. APA has commenced activities to construct the six kilometre high pressure gas supply main to bring reticulated natural gas to McLaren Vale, with an estimated 1,500 to 2,000 connections expected in future years.

North Harbour development, Queensland

28,535
new connections

MAKING IMPORTANT CONNECTIONS

During the financial year, APA also completed connecting natural gas to Adelaide's new state of the art Royal Adelaide Hospital, due to open in 2016. One of the design features is natural gas supply connections from two different locations on the gas network to mitigate the risk of interruption to the supply of gas which is an essential energy source for the functioning of the hospital.

We have also commenced the pre-work for providing connection facilities for the Parklands Project, which will be utilised as the Commonwealth Games Village during the Gold Coast 2018 Commonwealth Games. The redevelopment of the Parklands precinct in Southport is one of the largest urban renewal projects ever undertaken on the Gold Coast. Natural gas is being used to supply bulk hot water and cooking to apartments, pool heating and catering. Once the Commonwealth Games are finished, the site will form the key residential, commercial and retail sector of the Gold Coast Health and Knowledge Precinct.

NETWORK ASSETS OWNED AND/OR OPERATED BY APA

NETWORK STATS

Gas Consumers

New Connections	28,535
Total Connections	1,317,323

Natural Gas Distribution Networks:

New Pipelines	349 km
Replacement Pipelines	541 km
Total Pipelines Managed	28,413 km
Gas Transported	120 PJ

"On behalf of Australian Gas Networks, I would like to acknowledge APA for its excellent performance during the interruption to gas supplies in Port Pirie and Whyalla in April. The APA teams at Kidman Park and on site showed outstanding commitment and professionalism throughout the incident period and the efforts to keep the two hospitals supplied with compressed natural gas and LNG and to provide hot showers and food to the community are to be commended."

BEN WILSON
Chief Executive Officer
Australian Gas Networks

Australian Gas Networks

RELIABLE SUPPLY

Maintaining a safe and reliable supply for customers is one of our key operational objectives. APA is able to access and utilise all of its business units and capabilities across Australia from transmission and network services, LNG supply and vaporisation plants, storage and compression capacity and compliance and communication specialists, which is particularly critical during emergency response events.

During the year, APA responded to a major disruption of gas supply to the cities of Port Pirie and Whyalla in South Australia caused by a rupture on the Moomba Adelaide transmission pipeline. APA operates and maintains the South Australian natural gas network, which is connected to this pipeline, on behalf of Australian Gas Networks. With APA's experience and quick response, some gas was able to be preserved in the network to continue an emergency supply to both cities' hospitals. Furthermore, APA's Asset Management team was able to call on help from other APA teams to assist with managing the crisis. APA organised LNG supplies from its Dandenong storage facility to be transported across the border by tanker and injected into the network so that basic needs could be maintained for the communities during the week long disruption. APA transmission services also provided support to the operator of the Moomba Adelaide Pipeline, assisting with repairing the ruptured section. As a fully integrated business, we are able to add-value to the individual services we provide to customers.

Injecting LNG into the network during the Port Pirie and Whyalla gas disruption

ENERGY INVESTMENTS

The Coomandook compressor station on the SEA Gas Pipeline, South Australia

As Australia's largest energy infrastructure business, we also have an interest in a number of complementary energy investments across Australia, in addition to the assets we own.

These investments are diverse in both functionality and geographical spread which reduces risks, yet aggregated so that we can apply APA's considerable expertise in managing and operating energy assets.

In addition to ownership interests, APA also holds a number of roles in respect of our investment businesses be it operational, management and/or corporate services. All investments are equity accounted, with the exception of APA's interest in Ethane Pipeline Income Fund.

In August 2014, APA divested its 33.05 per cent interest in Australian Gas Networks Limited ("AGN", formerly Envestra Limited) receiving $784 million in consideration in addition to $21 million we received as a final dividend in July 2014. As a result of the divestment, there was no contribution from AGN to the FY2015 results, however APA retains the operations and management agreement on the AGN assets until 2027.

EBITDA from continuing investments increased by 20.9 per cent to $21.8 million (2014: $18.0 million), driven by increased contributions from GDI, EII2 and the SEA Gas Pipeline, in particular.

HARNESSING EXPERTISE

During the financial year, Diamantina and Leichhardt Power Stations (collectively "DPS") were completed and commenced operations contributing to approximately six months of the 2015 financial year. The greenfield joint venture project was announced in 2011 and construction commenced in early 2012.

As project partners, APA and AGL Energy harnessed the expertise of both companies to deliver a total energy solution for North West Queensland that will reliably supply the energy needs of this mineral rich area now and into the future. DPS consists of the 242 megawatt Diamantina combined cycle power station and the 60 megawatt open cycle Leichhardt power station. The site is adjacent to APA's Carpentaria Gas Pipeline and metering station which supplies gas to the power station precinct.

In line with our strategy, APA will continue to grow our ownership interests in energy infrastructure that complements our existing portfolio and leverages our operational and management capabilities.

ASSET

SEA GAS PIPELINE

ETHANE PIPELINE INCOME FUND

EII2

GDI (EII)

DIAMANTINA POWER STATION JOINT VENTURE

ENERGY INFRASTRUCTURE INVESTMENTS

Diamantina Power Station commenced supplying gas-fired power to North west Queensland in FY2015

OWNERSHIP INTEREST	ASSET DETAILS	PARTNERS	APA SERVICES
50%	680 km gas pipeline from Iona and Port Campbell in Victoria to Adelaide	REST	MAINTENANCE
6.1%	1,375 km ethane pipeline from Moomba to Port Botany, Sydney	LISTED ENTITY "EPX"	OPERATIONAL MANAGEMENT CORPORATE SUPPORT
20.2%	132 MW North Brown Hill wind farm in South Australia	INFRASTRUCTURE CAPITAL GROUP OSAKA GAS COMPANY LTD	CORPORATE SUPPORT
20%	3,214 km Allgas gas distribution network in Queensland with 96,045 connections	MARUBENI CORPORATION DEUTSCHE AWM	OPERATIONAL MANAGEMENT CORPORATE SUPPORT
50%	Two gas-fired power stations in Mount Isa with a combined gas fired power generation of 302 MW	AGL ENERGY LTD	CORPORATE SUPPORT
19.9%	Gas-fired power generation 71 MW Gas processing facilities 41 TJ/day Electricity transmission cables 244 km Three gas pipelines totaling 787 km	MARUBENI CORPORATION OSAKA GAS	OPERATIONAL MANAGEMENT CORPORATE SUPPORT

SUSTAINABILITY REPORT

Each year APA works hard to maintain our ranking as Australia's number one energy infrastructure business.

Whilst we own and/or operate thousands of kilometres of pipelines and hundreds of megawatts of power generation and other energy assets totalling $19 billion, we believe how we conduct our operations is key to being a sustainable business.

For our five stakeholder groups – investors, customers, the environment, communities and employees – we create value and responsibly use resources available to us, without compromising the needs of future generations.

That's what sustainability means to APA.

During the financial year, the ASX Corporate Governance Council introduced a new Corporate Governance recommendation 7.4, regarding the expectation by listed companies to report on the way in which they manage material economic, environmental and social sustainability risks.

APA has an established and an effective risk management framework, whereby risks are measured against both probability of occurrence and severity of consequence. These are then captured in a centralised risk management application and are reviewed by APA management on an ongoing basis, with oversight by APA's Board Audit and Risk Management Committee. As part of our Sustainability Report, we have detailed key sustainability risks and our risk management strategies.

INVESTORS

We will continue to be a reliable and attractive investment which delivers superior returns for securityholders by:

— Achieving reliable and sustainable earnings growth by focusing on long-term revenue and reduced costs.
— Maintaining a strong and robust balance sheet.
— Identifying and evaluating additional attractive infrastructure style investments in related energy businesses.

2015 PERFORMANCE

— Total securityholder return of 30 per cent for FY2015.
— Maintained investment grade credit ratings (BBB/Baa2).
— Established a US$4.1 billion two year syndicated bridge facility in preparation for purchase of the Wallumbilla Gladstone Pipeline. Following debt and equity raising as detailed below, the facility was no longer required and therefore cancelled.
— Successful debt and equity raising for the Wallumbilla Gladstone Pipeline acquisition via $1.8 billion rights issue and US$3.7 billion in the global debt markets.
— $830 million new syndicated bank debt facility established (July 2015), replacing existing $1.1 billion facility.
— Delivered investors a 4.8 per cent increase in distributions.
— $343.1 million of organic growth capital expenditure.
— Market capitalisation increased by 59.5 per cent in FY2015.

ACTIONS FOR 2016

— Progress or complete current growth capital projects underway.
— Continue to evaluate and develop additional revenue streams in related energy businesses.
— Maintain investment grade credit rating levels.

KEY SUSTAINABILITY RISKS

— Debt and equity - Ensuring continued support from debt and equity markets for ongoing capital requirements. Inability to secure new debt facilities at appropriate quantum and price may adversely affect APA's operations and/or financial position and performance.

RISK MANAGEMENT

— APA's investment decisions are made and its balance sheet is utilised with a continuous focus on maintaining long term investment grade credit ratings.
— A diverse portfolio of long-life assets underpinned by regulated and long term bilateral agreements, underscores APA's ability to service debt and sustain steady equity distributions.
— Maintain diversified funding base and access to deep and liquid global debt capital and banking markets.
— Financial results and other salient developments are communicated regularly to investors.

As at 30 June 2015, APA had over 79,000 securityholders holding 1.1 billion securities, with the top 20 investors holding 61.1 per cent of securities. Currently, approximately 70 per cent of APA's investors are based in Australian and/or New Zealand.

APA issued a total of 278,556,562 new securities during December 2014 and January 2015 as a result of a 1 for 3 accelerated renounceable entitlement offer to existing securityholders, raising $1.8 billion to help fund the Wallumbilla Gladstone Pipeline acquisition. The new securities were issued at $6.60 per security in December 2014 and January 2015, with solid support from APA's existing securityholders. Furthermore in March 2015, APA raised US$3.7 billion in the international debt capital markets, across three currencies and five tenors.

CUSTOMERS

Refer to pages 8-15 for a full report on APA's operations report and how we have supported and responded to our customers' needs.

We will deliver value to our customers and create responsive solutions to meet their needs by:

- Providing market-leading flexible solutions to meet our customer's changing requirements, including responding to critical events on assets we own and/or operate to enable customers to better manage their gas portfolios.
- Delivering value to customers by efficiently and reliably utilising the capacity of APA's infrastructure assets.
- Working with customers to provide optimal investment and energy market solutions.

2015 PERFORMANCE

- New agreement negotiated to support further capacity expansion of the Victoria – New South Wales Interconnect, the fourth expansion in two years. The new agreement was signed in July 2015 with the cost of the expansion approximately $85 million, increasing capacity between Victoria and New South Wales by 30 TJ per day.
- APA is in the final bidding stage of the Northern Territory Government's competitive process to potentially construct the pipeline linking prospective gas reserves in the Northern Territory to east coast demand. During the year, we continued to progress our feasibility study on this potential link which we commenced in early 2014. This work has significantly contributed to our bid in the government process.
- Ongoing work on compression and pipeline projects to provide bi-directional gas transportation services on the East Coast Grid. This will enable APA to provide our customers with flexible services.
- Entered into a number of flexible agreements which incorporate multiple receipt and delivery points on the East Coast Grid.
- Continued to offer web-based capacity trading services to facilitate trades between sellers and buyers of capacity.
- Commissioned the Diamantina Power Station Project in Mount Isa which secures the power supply needs of North West Queensland.
- Continued to extend and develop flexible gas storage services utilising the Mondarra Gas Storage Facility.
- Signed two long term agreements with AngloGold Ashanti which have underwritten the construction of the new 293 kilometre Eastern Goldfields Pipeline (executed June 2015). Construction is well advanced on the new pipeline with commissioning on track for prior to January 2016.

ACTIONS FOR 2016

- Continue to offer flexible transportation and storage services and innovative solutions to meet our customers' requirements.
- Maximise use of existing assets and profitably continue to expand APA's asset portfolio in order to meet customers needs.
- Commence and progress the further expansion of the Victoria – New South Wales Interconnect.
- Complete construction of the 293 kilometre Eastern Goldfields Pipeline (completion expected December 2015).
- Complete construction of the new South Metro gate station off the Parmelia Gas Pipeline, enhancing gas security of supply for metropolitan Perth (completion expected December 2015).
- Complete migration of APA's gas transmission pipeline assets to the Integrated Operations Centre ("IOC"), to holistically manage day to day operations.

KEY SUSTAINABILITY RISKS	RISK MANAGEMENT
Demand for gas – The volume of gas that is transported by APA is dependent on end-user demand. The relative price of gas and its competitive position with other energy sources (such as electricity, coals, fuel oil, renewable sources) may change demand levels for services on APA's assets.	— Long-term agreements with strong counterparties underpin assets. — Flexible customer solutions. — Complementary investments in gas storage and power generation and continued evaluation of emerging fuels such as investment in wind farms.
Supply of gas – Availability of competitively priced gas is essential for ongoing use of gas infrastructure assets.	— Long term agreements with strong counterparties underpin assets. — Connect more gas resources with more gas markets such as: > East Coast Grid provides flexibility for customers to manage their gas portfolios. > Expansion of interconnect between Victoria and New South Wales. > Develop the business case for the Northern Territory Link. > Working with new / emerging gas producers to bring new gas supply to market.
Counterparty – If a counterparty is unable to meet its commitments to APA, there is risk that future anticipated revenue would be reduced unless and until APA is able to secure an alternative customer.	— Creditworthiness test applied to new customers, and ongoing monitoring. — Appropriate customer guarantees in place.
Operations - APA and our asset management customers are exposed to a number of operational risks such as equipment failures or breakdowns, rupture of pipelines and technological failures.	— APA operates assets in accordance with all relevant regulations and standards. — In-house operating, maintenance and engineering expertise.
Economic regulation – APA may be negatively impacted as a result of a change in regulatory settings.	— Regulatory regime is well understood and encapsulated in national law. — The reset dates of APA's price regulated assets are staggered, with on average one review each year. — Composition of asset portfolio is optimised to manage exposure to regulator settings.

ENVIRONMENT

We will continue to deliver an environmentally responsible, safe and essential service by:

— Contributing to policy and responding to climate change initiatives to promote the use of gas as essential to a cleaner energy mix.
— Including the environment in all investment and procurement decision-making, complying with our emissions reporting obligations, and conserving and rehabilitating the natural state of the land we disturb.
— Evaluating complementary clean energy projects.
— Meeting or exceeding the Australian Pipelines and Gas Association ("APGA") Code of Environmental Practice.

2015 PERFORMANCE

— Engaged with government to promote the role of gas in a carbon-constrained economy, directly and through industry associations.
— Participated for the fifth time in the Carbon Disclosure Project, a voluntary disclosure to investors on carbon emissions, liability, reduction activities, strategies and management. APA's overall score of 79D ranked highest amongst its direct peers.
— Continued to develop the wind and solar renewable energy projects at Emu Downs Wind Farm, subject to customer demand.
— Applied effective environmental practices such as soil erosion control, revegetation of disturbed land, ecological assessments and environmental audits at operational and project sites, leading to zero regulatory breaches.
— Completed a full review and audit of APA's current Environmental Management System and performance resulting in the development and approval of the APA Environmental Strategy and Improvement Plan, to commence implementation in FY2016.

ACTIONS FOR 2016

— Participate in policy discussions and promote the role of gas as an important contribution to reducing Australia's emissions.
— Maintain carbon market expertise and knowledge should energy markets shift to clean fuels such as wind, solar and gas.
— Evaluate wind and solar generation opportunities now that there is greater certainty in the federal Renewable Energy Target policy.
— Continue to maintain and operate assets in accordance with environmental regulations.
— Commence implementation of APA's Environmental Strategy and Improvement Plan.

KEY SUSTAINABILITY RISKS

Environmental risks - National, state and territory environmental laws and regulations affect the operations of APA Group's assets.

RISK MANAGEMENT

— Within the Health, Safety and Environment framework, APA has a strategic plan to ensure environmental risks are identified and managed via appropriate controls.
— This strategy includes compliance with the necessary environmental regulations which apply to APA businesses and assets.
— In-house operating and maintenance expertise.

Mandy McLeod, one of APA's Environment Officers reviewing a site in Young, New South Wales

242MW
combined-cycle gas-fired power station commissioned

79D
Carbon Disclosure Project ranking

12 initiatives
APA Environmental Strategy and Improvement Plan developed

In APA's view, gas-fired generation and renewable energy, predominately wind-powered generation and increasingly solar generation, are technologies that can meet significant emission reduction targets for Australia.

NATIONAL GREENHOUSE AND ENERGY REPORTING

APA has a relatively small carbon footprint in the overall energy chain. APA's emissions are mainly the result of the combustion of natural gas in compressor stations and from fugitive emissions within our networks. In financial year 2014, APA reported scope 1 emissions of 311,421 tonnes under National Greenhouse and Energy Reporting and on 31 October 2015, APA expects to report emissions for this financial year broadly in line with this number.

CARBON DISCLOSURE PROJECT

APA participated for the fifth time in the Carbon Disclosure Project, a voluntary disclosure to investors on carbon emissions, liability, reduction activities, strategies and management. APA's score of 79 is ranked in the highest band for disclosure (>70), which states that "Senior management understand the business issues related to climate change and are building climate related risks and opportunities into core business". APA's performance score of D ranked consistently with the rest of the Utilities sector. APA could improve its performance score by setting and achieving carbon emission reduction targets. However, because APA's reduction activities rely on a strong carbon price, management will wait for further certainty on carbon legislation before committing resources to these activities. APA's overall score of 79D ranked second in the Utilities sector and highest amongst its direct peers.

CLEAN ENERGY POLICY

Carbon tax legislation was repealed effective from 1 July 2014 at which time APA ceased having a carbon liability.

APA continues to support reducing carbon emissions as a responsible risk mitigation response to climate change. APA has long supported the introduction of a price on carbon and certainty on carbon policy. However, the lack of effective domestic and international carbon policy has failed to provide the required certainty to shift large-scale coal generation to more carbon efficient gas-fired generation. In the longer term, as international and domestic carbon policy and markets mature, APA's assets will play an important role in meeting Australia's long-term emission reduction targets as energy consumption shifts from carbon intensive fuels, such as coal, to more carbon efficient fuels, such as natural gas.

APA supports the Renewable Energy Target ("RET") and was pleased to see bipartisan support for the amended Large-scale Renewable Energy Target ("LRET") to 33,000 GWhs per annum by 2020, providing greater certainty to investors in the energy market. APA advocates that any scheme beyond the amended LRET should include low-emission technologies.

EXPANDING OUR LOW EMISSION GENERATION PORTFOLIO

APA has interests in wind energy and low emission, state-of-the-art gas-fired generation. These investments provide solid returns and help lower carbon emissions in the Australian economy.

In FY2015, APA jointly commissioned with AGL Energy, the 242 megawatt Diamantina combined cycle gas power station which is a low emission and efficient gas generating asset. Its carbon intensity is approximately 0.4 tonnes per megawatt hour, which is less than half the carbon intensity of the National Electricity Market. Now there is greater certainty in the RET, subject to customer demand, APA will progress the development of the 130 megawatt Badgingarra Wind Development Project adjacent to APA's Emu Downs Wind Farm, as well as the 20 megawatt Emu Downs Solar Project, a small expansion to the wind farm. Both projects are contingent on entering into a long-term off-take agreement and meeting APA's investment hurdles.

APA'S ENVIRONMENTAL STRATEGY AND IMPROVEMENT PLAN

At APA we aspire to provide a Zero Harm work environment which extends to people that work directly and indirectly for APA as well as the communities and environment where APA infrastructure operates. In FY2015, APA undertook an extensive review and audit of our current Environmental Management Systems as part of the Health, Safety and Environment Strategic improvement Plan with the objective to standardise and enhance processes throughout our national operations. Our ultimate goal is the protection of the environment by reducing the impact of our operations to Zero Harm as we help to meet Australia's growing energy needs.

The audit resulted in the development of the APA Environmental Strategy and Improvement Plan consisting of 12 initiatives which will be rolled out over FY2016-FY2017. This environmental framework supports APA's Health, Safety and Environment Management System known as Safeguard. The initiatives include system reviews, improved training and standard procedures, control measures, environmental monitoring and a structured audit program.

COMMUNITY

We will positively engage the communities within which we operate by:

- Building long-term strategic community relationships to maintain support and goodwill for APA's activities.
- Increasing employee connections with local communities through sponsorships, employee volunteering and giving programs targeting vulnerable communities.

2015 PERFORMANCE

- Continued APA's Building Brighter Futures community investment program supporting the Fred Hollows Foundation, Exodus Foundation (for Darwin Literacy Centre), and Clontarf Foundation.
- Introduced APA employee involvement in Clontarf Foundation and Fred Hollows Foundation events.
- Employees across APA participated in four community fundraising events including Cancer Council (Australia's Biggest Morning Tea and Pink Ribbon Day), Black Dog Institute and Movember with their fundraising efforts matched by APA, up to $10,000 per event.

ACTIONS FOR 2016

- Maintain support of our community investment program, Building Brighter Futures, by continuing our three headline partnerships. Employee involvement will also be continued to further support our partners' objectives.
- Continue financial support for community events of up to $10,000 per event by matching employee fundraising for employee nominated causes.
- Continue to invest in causes that enhance our relationships with key community stakeholders and strengthen our brand.

KEY SUSTAINABILITY RISKS	RISK MANAGEMENT
Community relations - Maintaining community support and goodwill for APA's activities.	— Remain in touch with community interests and issues. — APA actively engages with its communities through sponsorships. — Construct and operate infrastructure using industry recognised standards or better. — Education and communication around APA's activities.
Encroachment - Urban encroachment around existing pipeline easements can increase the potential for damage. A change in pipeline location class may also increase compliance costs.	— Landowner and community education and support of "Dial Before You Dig" service. — Pipeline easement monitoring and surveillance. — Liaise with council and planning authorities to effectively manage potential encroachment issues.

Students from the Clontarf Foundation Academy meet with APA Sydney employees

4

Employee supported community fundraising events

$73K

raised by employees, including APA matched funding

In FY2015 APA built on its 'Building Brighter Futures' community investment program, successfully introducing and implementing employee involvement in two of the program's headline partners' events.

Building Brighter Futures supports initiatives to improve the future prospects of vulnerable Australians. Established in late 2010, the program seeks to strengthen our company and employment brand and connect the APA business and people to the communities in which we live and work.

The program includes:

— Corporate partnerships with three selected charities focused on supporting disadvantaged young Indigenous Australians.

— An employee community event calendar, supporting up to four employee-nominated causes, with capped matching of funds raised.

HEADLINE PARTNERSHIPS

APA continues to support its three charity partners under three-year commitments that were renewed or established in March 2014.

The *Clontarf Foundation* works to improve the education, discipline, life skills, self-esteem and employment prospects of young Aboriginal men, through a network of football academies established in partnership with local schools. APA has been working with the Clontarf Foundation since 2011.

The *Exodus Foundation's Literacy Program* is an accelerated literacy program to support disadvantaged children with severely compromised reading ability. APA has funded three children per annum to participate in the Foundation's Darwin program since 2011.

In Australia, the *Fred Hollows Foundation* provides eye treatment and health programs for Indigenous communities in remote Australia. APA has been working with the Fred Hollows Foundation to deliver its Australian program since 2014.

In addition to direct financial support, APA introduced employee involvement in two of our three headline partners' events in FY2015. APA employee representatives participated in these events as part of their personal and career development and shared their experiences throughout APA with an article in APA's employee magazine as well as presenting at APA's annual Leadership Conference. The events attended were:

— Clontarf Foundation's Broome Leadership Academy: A three-day event where young Indigenous students are taught about leadership as part of building their skills for future work prospects.

— Fred Hollows Foundation's See Australia: A five-day trek across outback areas to participate in eye clinics and other health programs for the Indigenous Community.

— Fred Hollows Foundation's Barunga Festival involvement: A three-day festival hosted by the Barunga Aboriginal community in Western Australia for various remote Aboriginal communities in the Top End. The Foundation attended to educate the community about eye care and other basic health information.

— Clontarf Foundation's Jatbula Experience: A six-day hike (in June) through Nitmiluk National Park providing the opportunity to engage with students from the Katherine Clontarf Academy who guided the group on the 62 kilometre trail.

Two APA sites also hosted Clontarf Foundation Academy students during the year. Sydney and Perth employees engaged with the students to learn more about how the Foundation helps young Indigenous men.

Looking ahead, APA will support the Clontarf Foundation to implement a program to assist Academy students to be work-ready. The Clontarf Employment Pathways program will allow selected APA colleagues the opportunity to provide mentoring and guidance to Clontarf students during Clontarf Employment Forums and help develop their exposure to, and experiences in, the corporate environment.

CALENDAR OF EMPLOYEE EVENTS

Throughout the year, APA continued to support and promote employee events across multiple company sites and matched the funds raised by employees, to a capped amount per event. The events were selected based on an earlier survey of employees seeking their nominations of the four most worthy causes. The selected events/causes being:

— Pink Ribbon Day (Cancer Council)

— Movember (Movember Foundation)

— Black Dog Institute (Mental Health research)

— Australia's Biggest Morning Tea (Cancer Council)

SPONSORSHIP AND DONATIONS

In addition to its Building Brighter Futures program, APA continued to provide monetary and in-kind support to a number of groups or causes that achieve one or more of the following:

— Strengthen APA's reputation in the local community

— Enhance APA's relationships with key community stakeholders

— Increase community awareness and understanding of APA

— Provide positive networking opportunities with community stakeholders

The two major sponsorships in FY2015 were for Taronga Zoo Foundation and the Australian Brandenburg Orchestra.

EMPLOYEES

We will provide a stimulating and rewarding working environment that strives for Zero Harm and ensures:

— Commitment to a culture of Zero Harm by continually improving safety in the workplace.
— Fit for purpose learning and development programs to attract, retain and develop employees.
— We encourage and foster diversity of thought and inclusion.

2015 PERFORMANCE

— LTIFR[1] (employees and contractors) has shown continued improvement from 0.8 in FY2014 to 0.64 in FY2015 and below our 2015 LTIFR target of <1.0.
— Second year of APA's three year Health, Safety and Environment ("HSE") Strategic Improvement Plan, including refreshing the Leading Zero Harm behavioural safety program and a new contractor safety management program.
— Successful implementation of the company's online safety management system Safeguard+ improving discipline in investigating, reporting and appropriately actioning HSE issues.
— Continued sponsorship of health focused activities for employees including the Global Corporate Challenge in which 259 APA employees participated.
— Developed an inclusive leadership program for delivery to all leaders.
— Implemented an online recruitment system and other sourcing initiatives to dramatically improve time and quality of hiring.

ACTIONS FOR 2016

— Target an LTIFR of less than 1 (employees and contractors).
— Continue implementation of the HSE Strategic Improvement Plan initiatives.
— Commence a Safedrive+ and safe driving improvement program covering 12 key areas of activity.
— An independent third party audit will be conducted during the year of our HSE system.
— Roll-out the inclusive leadership program to leaders across the business.
— Continue the expansion and deployment of new technical, leadership and professional development programs.
— Review and deploy career transition to retirement program.
— Roll-out an employee survey that measures engagement, alignment and agility.
— Develop new entry programs for graduates and apprentices.

KEY SUSTAINABILITY RISKS	RISK MANAGEMENT
Safety – Failure to provide a safe workplace.	— APA maintains a comprehensive workplace HSE Management system. It is predicated on the principles of hazard and risk identification, control measures and a robust assurance framework. — HSE training, education and awareness is a cornerstone of the HSE management system.
Employee capability, recruitment and engagement - Failure to develop, attract and retain talented employees.	— APA maintains a number of initiatives to ensure there is a pool of talent and internal capability for now and in the future. — These include formal succession and talent management, a diversity and inclusion strategy, as well as technical, functional, business and leadership development. — The business has introduced a strong internal recruitment capability to ensure we identify and secure external resources as and when needed.

APA WORKFORCE GENDER PROFILE 2015

	Women	Men
Percentage of Non-Executive Directors who are women	29%	71%
Percentage of workforce who are women	26%	74%
Percentage of leadership roles filled by women[2]	17%	83%
Percentage of technical and trades roles filled by women	4%	96%
Leadership roles filled by women (CEO and KMP)[2]	25%	75%
Other Executives/ General Managers	14%	86%
Senior Managers	25%	75%
Other Managers	13%	87%

1. Lost Time Injury Frequency Rate ("LTIFR").
2. Leadership roles are defined in accordance with the Workplace Gender Equality Agency ("WGEA", Australia and New Zealand Standard Classification of Occupations) occupational categories and comprise all levels of management (i.e. general managers, key management personnel, manager roles) excluding team leader and supervisory roles. Figures above take into account the Board and Executive announcements 26 August 2015. APA's 2014-15 public report to the WGEA is available at www.apa.com.au

OUR PEOPLE

APA values inclusiveness and encourages a safe, high performance working culture, where the contributions of our people are harnessed and developed to achieve successful outcomes for the business. We are committed to building sustainable organisational capability that enables continued growth and development of our people and supports APA's strategic vision.

Since listing 15 years ago, our workforce has grown exponentially from six people to a team of over 1,600 skilled people located across mainland Australia. Throughout FY2015, we continued to challenge our organisation with regards to effective and efficient organisational design and made structural and work practice changes through people and systems to enhance our capability.

ATTRACTING TALENT

The skilled job market that APA operates in continues to be highly competitive and we realise more than ever the importance of attracting and retaining the very best people as our business continues to grow.

Talented and skilled employees are central to creating value for our stakeholders and the more diverse the thinking and skills we apply to our business, the more innovative we can be in creating value and return for them. To this end, in FY2015 we developed and implemented an E-recruitment platform through APA's website, complementing this with a profile on the business social media platform LinkedIn. As a result, both APA, as well as individual line managers seeking new employees, have benefited from a much more streamlined and efficient recruitment process, greater visibility, reduced costs and more targeted candidates for the advertised positions.

DEVELOPING POTENTIAL

We continue to focus on growing and developing our people, as we recognise this is critical to our success. During FY2015, we supported the development and training requirements of our people through a range of compliance, technical, leadership and professional development programs totalling 7,613 attendances.

Our annual succession and talent review process continues to be a successful means of identifying critical role and capability requirements, as well as providing a healthy talent pool.

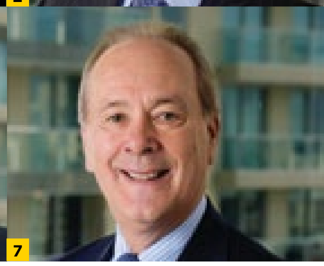
DIVERSITY AND INCLUSION

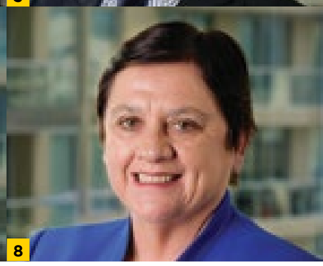
During FY2015 we developed programs aligned to our three year Diversity and Inclusion Strategy which was developed in FY2014. These initiatives are aligned to the strategic focus areas of improving diversity of thought, diversity of gender and diversity of age at APA and will be rolled out from FY2016 and beyond. The programs cover a diverse range of topics, including acknowledging unconscious bias and establishing inclusive practices; career transition and knowledge transfer; women in leadership; and new entry programs for graduates and apprentices.

Diversity & Inclusion

APA's Kerryanne Mallitt, General Manager of East Coast Field Services Transmission meets with QGC on-site at the Wallumbilla Gladstone Pipeline APA's latest acquisition

APA GROUP BOARD





The Board is accountable to Securityholders for the performance of APA. It endorses the strategic direction of the business, approves new projects within that strategy and monitors the management and performance of the business and the executive team. The Board operates in accordance with the APA Group Board Charter.

1 LEN BLEASEL AM

Chairman

Leonard (Len) was appointed Chairman in 2007. He has had a long career in the energy industry commencing his career with AGL in 1958 working in a variety of roles, culminating in the position of Managing Director and CEO from 1990 until his retirement from management in 2001. Len was awarded an AM in the General Division of the Order of Australia for services to the Australian gas and energy industries and the community.

2 MICK McCORMACK

Chief Executive Officer and Managing Director

Michael (Mick) has been Chief Executive Officer of APA since 1 July 2005 and Managing Director since 1 July 2006. Mick has over 30 years' experience in the gas infrastructure sector in Australia, and his career has encompassed all aspects of the sector, including commercial development, design, construction, operation and management of most of Australia's natural gas pipelines and gas distribution systems.

3 STEVE CRANE

Steven (Steve) joined the Board in 2011. His background is in investment banking and he has over 30 years' experience in the financial services industry having previously been Chief Executive Officer of ABN AMRO Australia and BZW Australia. Steve also has considerable experience as a non-executive Director of listed entities. Steve is a member of the Audit and Risk Management Committee and the Remuneration Committee.

4 JOHN FLETCHER

John joined the Board in 2008 and has over 35 years' experience in the energy industry, including Chief Financial Officer of AGL. He brings a wide commercial and financial practical knowledge to the Board. John was previously an AGL appointed Director of Australian Pipeline Limited from 2000 to 2005. John is Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee.

5 MICHAEL FRASER

Michael has more than 30 years' experience in the Australian energy industry He has held various executive positions at AGL culminating in his role as Managing Director and Chief Executive Officer until February 2015. Michael is a former Chairman of the Clean Energy Council, Elgas Limited and ActewAGL, and a former Director of Queensland Gas Company Limited. Michael is a member of the Remuneration Committee and the Health Safety and Environment Committee.

Effective: 1 September 2015

6 DEBBIE GOODIN

Debra (Debbie) has considerable experience as a non-executive director. Debbie is currently a director of ASX-listed companies Senex Energy Limited, oOh!media Limited and Victorian government owned City West Water. Debbie also has extensive executive experience in operations and corporate development, including with engineering and professional services firms. Debbie is a member of the Audit and Risk Management Committee and the Health Safety and Environment Committee.

Effective: 1 September 2015

7 RUSSELL HIGGINS AO

Russell joined the Board in 2004. He has extensive experience both locally and internationally in the energy sector and in economic and fiscal policy. He was Secretary and Chief Executive Officer of the Department of Industry, Science and Resources from 1997 to 2002 and Chairman of the Australian Government's Energy Task Force from 2003 to 2004. Russell is Chairman of the Health Safety and Environment Committee and a member of the Audit and Risk Management Committee.

8 PATRICIA MCKENZIE

Patricia joined the Board in 2011. She has considerable expertise and experience in energy market regulation having been Chief Executive Officer of Gas Market Company Limited and a former Director of Australian Energy Market Operator Limited. Patricia also has extensive corporate legal experience and is a qualified solicitor. Patricia is a member of the Health Safety and Environment Committee and the Remuneration Committee.

9 ROBERT WRIGHT

Robert joined the Board in 2000. He has over 30 years' financial management experience, having held a number of Chief Financial Officer positions, including Finance Director of David Jones Limited. He is currently Chairman of APA Ethane Limited, the responsible entity of Ethane Pipeline Income Fund. Robert is Chairman of the Audit and Risk Management Committee and a member of the Health Safety and Environment Committee.

Retiring: 22 October 2015

SENIOR MANAGEMENT

APA is an internally managed and operated business overseen by an executive leadership team with extensive know-how and industry experience across all areas of operations. Our leadership team holds the business to account to ensure high standards are achieved.

1 ROSS GERSBACH
Chief Executive Strategy and Development
Responsible for complementary businesses that enhance APA's infrastructure portfolio, including power generation and APA's Energy Investments as well as group strategy, regulatory and government affairs, environmental development and mergers and acquisitions.

2 ROB WHEALS
Group Executive Transmission
Responsible for the commercial and operational performance of APA's gas transmission and gas storage assets.

3 JOHN FERGUSON
Group Executive Networks
Responsible for the management and operation of APA's minority owned gas distribution assets, and Australian Gas Networks assets.

4 KEVIN LESTER
Group Executive Infrastructure Development
Responsible for engineering services and the delivery of APA's infrastructure expansion projects, including asset management, project development and technical regulation of all pipeline and related assets.

5 PETER FREDRICSON
Chief Financial Officer
Responsible for all financial functions, including accounting and financial reporting, financial compliance and governance, taxation, treasury, balance sheet management and capital strategy, and insurance and risk. He is also responsible for investor relations and information technology.

6 PETER WALLACE
Group Executive Human Resources
Responsible for managing the human resources function, which covers strategy and activities relating to APA's employees, including providing a safe work environment for all employees.

Retiring: October 2015

7 ELISE MANNS
Group Executive Human Resources
Responsible for managing the human resources function, which covers strategy and activities relating to APA's employees, including providing a safe work environment for all employees.

8 NEVENKA CODEVELLE
Company Secretary and General Counsel
Responsible for the company secretariat and general counsel functions, including corporate governance and compliance, and legal advisory and support.

9 MARK KNAPMAN
Company Secretary
Responsible for the secretariat function, corporate governance, legal, internal audit and financial services compliance functions.

Retiring: October 2015

View full biographies of our people at **APA.COM.AU**

FIVE YEAR SUMMARY

FINANCIAL PERFORMANCE (STATUTORY)		2015	2014	2013[6]	2012	2011
Revenue	$m	**1,553.6**	1,396.0	1,272.3	1,060.7	1,102.0
Revenue excluding pass-through[1]	$m	**1,119.2**	992.5	919.5	758.0	720.3
EBITDA	$m	**1,269.5**	747.3	763.6	525.8	492.1
Depreciation and amortisation expense	$m	**(208.2)**	(156.2)	(130.5)	(110.4)	(100.4)
EBIT	$m	**1,061.3**	591.1	633.2	415.4	391.8
Interest expense	$m	**(324.2)**	(325.1)	(290.9)	(234.3)	(247.1)
Tax (expense)/benefit	$m	**(177.2)**	77.7	(49.9)	(50.4)	(35.9)
Non-controlling interests	$m	**(1.0)**	(1.0)	2.8	–	(0.3)
Profit after tax and non-controlling interests including significant items	$m	**559.9**	343.7	295.1	130.7	108.5
Significant items – after income tax	$m	**356.0**	144.1	120.0	(9.7)	(0.4)
Profit after tax and minorities, excluding significant items	$m	**203.9**	199.6	175.1	140.3	108.9
FINANCIAL POSITION						
Total assets	$m	**14,652.9**	7,972.5	7,698.9	5,496.1	5,427.6
Total drawn debt[2]	$m	**8,642.8**	4,789.4	4,412.0	3,223.6	3,239.9
Total equity	$m	**4,382.7**	2,496.5	2,513.9	1,614.0	1,667.8
CASH FLOW AND CAPITAL EXPENDITURE						
Operating cash flow[3]	$m	**562.2**	431.5	374.4	335.6	290.0
Capital expenditure	$m	**2,814.6**	446.8	397.4	249.1	173.4
Investments and acquisitions	$m	**17.4**	–	330.8	46.4	342.7
KEY FINANCIAL RATIOS						
Earnings per security[4]	cents	**56.3**	39.7	38.2	20.4	19.7
Operating cash flow per security[4]	cents	**56.5**	49.8	48.5	52.5	52.6
Distribution per security	cents	**38.0**	36.3	35.5	35.0	34.4
Gearing (net debt to net debt plus equity)	%	**63.4**	64.2	62.8	65.0	66.2
Interest cover ratio	times	**2.6**	2.3	2.3	2.5	2.0
Weighted average number of securities[4]	m	**995.2**	866.0	772.3	639.7	551.2
EBITDA BY SEGMENT (EXCLUDING SIGNIFICANT ITEMS)						
EBITDA (Continuing Business)						
Energy Infrastructure						
East Coast Grid: Queensland	$m	**340.1**	234.5	180.7	91.0	82.0
New South Wales	$m	**120.8**	115.6	120.2	122.8	111.8
Victoria	$m	**130.2**	127.6	136.9	138.3	128.8
South Australia	$m	**1.9**	2.4	2.4	2.1	2.1
Western Australia	$m	**212.6**	189.0	149.4	133.9	108.1
Northern Territory	$m	**18.0**	15.2	13.5	10.6	5.6
Asset Management	$m	**49.5**	67.6	51.6	35.6	42.5
Energy Investments	$m	**21.8**	18.0	15.6	9.6	3.2
Divested businesses[5]	$m	**1.0**	50.1	56.2	55.2	64.3

1. Pass-through revenue is revenue on which no margin is earned. Pass-through revenue arises in the asset management operations in respect of costs incurred in, and passed on to Australian Gas Networks Limited ("AGN", formerly Envestra Limited) and GDI in respect of, the operation of the AGN and GDI assets respectively.
2. APA's liability to repay debt at relevant due dates of the drawn facilities. This amount represents current and non-current borrowings as per balance sheet and is adjusted for deferred borrowing costs, the effect of unwinding of discount, unrealised foreign exchange differences reported in equity and deducting other financial liabilities that are reported as part of borrowings in the balance sheet.
3. Operating cash flow = net cash from operations after interest and tax payments.
4. Between 23 December 2014 and 28 January 2015, APA issued a total of 278,556,562 new ordinary securities resulting in total securities on issue as at 30 June 2015 of 1,114,307,369. The issue was offered at $6.60 per security, a discount to APA's closing market price of $7.67 per security on 9 December 2014, the last trading day before the record date of the entitlement offer of 15 December 2014. The weighted average number of securities for the current and prior period (FY2014) has been adjusted in accordance with the accounting principles of AASB 133: 'Earnings per Share', for the discounted rights issue.
5. Australian Gas Networks Limited sold in August 2014, Moomba Adelaide Pipeline System sold in FY2013, APA Gas Network Queensland (Allgas) was sold into GDI (EII) Pty Ltd in FY2012, with APA retaining a 20 per cent interest in GDI (EII) Pty Ltd and operates the assets under a long term asset management agreement.
6. The balances for June 2013 have been restated for the effect of applying AASB: 119 'Employee Benefits'.

INVESTOR INFORMATION

ONLINE INTERACTIVE REPORTS
APA.COM.AU

ANNUAL MEETING
10:30AM, THURSDAY
22 OCTOBER 2015
ANGEL PLACE,
SYDNEY NSW

CALENDAR OF EVENTS

Final distribution FY2015 record date	30 June 2015
Final distribution FY2015 payment date	16 September 2015
Annual meeting	22 October 2015
Interim result announcement	24 February 2016 [1]
Interim distribution FY2016 record date	31 December 2015 [1]
Interim distribution FY2016 payment date	16 March 2016 [1]

1. Subject to change

ANNUAL MEETING DETAILS

Date: Thursday, 22 October 2015
Venue: City Recital Hall, Angel Place, Sydney NSW
Time: 10.30am
Registration commences at 10.00am

ASX LISTING

An APA Group security comprises a unit in Australian Pipeline Trust and a unit in APT Investment Trust. These units are stapled together to form a stapled security which is listed on the ASX (ASX Code: APA). Australian Pipeline Limited is the Responsible Entity of those trusts.

APA GROUP RESPONSIBLE ENTITY AND REGISTERED OFFICE

Australian Pipeline Limited
ACN 091 344 704

Level 19, 580 George Street,
Sydney NSW 2000

PO Box R41,
Royal Exchange NSW 1225

Telephone: +61 2 9693 0000
Facsimile: +61 2 9693 0093
Website: apa.com.au

APA GROUP REGISTRY

Link Market Services Limited
Level 12, 680 George Street,
Sydney NSW 2000

Locked Bag A14,
Sydney South NSW 1235

Telephone: +61 1800 992 312
Facsimile: +61 2 9287 0303
Email: apagroup@linkmarketservices.com.au
Website: linkmarketservices.com.au

SECURITYHOLDER DETAILS

It is important that Securityholders notify the APA Group registry immediately if there is a change to their address or banking arrangements. Securityholders with enquiries should also contact the APA Group registry.

DISTRIBUTION PAYMENTS

Distributions will be paid semi-annually in March and September. Securityholders will receive annual tax statements with the final distribution in September. Payment to Securityholders residing in Australia and New Zealand will be made only by direct credit into an Australian or New Zealand bank account. Securityholders with enquires should contact the APA Group registry.

ONLINE INTERACTIVE REPORTS

APA Group's 2015 Annual Report, Annual Review and Sustainability Report are available in an easy to view interactive format at apa.com.au.

ONLINE INFORMATION

Further information on APA is available at apa.com.au, including:

- Results, market releases and news
- Asset and business information
- Corporate responsibility and sustainability reporting
- Securityholder information such as the current APA security price, distribution and tax information.

ELECTRONIC COMMUNICATION

Securityholders can elect to receive communication from APA electronically by registering their email address with the APA Group registry. Electing to receive annual reports electronically will reduce the adverse impact we have on the environment.

OUR FOOTPRINT AND KEY 2015 ACTIVITIES

~$19B
of energy infrastructure owned and/or operated across Australia

~14,700KM
transmission gas pipelines owned and/or operated by APA

NT LINK

Continued the feasibility study committed to in FY2014.
APA is 1 of 4 shortlisted bidders by the Northern Territory Government.

READ MORE P11

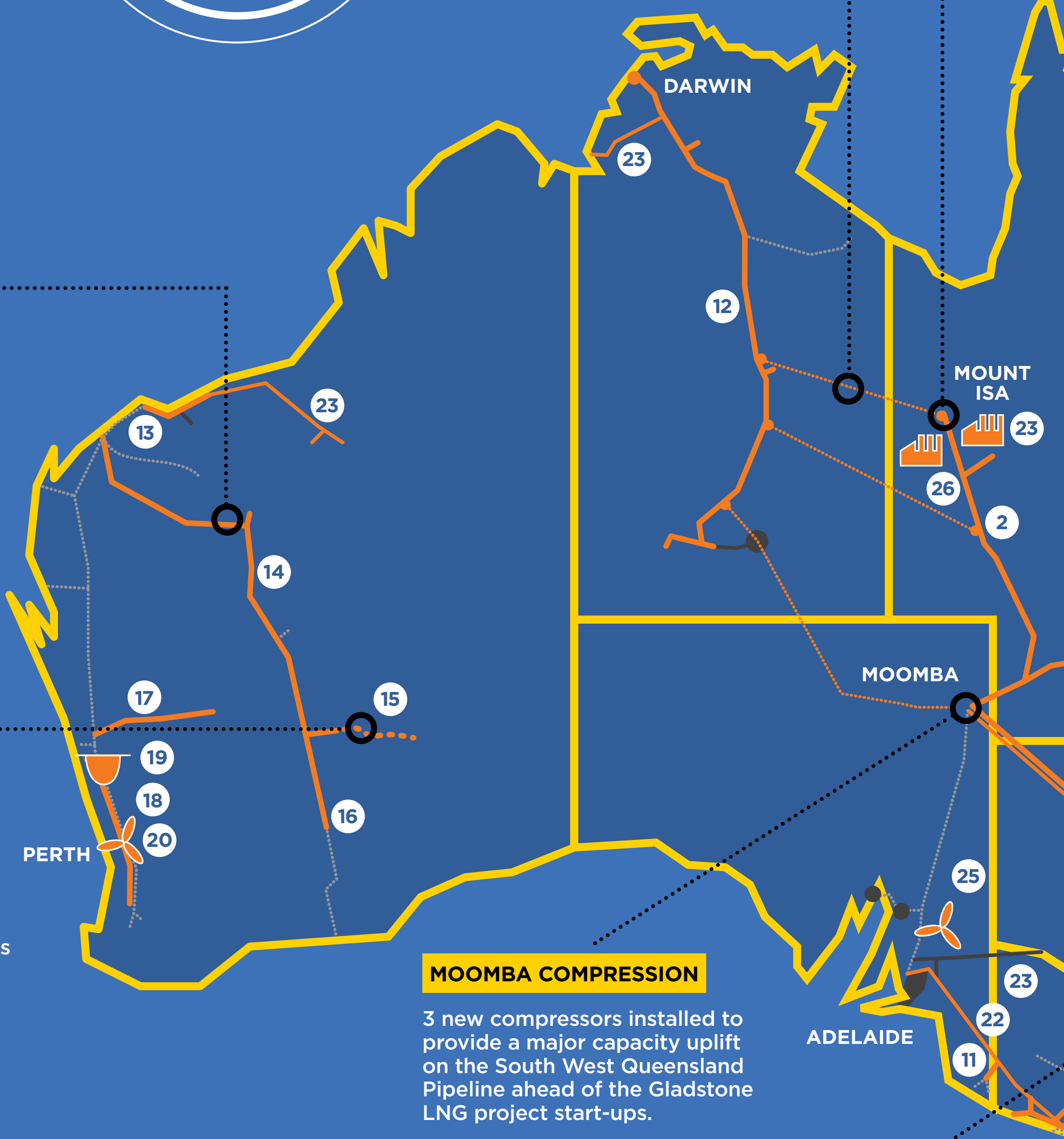
GOLDFIELDS GAS PIPELINE EXPANSION

Commenced in 2012, the final phase in this project was completed during the first half of FY2015 with commencement of operations at the new dual unit Turee Creek compressor. Pipeline capacity has increased a total of 28% with the expansion works undertaken on behalf of mining operations in the Pilbara.

EASTERN GOLDFIELDS EXPANSION

Commenced construction of the new 293 km transmission pipeline and associated delivery and meter stations. Gas will be transported 1,500 km along 3 APA interconnected pipelines. Commencement date for services is 1 January 2016.

READ MORE P11



MOOMBA COMPRESSION

3 new compressors installed to provide a major capacity uplift on the South West Queensland Pipeline ahead of the Gladstone LNG project start-ups.

VICTORIAN NORTHERN INTERCONNECT (VNI) EXPANSION

Enhanced capacity by looping 162 km of the VNI.

A fourth multi-service agreement was announced in July 2015 which will require further expansion of the VNI.

READ MORE P10

- APA Group assets and investments
- Under construction
- Potential pipeline link
- Assets operated by APA (not owned)
- Other pipelines

DIAMANTINA AND LEICHHARDT POWER STATIONS

Completed construction of both power stations which are now fully operational.

READ MORE P14

WALLUMBILLA GLADSTONE PIPELINE

$6 billion acquisition completed and contributing EBITDA.

READ MORE P9

BERWYNDALE WALLUMBILLA PIPELINE

Completed bi-directional capability.

WALLUMBILLA COMPRESSION

3 new compressors added.

SOUTH WEST QUEENSLAND PIPELINE

Completed bi-directional capability.

Expansion projects support the bourgeoning LNG market.

READ MORE P10

ROMA BRISBANE PIPELINE

Bi-directional capability due for completion 1Q FY2016.

INTEGRATED OPERATIONS CENTRE (IOC)

Opened the national IOC, centralising APA's commercial, technical and operational resources.

MOOMBA SYDNEY PIPELINE

Bi-directional capability due for completion 1Q FY2016 and in-pipe storage services will provide flexibility to customers.

MOOMBA SYDNEY PIPELINE SOUTHERN LATERAL

Completed installation of a third compressor at Culcairn to increase capacity.

VICTORIAN TRANSMISSION SYSTEM

Various capex projects as prescribed by access arrangements.

Constructed a new compressor station at Winchelsea on APA's South West Pipeline.

NETWORK OPERATIONS

28,535
new gas connections added.

541 kms
of network mains replaced.

349 kms
of gas pipeline added to distribution networks.

READ MORE P12

ENERGY INFRASTRUCTURE

Queensland

1. Roma Brisbane Pipeline
2. Carpentaria Gas Pipeline
3. Berwyndale Wallumbilla Pipeline
4. South West Queensland Pipeline
5. Wallumbilla Gladstone Pipeline

New South Wales

6. Moomba Sydney Pipeline
7. Central West Pipeline
8. Central Ranges Pipeline

Victoria

9. Victorian Transmission System
10. Dandenong LNG facility

South Australia

11. SESA Pipeline

Northern Territory

12. Amadeus Gas Pipeline

Western Australia

13. Pilbara Pipeline System
14. Goldfields Gas Pipeline (88.2%)
15. Eastern Goldfields Pipeline (under construction)
16. Kalgoorlie Kambalda Pipeline
17. Mid West Pipeline (50%)
18. Parmelia Gas Pipeline
19. Mondarra Gas Storage Facility
20. Emu Downs Wind Farm

ENERGY INVESTMENTS

21. GDI (EII) Pty Ltd (20%) Allgas Gas distribution network in Queensland
22. SEA Gas Pipeline (50%)
23. Energy Infrastructure Investments (19.9%) Gas pipelines, electricity transmission, gas-fired power stations and gas processing plants
24. Ethane Pipeline Income Fund (6.1%)
25. EII2 (20.2%) North Brown Hill Wind Farm
26. Diamantina and Leichhardt Power Stations (50%)

ASSET MANAGEMENT

Commercial and/or operational services to:

— Australian Gas Networks (formerly Envestra)
— GDI (EII) – Allgas (20%)
— Energy Infrastructure Investments (19.9%)
— Ethane Pipeline Income Fund (6.1%)
— SEA Gas Pipeline (50%)
— EII2 (20.2%)
— other third parties

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APA GROUP
ANNUAL REPORT
2015

CONNECTING MARKETS CREATING OPPORTUNITIES

APA Group

AUSTRALIAN PIPELINE TRUST

APT INVESTMENT TRUST

DIRECTORS' REPORT

The Directors of Australian Pipeline Limited ("Responsible Entity") submit their report and the annual financial report of Australian Pipeline Trust ("APT") and its controlled entities (together "APA" or "Consolidated Entity") for the financial year ended 30 June 2015. This report refers to the consolidated results of APT and APT Investment Trust ("APTIT").

DIRECTORS

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

Leonard Bleasel AM	Chairman
Michael McCormack	Chief Executive Officer and Managing Director
Steven Crane	
John Fletcher	
Russell Higgins AO	
Patricia McKenzie	
Robert Wright	

Details of the Directors, their qualifications, experience, special responsibilities and directorships of other listed entities are set out on pages 19 to 21.

The Company Secretary of the Responsible Entity during and since the financial year end is Mark Knapman.

PRINCIPAL ACTIVITIES

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

— energy infrastructure, primarily gas transmission businesses located across Australia;

— asset management and operations services for the majority of APA's energy investments and for third parties; and

— energy investments in listed and unlisted entities.

STATE OF AFFAIRS

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

SUBSEQUENT EVENTS

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

FINANCIAL AND OPERATIONAL REVIEW

1. About APA

1.1 APA Overview

APA is Australia's largest natural gas infrastructure business. It owns and/or operates or has an interest in approximately $19 billion of energy infrastructure across Australia, and operates these with a skilled workforce in excess of 1,600 people.

APA has a diverse portfolio of approximately 14,700 kilometres of gas transmission pipelines that spans every state and territory on mainland Australia and delivers about half the nation's natural gas. It also owns or has interests in other related energy infrastructure assets such as gas storage facilities, gas processing facilities, gas compression facilities and power generation assets.

On 3 June 2015, APA completed the acquisition of the pipeline that connects the Queensland Curtis LNG Project to its export port at Gladstone, from BG Group. APA has renamed the pipeline the Wallumbilla Gladstone Pipeline – see page 8.

APA has ownership interests in, and/or operates, the GDI (EII) Pty Ltd ("GDI") and Australian Gas Networks Limited (previously Envestra Limited) gas distribution networks, which together have approximately 27,700 kilometres of gas mains and pipelines, and approximately 1.3 million gas consumer connections.

APA also has interests in, and operates, other energy infrastructure assets and businesses, including SEA Gas Pipeline, Energy Infrastructure Investments ("EII"), EII2, Diamantina Power Station and Ethane Pipeline Income Fund.

APA's objective of maximising securityholder value is achieved through expanding and enhancing its infrastructure portfolio, securing low risk, long-term revenue on its assets, operating the business safely and efficiently and generating further value through its many and varied service offerings.

APA is listed on the Australian Securities Exchange ("ASX") and is included in the S&P ASX 50 Index. Since listing in June 2000, its market capitalisation has increased more than 18-fold to $9.2 billion (as at 30 June 2015), and it has achieved total securityholder return of 1,304% or annual compound growth rate of 19.2%[1] at the end of the financial year.

1) Total securityholder return is the capital appreciation of the APA's security price, adjusted for capital management actions (such as security splits and consolidations) and assuming reinvestment of distributions at the declared distribution rate per security. Figures quoted are sourced from IRESS and measured as at 30 June 2015.

1.2 APA objectives and strategies

APA's objectives to provide secure and predictable return to its investors is supported by its strategies of:

- continuing to grow our ownership interests in transmission pipelines through further expanding the East and West Coast Grids;
- growing other energy infrastructure midstream assets;
- leveraging APA's asset management, development and operational capabilities;
- providing a safe, stimulating and rewarding workplace;
- delivering responsive and valuable solutions to customers;
- continuing to deliver an environmentally responsible, safe and essential service;
- contributing to the communities APA serves; and
- maintaining APA's financial strength, flexibility and capability.

This strategy has remained relatively unchanged since listing.

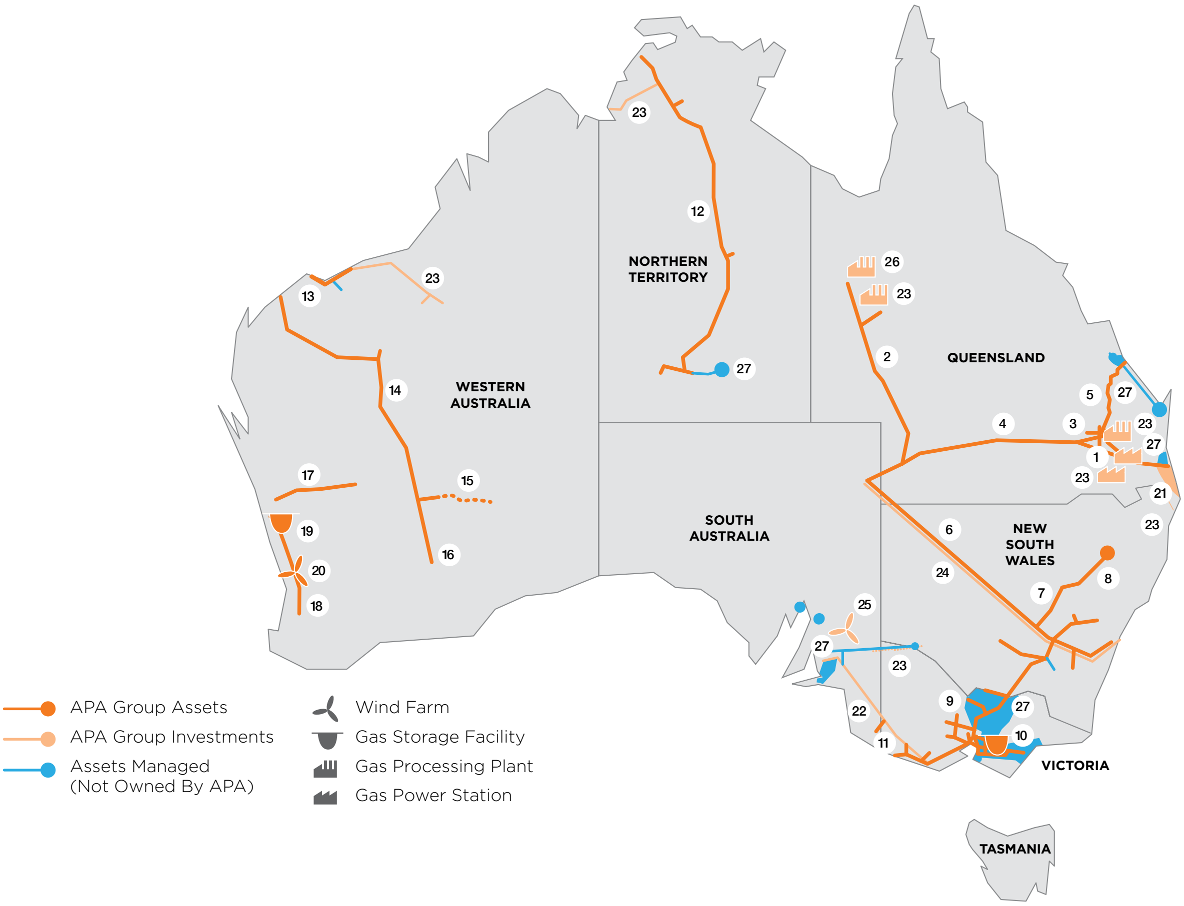
1.3 APA assets and operations

APA is a major participant in developing, owning and operating natural gas transportation infrastructure across Australia.

APA's assets and operations are reported in three principal business segments:

- Energy Infrastructure, which includes all APA's wholly or majority owned pipelines, gas storage assets, gas compression assets and the Emu Downs wind farm;
- Asset Management, which provides commercial, operating services and/or asset maintenance services to its energy investments for appropriate fees; and
- Energy Investments, which includes APA's strategic stakes in a number of investment vehicles that house energy infrastructure assets, generally characterised by long-term secure cash flows, with low ongoing capital expenditure requirements.

APA GROUP ASSETS AND OPERATIONS



Energy Infrastructure assets (numbers correspond with those on the map on page 2)

	Length/Capacity	Regulatory status
East Coast and Northern Territory assets		
1) Roma Brisbane Pipeline (including Peat Lateral)	583 km/233 TJ/d	Full regulation
2) Carpentaria Gas Pipeline	944 km/119 TJ/d	Light regulation
3) Berwyndale Wallumbilla Pipeline	112 km	Not regulated
4) South West Queensland Pipeline	936 km/384 TJ/d	Not regulated
5) Wallumbilla Gladstone Pipeline (including Laterals)	556 km/1,510 TJ/d	Not regulated
6) Moomba Sydney Pipeline	2,029 km/439 TJ/d	Light regulation (partial)
7) Central West Pipeline	255 km	Light regulation
8) Central Ranges Pipeline	295 km	Full regulation
9) Victorian Transmission System	1,847 km	Full regulation
10) Dandenong LNG Storage Facility	12,000 tonnes	Not regulated
11) SESA Pipeline	45 km	Not regulated
12) Amadeus Gas Pipeline	1,657 km	Full regulation
	9,259 km	
West Australian assets		
13) Pilbara Pipeline System	249 km/166 TJ/d	Not regulated
14) Goldfields Gas Pipeline (88.2%)	1,546 km/202 TJ/d	Full regulation
15) Eastern Goldfields Pipeline (under construction)	293 km	Not regulated
16) Kalgoorlie Kambalda Pipeline	44 km	Light regulation
17) Mid West Pipeline (50%)	362 km/11 TJ/d	Not regulated
18) Parmelia Gas Pipeline	448 km/50 TJ/d	Not regulated
19) Mondarra Gas Storage Facility	15 PJ	Not regulated
20) Emu Downs Wind Farm	80 MW	Not regulated
	2,942 km	

Energy Investments and Asset Management (numbers correspond with those on the map on page 2)

Energy Investment	Ownership Interest	Detail	Asset Management
21) GDI	20.0%	Gas distribution: 3,214 km of gas mains, 96,045 gas consumer connections in Qld	Operational, management and corporate support services
22) SEA Gas Pipeline	50.0%	Gas pipeline: 687 km pipeline from Iona and Port Campbell, Victoria to Adelaide, SA	Maintenance services only
23) Energy Infrastructure Investments	19.9%	Gas pipelines: Telfer Gas Pipeline and lateral (488 km); Bonaparte Gas Pipeline (286 km); Wickham Point Pipeline (12 km) Electricity transmission cables: Murraylink (180 km) and Directlink (64 km) Gas-fired power stations: Daandine Power Station (30MW) and X41 Power Station (41 MW) Gas processing facilities: Kogan North (12 TJ/d); Tipton West (29 TJ/d)	Operational, management and corporate support services
24) Ethane Pipeline Income Fund	6.1%	Ethane Pipeline: 1,375 km from Moomba to Port Botany, Sydney	Operational, management and corporate support services
25) EII2	20.2%	Wind generation: North Brown Hill Wind Farm (132MW), SA	Corporate support services
26) Diamantina Power Station joint venture	50.0%	Gas-fired power stations: Diamantina Power Station (242 MW) and Leichhardt Power Station (60 MW)	Corporate support services
27) Australian Gas Networks	Nil[1]	Gas distribution: 23,408 km of gas mains and pipelines, 1.21 million gas consumer connections, 1,124 km of pipelines in SA, Vic, NSW, Qld & NT	Operational services

1) In August 2014, APA sold its 33.05% ownership interest in Australian Gas Networks Limited ("AGN", formerly Envestra Limited). Operating and maintenance agreements with AGN remain in place until 2027.

2. Financial highlights

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

APA reported profit after tax and non-controlling interests and including significant items of $559.9 million, an increase of 62.9% compared with $343.7 million reported in the last financial year. APA's FY2015 profit includes after tax significant items of $356.0 million relating to after tax profit on the sale of APA's shareholding in Australian Gas Networks Limited (formerly Envestra Limited) and the recovery during the period of fees paid by Hastings Diversified Utilities Fund to Hastings Funds Management. This year's profit is compared with profit in FY2014 which included a one-off adjustment to the tax expense for the financial year to reflect a change in the treatment, for tax depreciation purposes only, of various capital assets acquired in 2006 (totalling $144.1 million).

Normalised profit after tax and non-controlling interests (that is, excluding significant items) increased by 2.1% to $203.9 million (2014: $199.6 million).

Revenue (excluding pass-through revenue) increased by $126.7 million to $1,119.2 million, an increase of 12.8% on the last financial year (2014: $992.5 million). Statutory EBITDA of $1,269.5 million was $522.2 million above last financial year (2014: $747.3 million) and normalised EBITDA of $822.3 million was $74.9 million or 10.0% above last financial year (2014: $747.3 million). Normalised EBITDA at $822.3 million is in line with APA's guidance for FY2015 of $810 million to $825 million.

Stronger earnings across most of APA's assets contributed to the increase in normalised profit and EBITDA and included the following:

— additional earnings from the expanded South West Queensland Pipeline and the Goldfields Gas Pipeline;
— organic growth across most of our assets including the Pilbara Pipeline System, Mondarra Gas Storage Facility, Roma Brisbane Pipeline and Amadeus Gas Pipeline; and
— four weeks of EBITDA contribution from the newly acquired Wallumbilla Gladstone Pipeline.

These increases were partially offset by a reduction in earnings from Asset Management, given abnormally high, one-off customer contributions in FY2014 of $23.4 million (2015: $3.6 million).

Operating cash flow increased by 30.3% to $562.2 million (2014: $431.5 million), and operating cash flow per security increased by 13.5%, or 6.7 cents, to 56.5 cents per security (2014: 49.8 cents per security).

Operating cash flow was impacted by the one-off receipt of $17.2 million during the financial year relating to APA's successful appeal to the NSW Supreme Court in a matter regarding fees paid by Hastings Diversified Utilities Fund to Hastings Funds Management Limited. This partially reverses payments of $8.3 million made in FY2014 and $68.8 million in FY2013.

Excluding these significant items, normalised operating cash flow was up by 23.9% to $545.0 million (2014: $439.7 million) and corresponding operating cash flow per security was up by 7.9%, or 4.0 cents, to 54.8 cents per security (2014: 50.8 cents). This increase is despite a 14.9% increase in the average number of securities on issue this financial year to 995,244,990 securities (2014: 865,977,265 securities).

APA's distributions for the financial year totalled 38.0 cents per security, an increase of 4.8%, or 1.75 cents, over the last financial year (2014: 36.25 cents), and was in line with guidance of at least 36 cents per security. The distribution payout ratio of 68.8% based on normalised operating cash flow was slightly lower than the 68.9% ratio last financial year. APA continues to fully fund its distributions out of operating cash flows whilst also retaining appropriate levels of cash in the business to support ongoing growth.

The table on the following page provides a summary of key financial data for the financial year and includes key reconciling items between statutory profit after tax attributable to APA securityholders and the normalised financial measures.

	30 June2015 ($000)			30 June 2014 ($000)			Changes in Statutory accounts		Changes in Normalised accounts	
Year ended 30 June	Statutory	Significant items[2]	Normalised	Statutory	Significant items[2]	Normalised	$000	%	$000	%
Total revenue	**1,553,615**	**-**	**1,553,615**	1,395,992	-	1,395,992	157,623	11.3%	157,623	11.3%
Pass-through revenue[1]	**434,382**	**-**	**434,382**	403,477	-	403,477	30,905	7.7%	30,905	7.7%
Total revenue excluding pass-through	**1,119,233**	**-**	**1,119,233**	992,515	-	992,515	126,718	12.8%	126,718	12.8%
EBITDA	**1,269,490**	**447,240**	**822,250**	747,334	-	747,334	522,156	69.9%	74,916	10.0%
Depreciation and amortisation expense	**(208,200)**	**-**	**(208,200)**	(156,228)	-	(156,228)	(51,972)	(33.3%)	(51,972)	(33.3%)
EBIT	**1,061,290**	**447,240**	**614,050**	591,106	-	591,106	470,184	79.5%	22,944	3.9%
Finance costs and interest income	**(324,162)**	**-**	**(324,162)**	(325,084)	-	(325,084)	922	0.3%	922	0.3%
Profit before income tax and non-controlling interests	**737,128**	**447,240**	**289,888**	266,022	-	266,022	471,106	177.1%	23,866	9.0%
Income tax (expense)/benefit	**(177,198)**	**(91,222)**	**(85,976)**	77,684	144,060	(66,376)	-	328.1%	-	(29.5%)
Non-controlling interests	**(1)**	**-**	**(1)**	(1)	-	(1)	-	0.0%	-	0.0%
Profit after income tax and non-controlling interests	**559,929**	**356,018**	**203,911**	343,705	144,060	199,645	216,224	62.9%	4,266	2.1%
Operating cash flow[3]	**562,190**	**17,201**	**544,989**	431,541	(8,201)	439,742	130,649	30.3%	105,247	23.9%
Operating cash flow per security (cents)[4]	**56.5**		**54.8**	49.8		50.8	6.7	13.5%	4.0	7.9%
Earnings per security (cents)[4]	**56.3**		**20.5**	39.7		23.1	16.6	41.8%	(2.6)	(11.3%)
Distribution per security (cents)	**38.0**		**38.0**	36.25		36.25	1.75	4.8%	1.75	4.8%
Distribution payout ratio[5]	**66.6%**		**68.8%**	70.2%		68.9%	(3.6%)	(5.1%)	(0.1%)	(0.2%)
Weighted average number of securities (000)	**995,245**		**995,245**	865,977		865,977	129,268	14.9%	129,268	14.9%

Notes: Numbers in the table may not add up due to rounding.

1) Pass-through revenue is revenue on which no margin is earned. Pass-through revenue arises in the asset management operations in respect of costs incurred in, and passed on to Australian Gas Networks Limited ("AGN", formerly Envestra Limited) and GDI in respect of, the operation of the AGN and GDI assets respectively.
2) Significant items: 2015 relates to net proceeds realised from the sale of APA's investment in AGN as well as successful recovery of fees paid by Hastings Diversified Utilities Fund to Hastings Funds Management Limited. 2014 relates to a one-off adjustment to APA's tax expense for the financial year to reflect a change in the treatment, for tax depreciation purposes only, of various capital assets.
3) Operating cash flow = net cash from operations after interest and tax payments.
4) Between 23 December 2014 and 28 January 2015, APA issued a total of 278,556,562 new ordinary securities, resulting in total securities on issue as at 30 June 2015 of 1,114,307,369. The issue was offered at $6.60 per security, a discount to APA's closing market price of $7.67 per security on 9 December 2014, the last trading day before the record date of the entitlement offer of 15 December 2014. The weighted average number of securities for the current and prior period has been adjusted in accordance with the accounting principles of AASB 133: Earnings per Share, for the discounted rights issue.
5) Distribution payout ratio = total distribution payments as a percentage of normalised operating cash flow.

3. Business segment performances and operational review

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

Year ended 30 June	2015 $000	2014 $000	Changes $000	Changes %
Revenue (continuing businesses)				
Energy Infrastructure				
East Coast Grid: Queensland [1]	**388,916**	271,746	117,170	43.1%
East Coast Grid: New South Wales	**137,998**	133,555	4,443	3.3%
East Coast Grid: Victoria	**163,592**	153,668	9,924	6.5%
East Coast Grid: South Australia	**2,725**	2,686	39	1.5%
Northern Territory	**27,877**	24,848	3,029	12.2%
Western Australia	**265,972**	237,566	28,406	12.0%
Energy Infrastructure total	***987,080***	*824,069*	*163,011*	*19.8%*
Asset Management	**85,056**	99,171	(14,115)	(14.2%)
Energy Investments	**21,784**	18,020	3,764	20.9%
Total segment revenue	**1,093,920**	941,260	152,660	16.2%
Pass-through revenue	**434,382**	403,477	30,905	7.7%
Unallocated revenue (interest income) [2]	**24,322**	1,142	23,180	2,029.8%
Divested business [3]	**991**	50,113	(49,122)	(98.0%)
Total revenue	**1,553,615**	1,395,992	157,623	11.3%
EBITDA (continuing businesses)				
Energy Infrastructure				
East Coast Grid: Queensland [1]	**340,131**	234,459	105,672	45.1%
East Coast Grid: New South Wales	**120,808**	115,569	5,239	4.5%
East Coast Grid: Victoria	**130,170**	127,616	2,554	2.0%
East Coast Grid: South Australia	**1,940**	2,380	(440)	(18.5%)
Northern Territory	**17,954**	15,214	2,740	18.0%
Western Australia	**212,604**	188,947	23,657	12.5%
Energy Infrastructure total	***823,607***	*684,185*	*139,422*	*20.4%*
Asset Management	**49,448**	67,552	(18,104)	(26.8%)
Energy Investments	**21,783**	18,020	3,763	20.9%
Corporate costs	**(73,579)**	(72,536)	(1,043)	(1.4%)
Total segment EBITDA	**821,259**	697,221	124,038	17.8%
Divested business [3]	**991**	50,113	(49,122)	(98.0%)
Total EBITDA before significant items	**822,250**	747,334	74,916	10.0%
Significant items [4]	**447,240**	–	447,240	n/a
Total EBITDA	**1,269,490**	747,334	522,156	69.9%

Notes: Numbers in the table may not add up due to rounding. From this reporting period, APA will report its segment EBITDA exclusive of corporate costs. FY2014 segment EBITDA has been restated to align with FY2015 reporting.

1) Includes the Wallumbilla Gladstone Pipeline revenue and EBITDA contributions from 4 June 2015.

2) Interest income is not included in calculation of EBITDA, but nets off against interest expense in calculating net interest cost.

3) Investment in Australian Gas Networks Limited ("AGN", formerly Envestra Limited) sold in August 2014.

4) Significant items: 2015 relate to net proceeds realised from the sale of APA's investment in AGN as well as successful recovery of fees paid by Hastings Diversified Utilities Fund to Hastings Funds Management Limited. 2014 relates to a one-off adjustment to APA's tax expense for the financial year to reflect a change in the treatment, for tax depreciation purposes only, of various capital assets.

APA's operations and financial performance during the financial year principally reflect ongoing growth in operational performance of APA's asset, additional revenue from expansion projects that have been commissioned during the year and four weeks of earnings from the newly acquired Wallumbilla Gladstone Pipeline, partially offset by a decrease in EBITDA from Asset Management due to lower customer contributions.

EBITDA in APA's continuing businesses, which excludes Australian Gas Networks Limited (formerly Envestra Limited) that was divested in August 2014, increased by $124.0 million, or 17.8%, to $821.3 million, in line with APA's guidance for FY2015 of $810 million to $825 million.

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

A national regulatory regime provides mechanisms for regulatory pricing amongst other things, and is encapsulated in the National Gas Law and National Gas Rules. The economic regulation aspects of the regime apply to most gas distribution networks and a number of gas transmission pipelines in Australia.

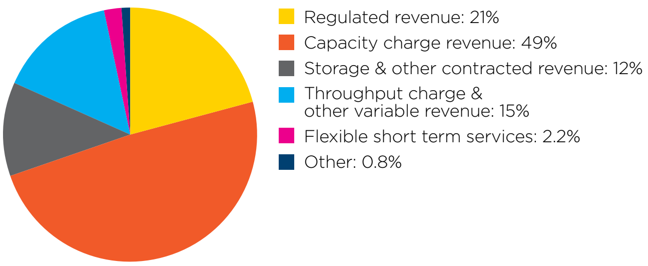
The regime provides for two forms of regulation based on a pipeline's relative market power – full regulation and light regulation. For assets under full regulation, the regulator approves price and other terms of access for standard ("reference") services as part of an access arrangement process, such that the asset owner has a reasonable opportunity to recover at least the efficient costs of owning and operating the asset to provide the reference services. Access arrangement periods usually run for five years. For assets under light regulation, contractual terms (including price) are negotiated between the service provider and customer with recourse to arbitration by the regulator in the absence of agreement. APA assets subject to full regulation or light regulation are detailed on the map below and in the table on page 3.

Contracted revenues are sourced from unregulated assets and assets under light regulation as well as assets under full regulation. Contracts generally entitle customers to capacity reservation, with the majority of the revenue fixed over the term of the relevant contract. APA's current weighted average contract term is approximately 10 years, and where new infrastructure is required, terms tend to be longer than this current average in order to underwrite the investment by APA in any necessary expansion.

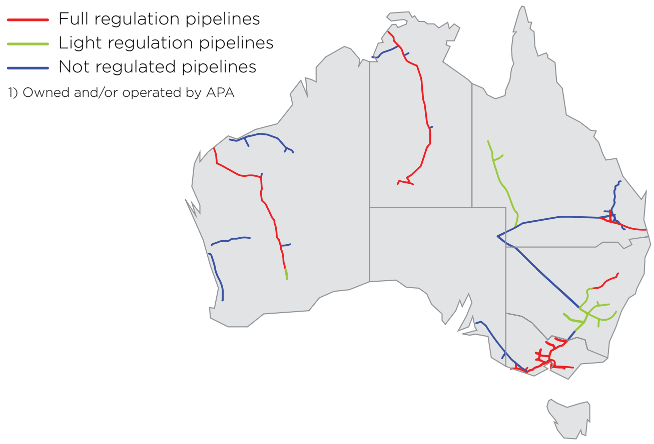
During FY2015, approximately 21% of revenue (excluding pass-through) was subject to prices determined under full regulation, 49% of revenue (excluding pass-through) was from capacity reservation charges, 12% from storage and other contracted revenues and 15% from throughput charges. Given the dynamic east coast gas market, there were additional revenues from provision of flexible short term services, accounting for 2.2% of FY2015 revenue ($21.4 million) for Energy Infrastructure.

APA continues to focus on the operation, development and enhancement of our gas transmission and distribution assets, and energy investments across mainland Australia.

FY2015 REVENUES BY CONTRACT TYPE



APA [1] PIPELINES BY REGULATION TYPE



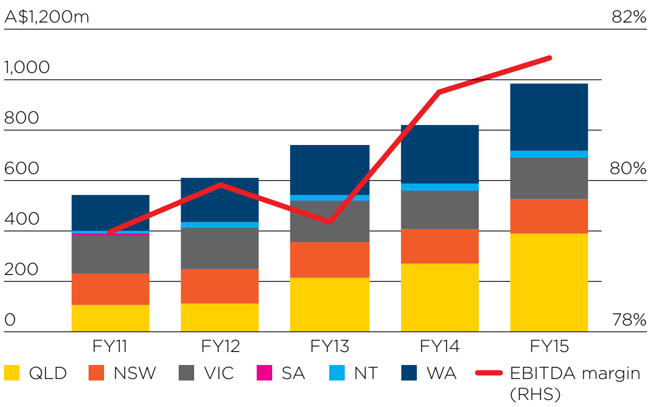
3.1 Energy Infrastructure

The Energy Infrastructure segment includes gas transmission, gas compression and storage assets and the Emu Downs wind farm. Revenue from these assets is derived from either regulatory arrangements or capacity-based contracts. Regulatory arrangements on major assets are reviewed every five years. Currently, in-place contracts have a weighted average term of approximately 10 years.

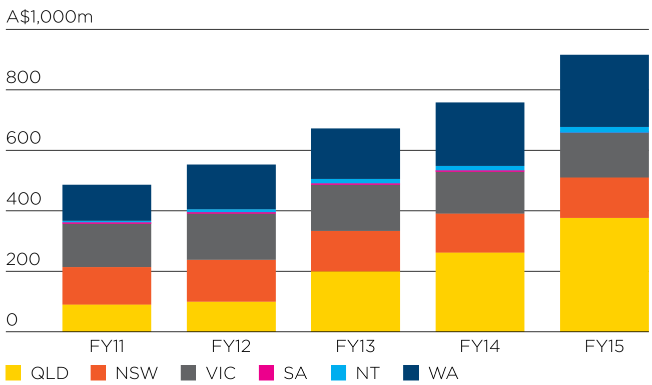
The Energy Infrastructure segment contributed 90.2% of revenue (for continuing businesses, excluding pass-through) and 92% of EBITDA (for continuing businesses, before corporate costs) during FY2015. Revenue (excluding pass-through revenue) was $987.1 million, an increase of 19.8% on the last financial year (2014: $824.1 million). EBITDA (for continuing businesses, before corporate costs) increased by 20.4% on the last financial year to $823.6 million (2014: $684.2 million).

Commissioning of various expansion projects and new haulage contracts across multiple assets, including South West Queensland Pipeline and Goldfields Gas Pipeline, as well as organic growth from the majority of APA's assets, as detailed in sub sections below, contributed to this result.

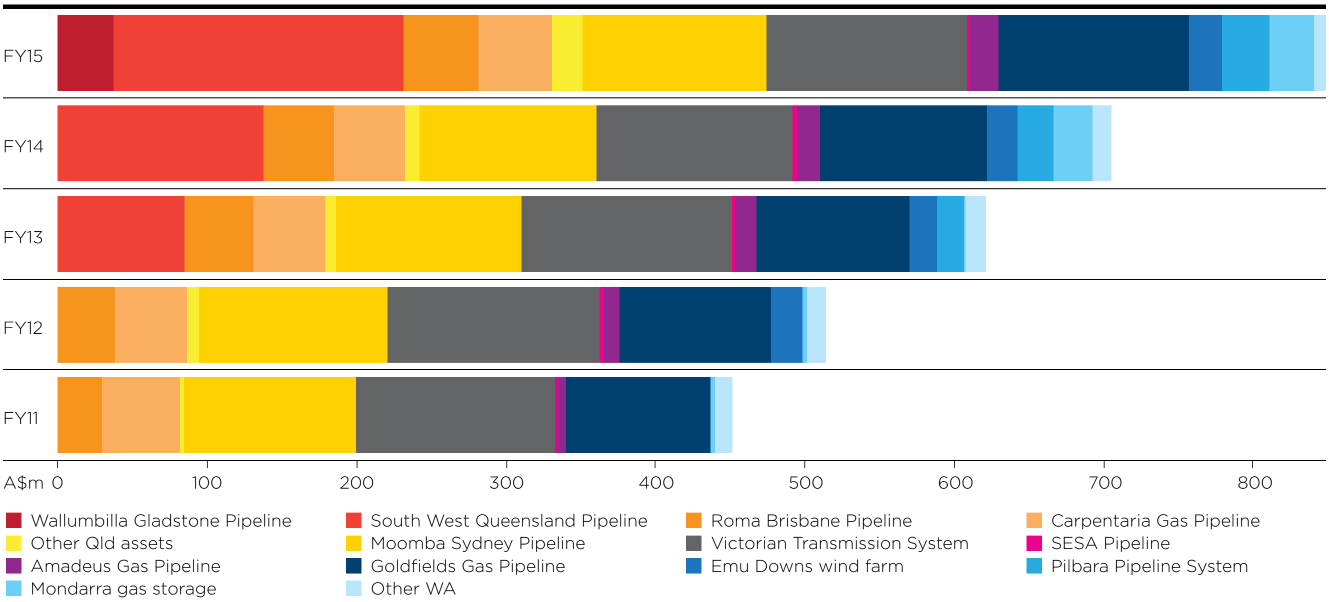
ENERGY INFRASTRUCTURE REVENUE BY STATE



ENERGY INFRASTRUCTURE EBITDA BY STATE



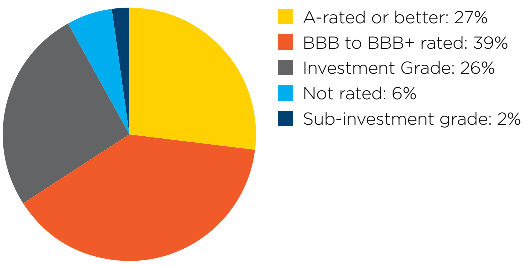
ENERGY INFRASTRUCTURE EBITDA BY PIPELINE



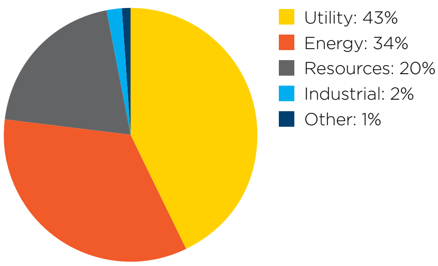
Note: The charts above and on page 7 exclude discontinued operations previously accounted for within Energy Infrastructure, including earnings from Allgas Networks and Moomba Adelaide Pipeline.

92% of FY2015 revenue was received from investment grade or better counterparties. FY2015 revenues, on an industry segment basis, were broken down as follows: 43% from utility sector customers; 34% from customers in the energy sector; 20% from resources sector customers; and 2% from industrial customers.

FY2015 REVENUES BY COUNTERPARTY CREDIT RATING



FY2015 REVENUES BY CUSTOMER INDUSTRY SEGMENT



Geographically, Energy Infrastructure assets are managed as the East Coast Grid (Queensland, New South Wales, Victoria and South Australia), the Northern Territory and Western Australia.

East Coast Grid

With the addition of the Wallumbilla Gladstone Pipeline, APA now has a 7,500+ kilometres of integrated pipeline grid on the east coast of Australia, with the ability to transport gas seamlessly from multiple gas production facilities to gas users across four states and the ACT, as well as to the export LNG market which is developing in Gladstone.

Customers using the East Coast Grid have flexibility in relation to receipt and delivery points, with the potential to move between around 30 receipt points and around 100 delivery points (including Gladstone). APA has developed the commercial and operational framework to deliver a wide range of flexible services, such as multi-asset services, bi-directional transportation, capacity trading and gas storage and parking facilities. To this end, APA opened its Integrated Operations Centre ("IOC") in Brisbane in April 2015. The IOC is designed to holistically manage our portfolio of interconnected assets to better enable us to respond to changes in operational and market conditions. By integrating commercial, technical and operational resources in the one location in a real-time environment, APA provides a single operational point of contact for our customers and enhances operational efficiency. During the course of FY2016, APA will complete the transitioning of its assets to the IOC.

Flexibility offered by APA's East Coast Grid allows customers to manage their gas portfolios in a more dynamic manner, in response to a gas industry that is undergoing significant transformation. This is a result of the near trebling in the size of the east coast gas market, driven primarily by the LNG export market at Gladstone. In addition to additional contribution from expanded assets from projects described below, APA experienced ongoing organic growth across the East Coast Grid, including from the Roma Brisbane Pipeline, the Moomba Sydney Pipeline and the Carpentaria Gas Pipeline.

During the financial year, the following major capital projects were completed:

— in December 2014, APA completed the installation of a new compressor at Winchelsea on the South West Pipeline (within the Victorian Transmission System) between Port Campbell and Brooklyn in Victoria. The new compressor increased the capacity of the South West Pipeline by 76 TJ/day;

— in May 2015, APA completed a further expansion of the Victoria – New South Wales Interconnect ("VNI") to increase the firm peak winter gas flows from Victoria into New South Wales by 145%, at a total cost of approximately $160 million. New gas transportation agreements with Origin Energy, EnergyAustralia and Lumo Energy commenced during the year given completion of the expansion projects that involved augmenting additional compression capacity at Culcairn, as well as additional looping. A fourth agreement with an existing customer was announced in July 2015. This will support further expansion of the VNI by 30 TJ/day to 146 TJ/day in total, trebling capacity over a period of nearly three years in response to changes in the east coast gas market; and

— in January 2015, the South West Queensland Pipeline expansion projects were completed and commissioned. These projects involved $325 million of expansions that were underpinned by various long term contracts with highly creditworthy counterparties. The South West Queensland Pipeline has undergone a major capacity expansion through augmentation of compression facilities at Wallumbilla and Moomba and pipeline bi-directional capability.

APA completed the acquisition of the Wallumbilla Gladstone Pipeline on 3 June 2015 and the pipeline contributed $35 million of EBITDA during the financial year. Whilst the Queensland Curtis LNG Project itself is expected to be ramping up its production for its second train during FY2016, APA's contracts on the pipeline are full take-or-pay contracts for 20 years (with two 10-year options to extend), regardless of volume transported for the foundation shippers, with tariffs escalating annually at US CPI[1]. The expected EBITDA contribution of these contracts in the first full financial year to 30 June 2016 is US$355 million. US dollar denominated debt was raised to assist in the financing of the acquisition. The net USD cashflows after servicing the USD denominated debt facilities will ultimately be converted to AUD, in line with APA's Treasury Risk Management Policy. More details on APA's guidance for FY2016 can be found on page 16 and its policy for managing foreign exchange can be found in Note 21 to the financial statements.

Against the backdrop of a very dynamic gas market in the south east of Australia, APA continues to adapt and progressively develop its gas infrastructure and services in response to the changing needs of its customers.

Northern Territory
APA's assets in the Northern Territory continued to perform at or above expectations during the year including commencement of a new long term agreement to deliver natural gas to the Australian Agricultural Company meat processing facility near Darwin via the Amadeus Gas Pipeline.

In early 2014, APA commenced a feasibility study to link its pipeline infrastructure in the Northern Territory with its East Coast Grid. The proposed pipeline link (the "NT Link") will create the opportunity for gas sourced from onshore and offshore fields in the Northern Territory to supply markets in the east, and provide additional gas security for the Northern Territory.

The NT Link, if built, will connect APA's Amadeus Gas Pipeline in the Northern Territory with the APA owned East Coast Grid. APA expects this will provide additional flexibility to suppliers and users of gas in the Northern Territory and the eastern states of Australia, by interconnecting more resources with more markets.

During FY2015, the Northern Territory Government announced its own process (North East Gas Interconnector or "NEGI") around connecting to the east coast and shortlisted four bidders, including APA. APA continues to work on its final submission as part of the government's process which is due in September 2015 and further work also continues in respect of APA's feasibility process outside of the Northern Territory Government process.

Western Australia – West Coast Grid
In Western Australia, APA's assets serve a variety of customers in the resources, industrial and utility (mainly in the Perth area) sectors. The Goldfields Gas Pipeline ("GGP") and Pilbara Pipeline System both experienced strong organic growth from resource sector customers in FY2015. In the energy precinct that is developing around the Perth area, the Mondarra Gas Storage Facility saw solid organic growth.

The GGP expansion project was completed during the year. FY2015 results were positively affected by the near full year contribution from this expansion. APA managed the $150 million expansion project on behalf of the Goldfields Gas Transmission Joint Venture ("GGTJV") through which APA owns 88.2% of the GGP. Contracts with Rio Tinto and Mount Newman Joint Venture (85% owned by BHP), that supported the expansion, were entered into during FY2012.

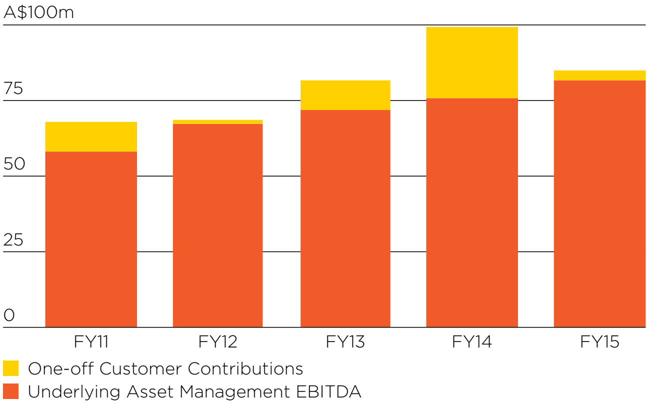
During the financial year, APA commenced construction of the new 293 kilometre Eastern Goldfields Pipeline ("EGP"). This project is underwritten by two gas transportation agreements executed between AngloGold Ashanti ("Anglogold") and APA in July 2014 for the transportation of natural gas to AngloGold's Sunrise Dam Operations and the Tropicana Operations jointly owned by AngloGold and Independence Group NL, located in the eastern Goldfields region. The EGP will connect APA's existing infrastructure, the Goldfields Gas Pipeline and the Murrin Murrin Lateral to the respective mine site locations, with commissioning expected around the middle of FY2016. Under the agreements, APA will transport gas across a total distance of 1,500 kilometres to the mines through APA's three interconnected pipelines.

3.2 Asset Management
APA provides asset management and operational services to the majority of its energy investments and to a number of third parties. Its main customers are Australian Gas Networks Limited ("AGN", formerly Envestra Limited), Ethane Pipeline Income Fund, Energy Infrastructure Investments and GDI. Asset management services are provided to these customers under long term contracts.

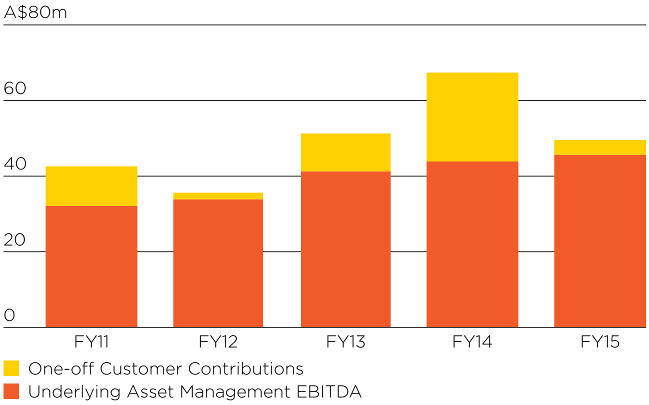
Revenue (excluding pass-through revenue) from asset management services decreased by $14.1 million or 14.2% to $85.1 million (2014: $99.2 million) and EBITDA (for continuing businesses) also decreased by $18.1 million or 26.8% to $49.4 million (2014: $67.6 million).

1) Consumer Price Index.

ASSET MANAGEMENT REVENUE

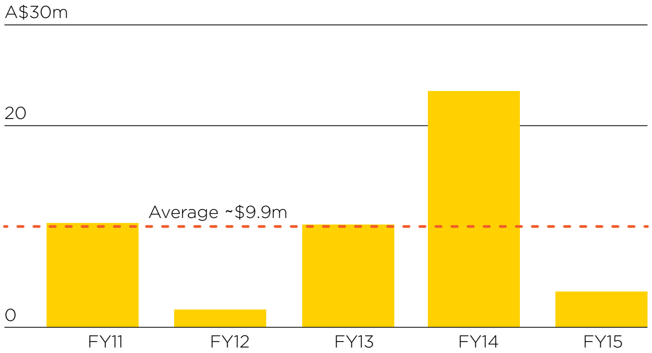


ASSET MANAGEMENT EBITDA

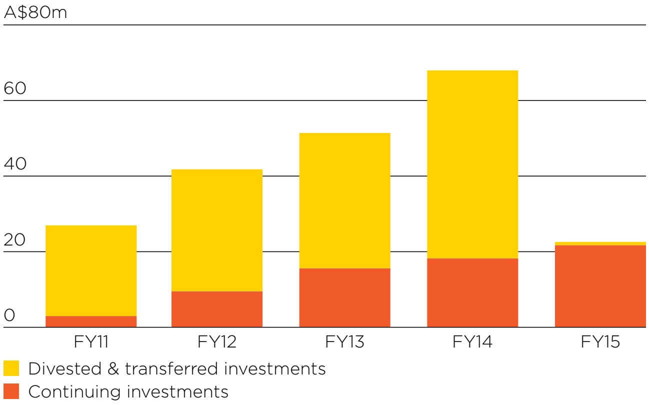


This decrease in revenue and EBITDA is due to a reduction in customer contributions for relocating APA infrastructure, to $3.6 million compared with $23.4 million in the last financial year. This was partially offset by an increase in asset management fees. As can be seen in the graph below, there continue to be annual swings in customer contributions, as these are driven by our customers' work programmes and requirements. Over a number of years, the long term annual average revenue received for this work has been approximately $10 million per annum.

CUSTOMER CONTRIBUTIONS



ENERGY INVESTMENT REVENUE & EBITDA



As mentioned previously, APA sold its 33.05% stake in AGN during the financial year, however, the operating and maintenance agreements remain on foot until maturity in 2027.

3.3 Energy Investments

APA has interests in a number of complementary energy investments across Australia, including SEA Gas Pipeline, Energy Infrastructure Investments ("EII"), Ethane Pipeline Income Fund, EII2, GDI and Diamantina and Leichhardt Power Stations (collectively "DPS"). APA holds a number of roles in respect of most of these investments, in addition to its ownership interest. All investments are equity accounted, with the exception of APA's 6% interest in Ethane Pipeline Income Fund.

APA divested its 33.05% interest in Australian Gas Networks Limited ("AGN", formerly Envestra Limited) on 7 August 2014. As a result there was no material contribution from AGN to the FY2015 results.

Both power stations at DPS were commissioned during the financial year. Contribution from DPS is approximately for the 6 months that the power stations have been in operation.

EBITDA from continuing investments increased by 20.9% to $21.8 million (2014: $18.0 million), driven by increased contribution from GDI, EII2 and SEA Gas Pipeline, in particular.

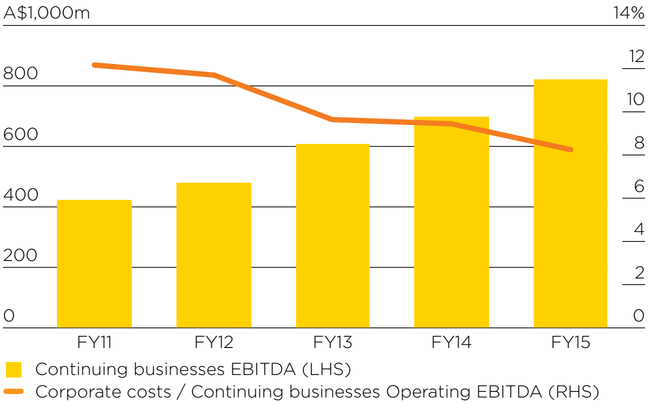
3.4 Corporate Costs

From this financial year, APA will separate out corporate costs from operating business segment EBITDA reporting. By doing this, it is expected that securityholders will be able to better understand the underlying performance of the operating businesses and the costs for APA to operate and manage these businesses.

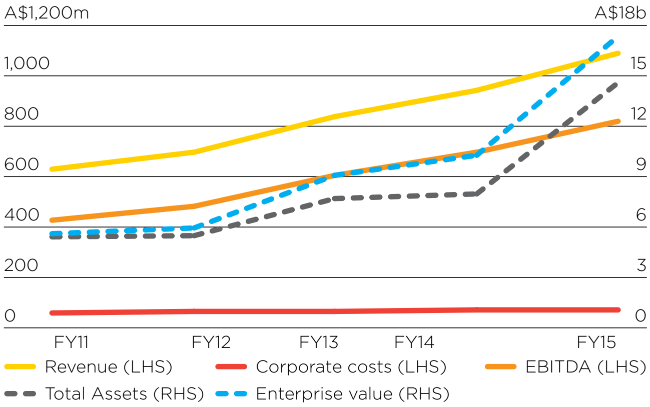
During the financial year, corporate costs increased, slightly, by 1.4% over the previous year to $73.6 million (2014: $72.5 million).

Corporate costs have trended down as a proportion of revenue and total EBITDA over the last few years. Moreover, as can be seen in the graphs below, as the business has grown significantly both in terms of investor returns and balance sheet, APA's corporate costs have remained relatively steady, demonstrating the efficient scalability of APA.

CORPORATE COSTS TO CONTINUING BUSINESSES EBITDA



CORPORATE COSTS VS BUSINESS GROWTH



In fact, whilst revenue, EBITDA, total assets and total enterprise value have grown at a compound annual growth rate ("CAGR") of between 14% and 39% over the last five years, corporate costs have grown at a significantly lower 5.8% CAGR.

Year ended 30 June	2015 $ million	2011 $ million	Changes %
Revenue [1]	**1,094**	628	14.9%
EBITDA [2]	**821**	425	17.9%
Total assets	**14,653**	5,428	28.2%
Market capitalisation	**9,182**	2,470	38.9%
Enterprise value [3]	**17,413**	5,615	32.7%
Corporate costs	**74**	59	5.8%
Corporate costs/EBITDA [2] (%)	**8.2%**	12.1%	

Notes:
1) Continuing businesses revenue, excluding pass-through revenue.
2) Continuing businesses EBITDA.
3) Market capitalisation plus net debt as at end of financial year.

3.5 Restatement of historical segment EBITDA

From this reporting period, APA will report its segment EBITDA exclusive of corporate costs to provide a clearer picture of the performance of the underlying assets within the business. For prior year comparison purposes, the following table restates segment EBITDA for the last 5 years.

Year ended 30 June	2015 $000	2014 $000	2013 [1] $000	2012 $000	2011 $000
EBITDA (continuing businesses)					
Energy Infrastructure					
Queensland	**340,131**	234,459	180,652	91,016	81,966
New South Wales	**120,808**	115,569	120,243	122,789	111,764
Victoria	**130,170**	127,616	136,869	138,292	128,815
South Australia	**1,940**	2,380	2,419	2,110	2,136
Western Australia	**212,604**	188,947	149,404	133,886	108,093
Northern Territory	**17,954**	15,214	13,502	10,633	5,577
Energy Infrastructure total	***823,607***	*684,185*	*603,089*	*498,726*	*438,351*
Asset Management	**49,448**	67,552	51,553	35,563	42,517
Energy Investments	**21,783**	18,020	15,635	9,580	3,165
Corporate costs	**(73,579)**	(72,536)	(64,488)	(63,594)	(58,754)
Total segment EBITDA	**821,259**	697,221	605,789	480,275	425,279
Divested business [2]	**991**	50,113	56,154	55,213	64,309
Total EBITDA before significant items	**822,250**	747,334	661,943	535,488	489,588
Significant items [3]	**447,240**	–	101,685	(9,663)	2,521
Total EBITDA	**1,269,490**	747,334	763,628	525,825	492,109

Notes: Numbers in the table may not add up due to rounding.
1) APA adopted revised AASB 119 during FY2014. As the revised standard must be applied retrospectively, comparative numbers have been restated.
2) Australian Gas Networks Limited (formerly Envestra Limited) sold in FY2014, Moomba Adelaide Pipeline System sold in FY2013, APA Gas Network Queensland (Allgas) sold into GDI (EII) Pty Ltd in FY2012.
3) Significant items: FY2015 relates to net proceeds realised from the sale of APA's investment in Australian Gas Networks Limited (formerly Envestra Limited) as well as the successful recovery of fees paid by Hastings Diversified Utilities Fund to Hastings Funds Management Limited. FY2013 relates primarily to one-off items associated with the HDF acquisition. FY2012 relates to the profit less transaction costs on the sale of Allgas. FY2011 relates to a number of one-off non-operating items.

4. Capital and investment expenditure

Capital expenditure (including stay-in-business capital expenditure) for the financial year totalled $396.3 million compared with $446.7 million last financial year.

Growth project expenditure of $343.1 million (2014: $382.5 million) was in respect of pipeline capacity expansion in the Victoria – New South Wales Interconnect, additional compression facilities at Moomba and Wallumbilla and construction of the Eastern Goldfields Pipeline in Western Australia. These capital expenditures were generally either fully underwritten through long-term contractual arrangements or have regulatory approval through a relevant access arrangement.

The majority of investment expenditure for the financial year of $5,888.0 million (2014: $126.1 million) related to the Wallumbilla Gladstone Pipeline acquisition completed in June 2015, with a small portion attributable to completion of the Diamantina Power Station.

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

Capital and investment expenditure[1]	Description of major projects	2015 $ million	2014 $ million
Growth expenditure			
Regulated	Victoria-NSW Interconnect looping & compression, Winchelsea compression	**136.1**	65.5
Major projects			
Queensland	Wallumbilla and Moomba compression	**104.4**	206.6
New South Wales	Moomba Sydney Pipeline southern expansion	**12.4**	13.2
Western Australia	Eastern Goldfields Pipeline development, Goldfields Gas Pipeline expansions	**64.2**	73.4
Other	Victorian metering and LNG, maintenance system, enterprise asset management systems and processes	**26.3**	23.8
		207.0	317.0
Total growth capex		**343.1**	382.5
Stay-in-business capex		**50.6**	45.1
Customer contributions	Pipe relocations for councils, Pilbara Pipeline relocation	**2.7**	19.1
Total capital expenditure		**396.3**	446.7
Acquisitions	Wallumbilla Gas Pipeline	**5,866.8**	–
Energy Investments	Diamantina Power Station joint venture	**21.2**	126.1
Total investment expenditure		**5,888.0**	126.1
Total capital and investment expenditure		**6,284.3**	572.8

Notes: Numbers in the table may not add up due to rounding.

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

As can be seen in the map below, APA continues to work on projects around the country and maintains guidance for $300 million to $400 million of annual organic growth capital expenditure level over the next couple of years.

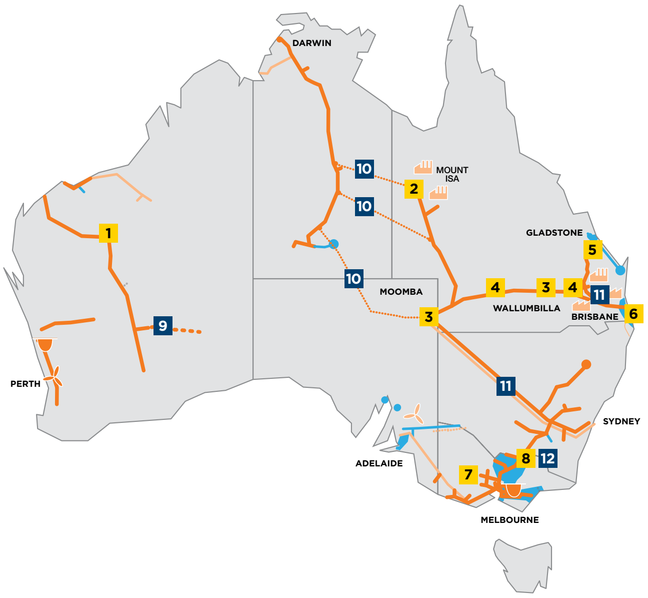
MAJOR CAPITAL EXPENDITURE PROJECTS

COMPLETED PROJECTS

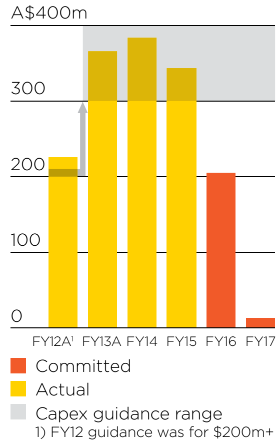
1. Goldfields Gas Pipeline expansions completed
2. Diamantina Power Station completed
3. Wallumbilla and Moomba compressions installed
4. Bi-directional capability on Berwyndale Wallumbilla and South West Queensland Pipelines
5. Wallumbilla Gladstone Pipeline acquisition
6. Integrated Operations Centre opened
7. Winchelsea compression installed
8. Victoria-New South Wales Interconnect expansion to 118Tj/d completed (Victorian Transmission System and Moomba Sydney Pipeline southern lateral)

ONGOING PROJECTS

9. Eastern Goldfields Pipeline construction commenced
10. NT Link feasibility study continues
11. Bi-directional capability on Roma Brisbane and Moomba Sydney Pipelines due 1Q FY16
12. Expansion work for further 30TJ/d capacity increase commenced



ACTUAL AND COMMITTED GROWTH CAPITAL EXPENDITURE



5. Financing Activities

5.1 Capital management

APA issued a total of 278,556,562 new securities between 23 December 2014 and 28 January 2015 (inclusive), raising $1.84 billion to provide funding in support of the acquisition of the Wallumbilla Gas Pipeline (formerly QCLNG Pipeline) and APA's ongoing capital needs. The new securities were issued at $6.60 per security as a result of a one-for-three accelerated renounceable entitlement offer to existing securityholders.

As at 30 June 2015, 1,114,307,369 securities were on issue (2014: 835,750,807).

During the financial year APA completed the following financings:

— in December 2014, APA established a US$4.1 billion two-year syndicated bridge facility to provide certainty of funding for the Wallumbilla Gladstone Pipeline acquisition. US$4.1 billion of the facility was cancelled in March 2015, following APA's successful issuance of bonds in the international debt capital markets (detailed below). The balance of US$100 million is a syndicated revolving credit facility that remains available to APA to provide flexibility in respect of working capital needs;

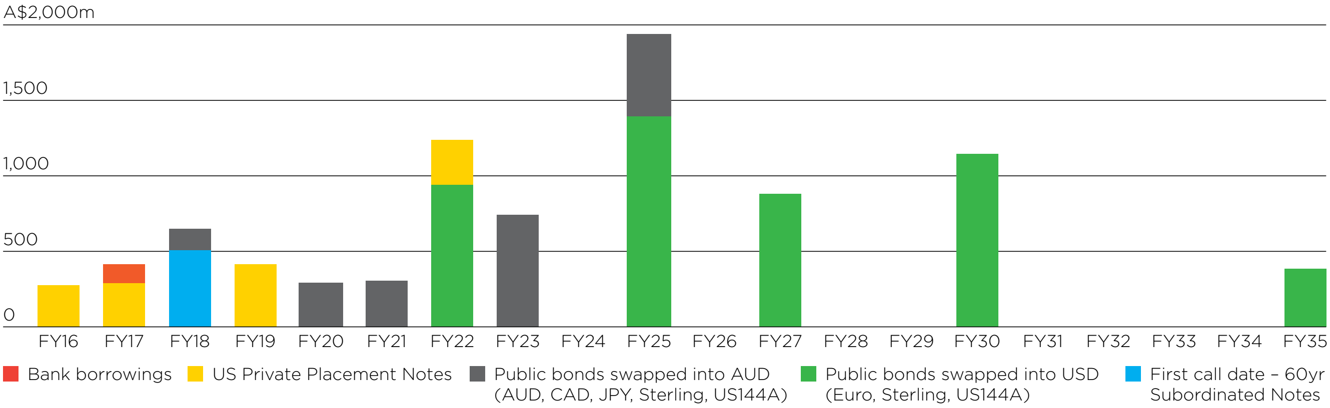
— in March 2015, APA issued EUR1,350 million and GBP600 million of fixed rate Medium Term Notes (MTNs) from its Euro Medium Term Note program following a successful marketing process aimed at raising longer term borrowings to fund the acquisition of the Wallumbilla Gladstone Pipeline and for APA's ongoing corporate needs. The MTNs were issued in three tranches: EUR700 million of seven-year notes at a fixed coupon of 1.375%; EUR650 million of 12-year notes at a fixed coupon of 2.0%; and GBP600 million of 15-year notes issued at a fixed coupon of 3.5%. Proceeds from the MTNs were swapped into approximately US$2.3 billion and APA will retain the funds in US dollars at an all-in weighted average fixed rate of approximately 4.2% per annum; and

— in March 2015, APA issued US$1.4 billion of senior guaranteed notes in the United States 144A debt capital market. The notes were issued in two tranches: US$1,100 million of 10-year notes at a fixed coupon of 4.2%; and US$300 million of 20-year notes at a fixed coupon of 5.0%.

At 30 June 2015, APA's debt portfolio has a broad spread of maturities extending out to FY2035, with an average maturity of drawn debt of 8.5 years[1]. APA's gearing[2] of 63.4% at 30 June 2015 was down slightly from 64.2% at 30 June 2014. APA remains well positioned, at this level, to fund its planned organic growth activities from available cash and committed resources.

1) USD denominated debt has been nominally exchanged at AUD/USD exchange rate at respective inception date of 0.7772 for Euro and GBP MTN issuances and 0.7879 for US144A notes.
2) Gearing ratio determined in accordance with covenants in certain senior debt facilities as net debt to net debt plus book equity.

APA DEBT MATURITY PROFILE AND DIVERSITY OF FUNDING SOURCES



At 30 June 2015, APA had around $1,587 million in cash and committed undrawn facilities available to meet the continued capital growth needs of the business.

Subsequent to the end of FY2015, APA established a new $830 million syndicated bank facility, replacing the existing $1.1 billion syndicated facility. This has reduced APA's cash and available, committed, undrawn facilities to around $1.3 billion. The new facility comprises three tranches:

— $311.25 million maturing in September 2017;

— $311.25 million maturing in September 2018; and

— $207.50 million maturing in September 2020.

APA has a prudent treasury policy which requires conservative levels of hedging of interest rate exposures to minimise the potential impacts from adverse movements in interest rates. Other than noted below, all interest rate and foreign currency exposures on debt raised in foreign currencies have been hedged. The majority of the revenues to be received over the next 20 years from the foundation contracts on the Wallumbilla Gladstone Pipeline will be received in USD. The US$3.7 billion of debt raised in March 2015 is considered to be a "designated hedge" for these revenues and therefore have been kept in USD. Net USD cashflow after servicing the USD interest costs that are not part of that "designated relationship" will be hedged on a rolling basis for an appropriate period of time, in line with APA's treasury policy.

APA also enters into interest rate hedges for a proportion of the interest rate exposure on its floating rate borrowings. As at 30 June 2015, 94.0% (2014: 72.8%) of interest obligations on gross borrowings were either hedged into or issued at fixed interest rates for varying periods extending out in excess of 19 years.

5.2 Borrowings and finance costs

As at 30 June 2015, APA had borrowings of $8,643 million[1] ($4,789 million at 30 June 2014) from a mix of syndicated bank debt facilities, bilateral debt facilities, US Private Placement Notes, Medium Term Notes in several currencies, Australian Medium Term Notes, United States 144A Notes and APA Group Subordinated Notes.

Excluding significant items, net finance costs decreased by $0.9 million, or 0.3%, to $324.2 million (2014: $325.1 million). The decrease is primarily due to proceeds from the sale of shares in AGN applied to reduce debt and to interest income from term deposits received during the pre-settlement period of the acquisition of the Wallumbilla Gladstone Pipeline. The average interest rate (including credit margins) applying to drawn debt was 6.76%[1] for the financial year (2014: 7.12%).

APA's interest cover ratio[2] for the financial year, at 2.59 times (2014: 2.31 times), remains well in excess of its debt covenant default ratio of 1.1 times and distribution lock up ratio of 1.3 times.

5.3 Credit ratings

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

— BBB long-term corporate credit rating (outlook Stable) assigned by Standard & Poor's (S&P) in June 2009, and last confirmed on 10 December 2014; and

— Baa2 long-term corporate credit rating (outlook Stable) assigned by Moody's Investors Service (Moody's) in April 2010, and last confirmed on 10 December 2014.

1) USD denominated debt has been nominally exchanged at AUD/USD exchange rate at respective inception date of 0.7772 for Euro and GBP MTN issuances and 0.7879 for US144A notes.

2) For the calculation of interest cover, significant items are excluded from the EBITDA used.

5.4 Income tax

Income tax expense (including significant items) for the financial year of $177.2 million results in an effective income tax rate of 24.0%. The FY2014 profit after tax included a significant item of $144.1 million relating to a one-off adjustment to tax expense to reflect a change in the treatment, for tax depreciation purposes only, of various capital assets acquired in FY2007. This resulted in an income tax benefit for FY2014 of $77.7 million.

Excluding significant items, the effective income tax rate for the financial year is 28.2% which is higher than the 25.0% in the previous year due to APA ceasing to equity account the Envestra investment and to the increase in non-deductible amortisation on contract intangibles during the year.

After utilisation of all available group tax losses and partial utilisation of available transferred tax losses, an income tax provision of $7.2m has been recognised as at 30 June 2015.

5.5 Distributions

Distributions paid to securityholders during the financial year were:

	Final FY2014 distribution paid 10 September 2014		**Interim FY2015 distribution paid 18 March 2015**	
	Cents per security	Total distribution $000	**Cents per security**	**Total distribution $000**
APT profit distribution	16.42	137,239	**15.12**	**126,396**
APT capital distribution	–	–	**–**	**–**
APTIT profit distribution	2.33	19,465	**2.38**	**19,860**
APTIT capital distribution	–	–	**–**	**–**
	18.75	156,704	**17.50**	**146,256**

On 26 August 2015, the Directors declared a final distribution for APA for the financial year of 20.50 cents per security which is payable on 16 September 2015 and will comprise the following components:

	Final FY2015 distribution payable 16 September 2015	
	Cents per security	**Total distribution $000**
APT profit distribution	**18.12**	**201,945**
APT capital distribution	**–**	**–**
APTIT profit distribution	**2.38**	**26,488**
APTIT capital distribution	**–**	**–**
	20.50	**228,433**

Total distribution for the financial year ended 30 June 2015 is 38.0 cents per security, an increase of 1.75 cents, or 4.8%, on the 36.25 cents per security paid in respect of the year ended 30 June 2014.

Distribution information is presented on an accounting classification basis. The APA Group Annual Tax Statement and Annual Tax Return Guide (to be released in September 2015) will provide the classification of distribution components for the purposes of preparation of securityholder income tax returns.

5.6 Total securityholder return

During the financial year, APA's market capitalisation increased by 59.5% to $9.2 billion at 30 June 2015. APA's total securityholder return for the financial year, which accounts for distributions paid plus the capital appreciation of APA's security price and assumes the reinvestment of distributions at the declared time, was 30.0%, placing APA in the top 21st percentile of one year total shareholder returns for the financial year[1].

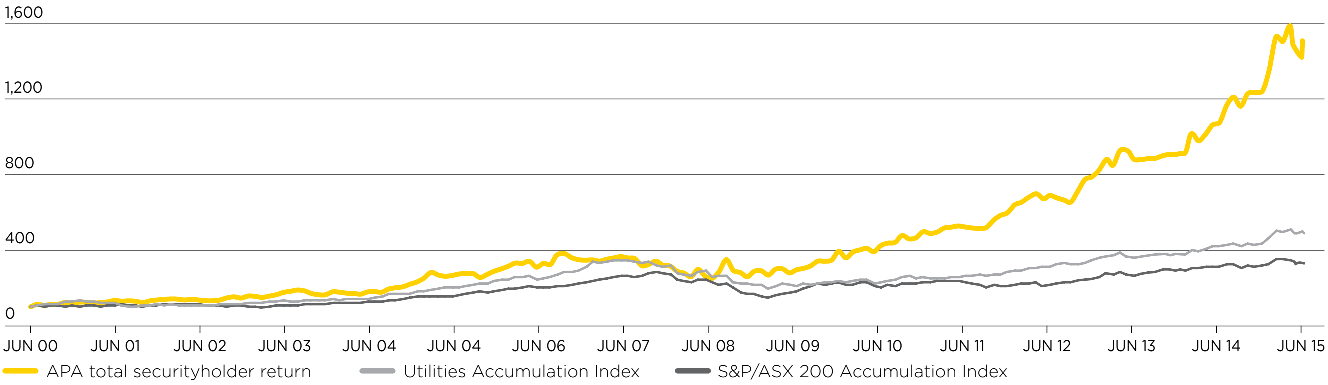
APA's total securityholder return since listing on the ASX is 1,304%, a compound annual growth rate of 19.2%.

The table below provides securityholders with an understanding of the growth in value of APA securities, excluding value raised through capital raising activities, during FY2015 as well as since listing.

	FY2015			**Since Listing**		
	Number of securities (million)	**Price per security ($/security)**	**Market capitalisation ($ million)**	**Number of securities (million)**	**Price per security ($/security)**	**Market capitalisation ($ million)**
Beginning of period	835.8	$6.89	$5,758.3	244.0	$2.00	$488.0
Capital raised[2]	278.6	$6.60	$1,838.5	870.3	$2.50-$6.60	$4,254.5
End of period	1,114.3	$8.24	$9,181.9	1,114.3	$8.24	$9,181.9
Growth in value over period			$1,585.1			$4,439.4

1) Figures quoted are sourced from IRESS and measured as at 30 June 2015.
2) Since listing, APA has undertaken a variety of capital raising activities including rights issues, placements and dividend reinvestment plans. For FY2015, this relates to the 1-for-3 rights issue conducted.

APA TOTAL SECURITYHOLDER RETURN SINCE LISTING TO 30 JUNE 2015



5.7 Guidance for the 2016 financial year

Based on current operating plans, APA expects statutory EBITDA for the full year to 30 June 2016 to be in a range of $1,275 million to $1,310 million. On a normalised, continuing businesses basis, EBITDA is expected to increase by approximately 55% to 60% on the 2015 financial year continuing business EBITDA. This includes a contribution of around US$355 million from the newly acquired Wallumbilla Gladstone Pipeline and growth across the remainder of the APA portfolio of between 3% and 7%.

APA has entered into forward exchange contracts for FY2016, for the net USD cashflow from the gas transportation agreements for the Wallumbilla Gladstone Pipeline ("WGP"), after servicing USD denominated debt. In forecasting AUD equivalent EBITDA contribution from WGP, we have used the forward exchange rates for these hedged revenues. Any differences in the hedged rate and the actual rate will be accounted for in the hedge reserve account within the equity portion of APA's balance sheet.

Net interest cost is expected to be in a range of $500 million to $510 million.

Growth capital expenditure is expected to remain in the range of $300 million to $400 million for FY2016.

Distributions per security for the 2016 financial year are expected to be at least equal to those paid in respect of the 2015 financial year, that is, at least 38.0 cents per security.

			Changes	
Year ended 30 June	2016 guidance $000	2015 actual $000	$000	%
Normalised EBITDA from continuing businesses	1,275 to 1,310	821.3	454 to 489	55% to 60%
Net interest cost	500 to 510	324.2	176 to 186	54% to 57%
Statutory EBITDA	300 to 400	343.1	–	–
Distribution per security	At least 38.0	38.0	–	–

6. Regulatory matters

Key regulatory matters addressed during the financial year included:

Goldfields Pipeline access arrangement
In August 2014, a revised access arrangement proposal was submitted to the Economic Regulation Authority of Western Australia. APA has responded to a series of queries by the regulator on that proposal. The regulator will issue a draft decision to which APA will then provide a further response before the regulator makes a final decision, which is estimated to occur by December 2015. The current tariffs are applicable until the regulator's final decision becomes operative.

GDI becomes subject to light-handed regulation
APA holds a 20% interest in GDI. During the year APA, on behalf of GDI, successfully had the regulatory status of the GDI network changed from full economic regulation to light-handed regulation, lowering the cost of regulation incurred by the network.

Gas Policy developments
The ongoing unprecedented changes in the Eastern Australian gas market have resulted in numerous governmental reviews and inquiries into policy settings. APA has been an active participant in these reviews, highlighting the significant contribution that our portfolio of pipeline assets coupled with our responsive customer services has made to the development of the gas market.

7. Health, safety and environment

Health and safety reporting
The Lost Time Injury Frequency Rate ("LTIFR")[1] for APA was 0.64 (for employees and contractors) for the financial year, down from 0.80 in the last financial year. There were two employee and two contractor lost time injuries during the financial year. The Total Recordable Injury Frequency Rate[2] for APA was 8.11 (for employees and contractors combined) in FY2015, a reduction of 8.89 from 17.00 in the last financial year.

APA aims to be a zero harm workplace for its employees, contractors and the broader communities in which it operates. During FY2014, APA launched a three year Strategic Improvement Plan and introduced a tailored list of risk based initiatives as part of the plan.

1) Lost Time Injury Frequency Rate is calculated as the number of lost time injuries (injuries which result in the loss of at least one full shift), multiplied by one million, divided by the total hours worked.
2) Total Recordable Injury Frequency Rate is calculated using the same formula as LTIFR with the added inclusion of all medically treated injuries.

The Strategic Improvement Plan and each initiative follow the Risk–Control–Assure framework. One risk which was identified during the year as requiring additional controls was driving. A safe driving initiative, called *Safedrive+* has been added to the strategic plan. This initiative will provide the requisite level of control and training for all APA drivers, passengers and contractors, as well as a minimum standard vehicle specification.

Other key initiatives implemented during the financial year include:

— Relaunch to the *Leading Zero Harm* behavioural program, calibration of the hazard profile process, the completion of the hazard identification process and risk based and system audits.

— *The implementation of Safeguard+*

APA's online health, safety and environment ("HSE") repository went live in December 2014. The platform has already provided the business with much improved disciplines for reporting, communicating, investigating and actioning HSE failures whilst also providing an easy to use reporting suite which provides vastly improved HSE data and analysis.

— *A tailored contractor management system*

The new system provides tools and processes for the business to appropriately assess and monitor contractor performance. It requires compliance with APA procurement and HSE standards ensuring alignment with regards to approach to HSE.

APA encourages healthy living and continued its sponsorship for employees who participate in the Global Corporate Challenge. In addition, APA completed a company health and wellbeing risk profile of employees. The program surveyed and tested a sample of 284 employees across the business. The results will be used to develop health and wellbeing programs.

Environmental regulations

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

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

Construction Environmental Management Plans satisfying Section 6 of the Australian Pipeline Gas Association Code of Environmental Practice are prepared as needed. Major project construction activities are audited or inspected in accordance with Environmental Management Plan requirements. In accordance with Part 3 of AS 2885, Environmental Management Plans satisfying Section 7 of the Code are in place for all operating pipelines and are managed in accordance with APA's contracts and the terms and conditions of the licences that APA has been issued.

The Safety and Operating Plan for the distribution networks that APA operates has been audited during the financial year, in accordance with New South Wales technical regulatory requirements.

Senior management reviews audit reports and any material breaches are communicated to the Board. The Board reviews external audit reports and, on a monthly basis, the internal reports prepared relating to environmental issues. No significant breaches have been reported during the financial year and APA has managed its assets in accordance with the relevant Environmental Management Plans.

Environmental reporting

In October 2014, APA complied with Australia's National Greenhouse and Energy Reporting ("NGER") obligations for the FY2014. Energy reporting for FY2015 will be submitted in October 2015.

APA's main sources of emissions are from the combustion of natural gas in compressor stations and from fugitive emissions associated with natural gas pipelines. NGER compliance reporting applied to assets under APA's operational control, which include the Roma Brisbane Pipeline, the Moomba Sydney Pipeline, the South West Queensland Pipeline, the Northern Territory Natural Gas Distribution Network, the Goldfields Gas Pipeline (88.2% ownership), the Diamantina Power Station (50% equity ownership) and the GDI gas distribution network (20% equity ownership).

APA's summary of Scope 1 emissions and energy consumption for the 2014 financial year are set out in the following table:

Financial year	2014	2013	Change	
Scope 1 CO_2 emissions (tonnes)	311,421	322,827	(11,406)	(3.5) %
Energy consumption (GJ)	6,425,042	2,791,839	(3,633,203)	(130.1) %

8. Risk overview

APA identifies risks to the business and puts in place mitigation actions to remove or minimise the negative impact and maximise the opportunities in respect of these risks. Material risks are reviewed on an ongoing basis by APA's Executive Risk Management Committee and the Board Audit and Risk Management Committee, together with the relevant business units and internal experts. Further information on this process is provided in APA's Corporate Governance Statement (refer to Principle 7) and the Sustainability Report (part of the Annual Review).

Risk assessment considers a combination of the probability and consequence of risks occurring. Listed below are a number of key risks identified that could materially affect APA negatively. However, the risks listed may not include all risks associated with APA's ongoing operations, the materiality of risks may change and previously unidentified risks may emerge.

Key risks

Economic regulation

APA has a number of price regulated assets and investments in its portfolio. Regulatory pricing periods generally run for five years and reflect the regulator's determination of, amongst other matters, APA's projected operating and capital costs, and weighted average cost of capital. The price regulation outcomes determined by the Australian Energy Regulator or Economic Regulation Authority (for Western Australia) under an access arrangement process for a full regulation asset may adversely affect APA's revenue in respect of that asset.

A number of APA's assets are subject to light regulation which, while not a price regulation regime, does enable the regulator to arbitrate any disputes with customers on price and other terms of access. In addition, under the National Gas Law, any person may make an application that an unregulated pipeline become "covered" and subject to economic regulation, which may adversely affect APA's economic position.

Bypass and competitive risk
Bypass and competitive risk occurs when a new transmission pipeline offers gas transportation services to the same end market serviced by existing pipelines. If a bypass risk eventuates, APA's future earnings could be reduced if customers purchase gas transportation services from new pipelines rather than from APA's existing pipelines.

Gas demand risk
Reduced demand for gas and increased use of gas swap contracts by customers may reduce the future demand for pipeline capacity and transportation services and adversely impact APA's future revenue, profits and financial position.

Gas supply risk
A long-term shortage of competitively priced gas, either as a result of gas reserve depletion, allocation of gas to other markets, or the unwillingness or inability of gas production companies to produce gas, may adversely affect APA's revenue and the carrying value of APA's assets.

Counterparty risk
The failure of a counterparty to meet its contractual commitments to APA, whether in whole or in part, would reduce future anticipated revenue unless and until APA is able to secure an alternative customer. Counterparty risk also arises when contracts are entered into for derivatives with financial institutions.

Interest rates and refinancing risks
APA is exposed to movements in interest rates where floating interest rate funds are not effectively hedged. There is a risk that adverse interest rate movements may affect APA's earnings, both directly (through increased interest payments) and indirectly (through the impact on asset carrying values).

APA has borrowings extending through to 2035. Access to continuing financing sources to extend and/or refinance debt facilities will be important. An inability to secure new debt facilities at a similar quantum and cost to existing debt facilities may adversely affect APA's operations and/or financial position and performance.

Foreign exchange risks
APA is exposed to movements in foreign exchange rates and there is a risk that adverse USD:AUD exchange rate movements may affect APA's earnings (through reduced AUD revenues received from USD denominated revenues) and debt levels (through translation of USD denominated debt).

Investment risk
APA may acquire infrastructure and related assets or undertake additional or incremental investment in its existing assets. There is a risk that assumptions and forecasts used in making investment decisions may ultimately not be realised, and this may adversely affect APA's financial position and performance. There is also a risk that APA may be unable to secure further appropriate infrastructure investments on suitable terms, thereby limiting its growth.

Contract renewal risk
A large part of APA's revenues are the subject of long-term negotiated revenue contracts with end customers. Due to a range of factors, including customer demand risk, gas supply risk, counterparty risk, shorter term contracts and bypass and competitive risk, APA may not be successful in recontracting the available pipeline capacity when it comes due for contract renewal, and consequently may adversely impact APA's future revenue, profits and financial position.

Operational risk
APA is exposed to a number of operational risks such as equipment failures or breakdowns, rupture of pipelines, information technology systems failures or breakdowns, employee or equipment shortages, contractor default, unplanned interruptions, damage by third parties, integration of acquired assets and unforeseen accidents. Operational disruption, or the cost of repairing or replacing damaged assets, could adversely impact APA's earnings. Insurance policies may only provide protection for some, but not all, of the costs that may arise from unforeseen events.

Operating licences and authorisations
All pipeline, distribution, gas processing, storage and electricity generation assets owned and/or operated by APA require compliance with relevant laws, regulations and policies. Any changes may have an adverse impact on APA's pricing, costs or compliance regimes, which could materially affect APA's operations, earnings and/or financial position and performance. Certain licences, permits or regulatory consents may not be renewed, granted, continued or such renewal, grant or continuation may be on more onerous terms or subject to loss or forfeiture, which may adversely affect APA's operations and/or financial position and performance.

Construction and development risk
APA develops new assets and undertakes expansion of its existing assets. This involves a number of typical construction risks, including the failure to obtain necessary approvals, employee or equipment shortages, higher than budgeted construction costs and project delays, which may impact the commerciality and economics of the development or otherwise impact on APA's other assets. If these risks materialise, this may adversely affect APA's operations and/or financial position and performance.

Disputes and litigation risks
In the course of its operations, APA may be involved in disputes and litigation. There is a risk that material or costly disputes or litigation could affect APA's financial position and performance.

Credit rating risks
There is no assurance that any rating will remain in effect for a given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if in its judgement, circumstances warrant. APA is under no obligation to update information regarding such ratings should they change over time.

DIRECTORS

1. Information on Directors and Company Secretary

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

Leonard Bleasel AM **FAICD FAIM** *Independent Chairman* Appointed 28 August 2007 Appointed Chairman 30 October 2007	Leonard (Len) Bleasel had a long career in the energy industry before retiring from management in 2001. He started his career in AGL in 1958 and worked in a variety of roles, culminating in the position of Managing Director and CEO from 1990 to 2001. Len's past appointments have included lead non-executive Director of QBE Insurance Group Limited and Chairman of Foodland Associated Limited, ABN AMRO Australia Holdings Pty Limited, Solaris Power, Natural Gas Corporation Holdings Ltd (New Zealand), Elgas Ltd, East Australian Pipeline Ltd and the Advisory Council for CIMB Securities International (Australia) Pty Ltd. He was also a director of St George Bank Limited and Gas Valpo (Chile). Len is currently Chairman of the Taronga Conservation Society Australia. He was awarded an AM in the General Division of the Order of Australia for services to the Australian gas and energy industries and the community.
Michael McCormack **BSurv GradDipEng** **MBA FAICD** *Chief Executive Officer and Managing Director* Appointed Managing Director 1 July 2006	Michael (Mick) McCormack has been Chief Executive Officer of APA since 1 July 2005 and Managing Director since 1 July 2006. He has over 30 years' experience in the gas infrastructure sector in Australia and his career has encompassed all aspects of the sector including commercial development, design, construction, operation and management of most of Australia's natural gas pipelines and gas distribution systems. Mick is a former Director of Envestra Limited (now Australian Gas Networks), the Australian Pipeline Industry Association and the Australian Brandenburg Orchestra.
Steven Crane **BComm FAICD SF Fin** *Independent Director* Appointed 1 January 2011	Steven (Steve) Crane has over 30 years' experience in the financial services industry. His background is in investment banking, having previously been Chief Executive Officer of ABN AMRO Australia and BZW Australia. Steve has considerable experience as a non-executive Director of listed businesses. He is currently Chairman of nib holdings limited and Deputy Chairman of the Taronga Conservation Society Australia. He was formerly Chairman of Adelaide Managed Funds Limited and Investa Property Group Limited, a Director of Transfield Services Limited, Bank of Queensland Limited, Adelaide Bank Limited, Foodland Associated Limited and APA Ethane Limited, the responsible entity of Ethane Pipeline Income Fund, and a member of the Advisory Council for CIMB Securities International (Australia) Pty Limited. Steve is a member of the Audit and Risk Management Committee and the Remuneration Committee.
John Fletcher **BSc MBA FAICD** *Independent Director* Appointed 27 February 2008	John Fletcher has over 35 years' experience in the energy industry, having held a number of executive positions in AGL prior to his retirement in 2003, including Chief Financial Officer. He brings broad financial and commercial experience to the Board having previously been a Director of Integral Energy, Natural Gas Corporation Holdings Ltd (New Zealand), Foodland Associated Limited, Sydney Water Corporation and Alinta Energy Group. John was an AGL-appointed Director of Australian Pipeline Limited from 2000 to 2005. He is the Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee.
Russell Higgins AO **BEc FAICD** *Independent Director* Appointed 7 December 2004	Russell Higgins has extensive experience, both locally and internationally, in the energy sector and in economic and fiscal policy. He was Secretary and Chief Executive Officer of the Department of Industry, Science and Resources from 1997 to 2002 and Chairman of the Australian Government's Energy Task Force from 2003 to 2004. Russell is a Director of Telstra Corporation Limited and Argo Investments Limited. He is a former Chairman of the Global Carbon Capture and Storage Institute, the CSIRO Energy Transformed Flagship Advisory Committee and Snowy Hydro, as well as a former Director of Leighton Holdings Limited, Ricegrowers Limited (trading as SunRice), St James Ethics Foundation, Australian Biodiesel Group Limited, EFIC and the CSIRO. He was also previously a member of the Prime Ministerial Task Group on Emissions Trading. Russell is Chairman of the Health Safety and Environment Committee and a member of the Audit and Risk Management Committee.

Patricia McKenzie **LLB FAICD** *Independent Director* Appointed 1 January 2011	Patricia McKenzie has considerable expertise and experience in energy market regulation and, as a qualified solicitor, extensive corporate legal experience. She is currently Chair of Healthdirect Australia and a Director of Transgrid. Patricia was formerly a Director of Macquarie Generation, Australian Energy Market Operator Limited (AEMO), the national energy market operator for electricity and gas, and Chief Executive Officer of Gas Market Company Limited, the market administrator for retail competition in the gas industry in New South Wales and the Australian Capital Territory. Patricia is a member of the Health Safety and Environment Committee and the Remuneration Committee.
Robert Wright **BCom FCPA** *Independent Director* Appointed 11 February 2000	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. He is currently the Chairman of Super Retail Group Limited and APA Ethane Limited, the responsible entity of Ethane Pipeline Income Fund, and was previously Chairman of SAI Global Limited, Dexion Limited and RCL Group Limited. Robert is the Chairman of the Audit and Risk Management Committee and a member of the Health Safety and Environment Committee.
Mark Knapman **BCom LLB FGIA FCIS** *Company Secretary* Appointed 16 July 2008	Mark has extensive experience as a Company Secretary. He was Company Secretary and General Counsel of an ASX-listed company and Asia Pacific Legal Counsel and Company Secretary for a US multinational company prior to joining APA. Prior to those roles, he was a partner of an Australian law firm. Mark is a Fellow of the Governance Institute of Australia and the Institute of Company Secretaries and Administrators, and is admitted to practice as a solicitor.

2. 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:

Name	Company	Period of directorship
Leonard Bleasel AM	QBE Insurance Group Limited	January 2001 to September 2012
Michael McCormack	Envestra Limited	July 2007 to September 2014
Steven Crane	nib holdings limited Transfield Services Limited Bank of Queensland Limited	Since September 2010 February 2008 to February 2015 December 2008 to January 2015
John Fletcher	–	–
Russell Higgins AO	Telstra Corporation Limited Argo Investments Limited Leighton Holdings Limited Ricegrowers Limited	Since September 2009 Since September 2011 June 2013 to May 2014 December 2005 to August 2012
Patricia McKenzie	–	–
Robert Wright	Super Retail Group Limited APA Ethane Limited[1] SAI Global Limited	Since May 2004 Since July 2008 October 2003 to October 2013

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

3. Directors' meetings

During the financial year, 14 Board meetings, three Remuneration Committee meetings, four Audit and Risk Management Committee meetings and four Health Safety and Environment Committee meetings were held. The following table sets out the number of meetings attended by each Director while they were a Director or a committee member:

	Board		Remuneration Committee		Audit and Risk Management Committee		Health Safety and Environment Committee	
Directors	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
Leonard Bleasel AM [1]	14	14	–	–	–	–	–	–
Michael McCormack	14	14	–	–	–	–	–	–
Steven Crane	14	14	3	3	4	4	–	–
John Fletcher	14	14	3	3	4	4	–	–
Russell Higgins AO	14	14	–	–	4	4	4	4
Patricia McKenzie	14	14	3	3	–	–	4	4
Robert Wright	14	14	–	–	4	4	4	4

A: Number of meetings held during the time the Director held office or was a member of the committee during the financial year.
B: Number of meetings attended.

4. Directors' Securityholdings

The aggregate number of APA securities held directly, indirectly or beneficially by Directors or their Director related entities at 30 June 2015 is 1,305,883 (2014: 979,426).

The following table sets out Directors' relevant interests in APA securities as at 30 June 2015:

Directors	Fully paid securities as at 1 July 2014	Securities acquired	Securities disposed	Fully paid securities as at 30 June 2015
Leonard Bleasel AM	460,664	153,552	–	**614,216**
Michael McCormack	208,590	69,530	–	**278,120**
Steven Crane	100,000	30,000	–	**130,000**
John Fletcher	66,188	22,062	–	**88,250**
Russell Higgins AO	92,040	30,679	–	**122,719**
Patricia McKenzie	12,500	7,486	–	**19,986**
Robert Wright	39,444	13,148	–	**52,592**
	979,426	326,457	–	**1,305,883**

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

OPTIONS GRANTED

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

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

INDEMNIFICATION OF OFFICERS AND EXTERNAL AUDITOR

During the financial year, the Responsible Entity paid a premium in respect of a contract insuring the Directors and officers of the Responsible Entity and any APA Group 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.

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

Under its constitution, Australian Pipeline Limited (in its personal capacity) indemnifies each person who is or has been a Director, Company Secretary or executive officer of that company.

The 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 any APA Group entity against a liability incurred by such an officer or auditor.

1) The Chairman attended all committee meetings ex officio.

REMUNERATION REPORT
The remuneration report is attached to and forms part of this report.

AUDITOR
1. Auditor's independence declaration

A copy of the independence declaration of the auditor, Deloitte Touche Tohmatsu ("Auditor") as required under section 307C of the *Corporations Act 2001* is included at page 77.

2. Non-audit services

Non-audit services have been provided during the financial year by the Auditor. A description of those services and the amounts paid or payable to the Auditor for the services are set out in Note 29 to the financial statements.

The Board has considered those non-audit services provided by the Auditor and, in accordance with written advice from the Audit and Risk Management Committee ("Committee"), is satisfied that the provision of those services by the Auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* and did not compromise the auditor independence requirements of the Act. The Board's reasons for concluding that the non-audit services provided did not compromise the Auditor's independence are:

— all non-audit services were subject to APA's corporate governance procedures with respect to such matters and have been reviewed by the Committee to ensure they do not impact on the impartiality and objectivity of the Auditor;
— the non-audit services provided did not undermine the general principles relating to auditor independence as they did not involve reviewing or auditing the Auditor's own work, acting in a management or decision making capacity for APA, acting as an advocate for APA or jointly sharing risks and rewards; and
— the Auditor has provided a letter to the Committee with respect to the Auditor's independence and the Auditor's independence declaration referred to above.

INFORMATION REQUIRED FOR REGISTERED SCHEMES
Fees paid to the Responsible Entity and its associates (including Directors and Secretaries of the Responsible Entity, related bodies corporate and Directors and Secretaries of related bodies corporate) out of APA scheme property during the financial year are disclosed in Note 30 to the financial statements.

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

The number of APA securities issued during the financial year, and the number of APA securities at the end of the financial year, are disclosed in Note 23 to the financial statements.

The value of APA'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 disclosed in the notes to the financial statements.

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

CORPORATE GOVERNANCE STATEMENT
Corporate Governance Statement for the financial year is available at APA's website on http://www.apa.com.au/about-apa/corporate-governance.aspx.

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

On behalf of the Directors

Leonard Bleasel AM	Robert Wright
Chairman	**Director**

Sydney, 26 August 2015

LETTER FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

Dear Securityholders,

On behalf of the Board and the Remuneration Committee, I am pleased to present APA's Remuneration Report for the financial year ended 30 June 2015.

FY2015 was a year of strong performance for securityholders, with APA continuing to deliver superior market returns and further strengthen the balance sheet. FY2015 saw a successful major acquisition, expansion in assets through major capital works, business and technology improvements, improved safety performance, average contract duration extensions and excellent financial returns.

Changes to executive remuneration framework

As flagged in last year's report, for this year the measurement period for total securityholder return ("TSR") in the long term incentive ("LTI") plan was extended to three years, to more closely reflect the long-term nature of APA's business cycle. In addition, Total Fixed Remuneration ("TFR") for the CEO/MD and Senior Executives has increased this year as a function of APA's continued significant growth in size relative to other Australian Stock Exchange (ASX) listed companies. As part of our conservative management of TFR and to maintain a market competitive remuneration package, APA' positioning policy is for the TFR quantum to be at least the median against comparable ASX listed companies.

In order to ensure our executive remuneration structure is aligned with APA's strategic outlook and remains market competitive, the Board has undertaken an independent remuneration framework review. Overall, we concluded the framework is aligned with our business strategy and model but that the following improvements would be implemented. The Board approved the introduction of a minimum securityholding policy for the Chief Executive Officer and Managing Director ("CEO/MD"), Senior Executives and all the other participants of the LTI plan. In addition the Board has approved the extension of the performance measurement period of normalised Earnings Before Interest, Tax, Depreciation and Amortisation divided by Funds Employed ("EBITDA/FE") for the LTI plan to three years (to be effective from FY2016), to strengthen the alignment of management and securityholder interests. For more information on our executive remuneration framework and how it supports securityholder value, please see section 3 of this report.

This year's remuneration report

The Board is committed to transparency and strong governance. We recognise and welcome securityholders' interest in APA, including understanding our remuneration strategy and outcomes. This year, we have substantially updated and expanded our remuneration report to provide information we believe securityholders need to make informed decisions. While, as a registered managed investment scheme listed on the ASX, APA is not covered by the remuneration reporting requirements of the *Corporations Act 2001*, we have followed a similar format, as we recognise this will be familiar and understandable to many of our securityholders. We also present remuneration information on an accrual basis rather than a paid basis, to better allow securityholders to reconcile amounts awarded for the period with APA's performance in the period.

We welcome your feedback on the report and its contents, and look forward to your attendance at our FY2015 Annual General Meeting.

John Fletcher
Chairman of the Remuneration Committee

1. What this report covers

This report details the remuneration arrangements for non-executive Directors including the Key Management Personnel ("KMP") listed below. These are the people with authority and responsibility for planning, directing and controlling the major activities of APA, directly or indirectly, including both non-executive Directors and executives (executive Director and senior executives).

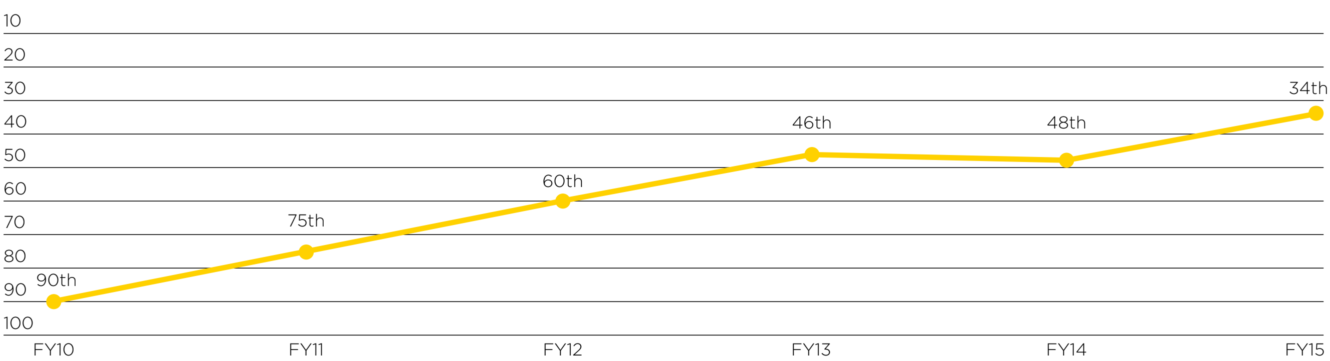
Name	Role	Duration of appointment
I) Non-executive directors		
Leonard Bleasel AM	Chairman of APA Group	Full year
Steven Crane	Member of Audit and Risk Management Committee and Remuneration Committee	Full year
John Fletcher	Chairman of Remuneration Committee and member of Audit and Risk Management Committee	Full year
Russell Higgins AO	Chairman of Health Safety and Environment Committee and member of Audit and Risk Management Committee	Full year
Patricia McKenzie	Member of Health Safety and Environment Committee and Remuneration Committee	Full year
Robert Wright	Chairman of Audit and Risk Management Committee and member of Health Safety and Environment Committee	Full year
II) Executive director		
Michael McCormack	Chief Executive Officer and Managing Director ("CEO/MD")	Full year
III) Senior executives		
Peter Fredricson	Chief Financial Officer ("CFO")	Full year
Ross Gersbach	Chief Executive Strategy and Development	Full year
Robert Wheals	Group Executive Transmission	Full year
John Ferguson	Group Executive Networks	Full year
Kevin Lester	Group Executive Infrastructure Development	Full year
Mark Knapman	Company Secretary	Full year
Peter Wallace	Group Executive Human Resources	Full year

The named persons held their current positions for the whole of the financial year. There have been no changes to KMP between the end of the financial year and the date this report was authorised for issue.

2. Remuneration outcomes and APA performance

One of the key factors in determining the remuneration position of APA executives is market relativity, and within Australia, ranking on the ASX200 on market capitalisation is the most commonly used benchmark. APA Group has delivered strong shareholding returns, sound financial performance and significant organisational growth year on year. This, together with the Board's desire to attract and retain a first class management team, has driven commensurate growth in remuneration levels in APA.

APA MARKET CAPITALISATION RANK AGAINST ASX200



2.1 Executive remuneration awarded FY2015

As part of our commitment to greater transparency and to better reflect the pay for performance relationship, the table below sets out remuneration earned by APA Executives in FY2015 and FY2014 on an accrual basis for the period rather than remuneration received during the period. For instance, Short Term Incentive ("STI") values in the table below reflect STI earned in FY2015 but are due to be paid in the next financial year. This differs from APA's approach in the FY2014 remuneration report where STI reflected cash paid in FY2014 (i.e. September 2014), but earned in FY2013.

					Awarded in FY2015	Awarded in FY2014
Executive Director and Senior Executives	**Total Fixed Remuneration ("TFR") $**	**Awarded STI [1] $**	**Allocated LTI [2] $**	**Other [3] $**	**Total $**	Total $
Michael McCormack						
CEO/MD	1,535,000	1,609,447	1,647,727	–	**4,792,174**	3,857,979
Peter Fredricson						
CFO	780,000	561,600	559,650	202,000	**2,103,250**	1,823,444
Ross Gersbach						
Chief Executive Strategy and Development	823,000	589,844	590,503	228,666	**2,232,013**	1,875,835
Robert Wheals						
Group Executive Transmission	590,000	408,162	423,325	–	**1,421,487**	1,125,803
John Ferguson						
Group Executive Networks	524,000	361,560	375,970	–	**1,261,530**	1,031,199
Kevin Lester						
Group Executive Infrastructure Development	479,000	311,757	343,683	–	**1,134,440**	878,714
Mark Knapman						
Company Secretary	509,000	260,406	264,461	–	**1,033,867**	872,659
Peter Wallace						
Group Executive Human Resources	532,000	361,893	381,710	–	**1,275,603**	967,288
	5,772,000	4,464,669	4,587,029	430,666	**15,254,364**	12,432,921

1) Awarded STI represents the amounts earned by the executives during the reporting period and are due to be paid in September 2015 as they are dependent on approval by the Board and having the signed audited annual accounts.

2) Allocated LTI represents the value of reference units that were earned by the executives during the reporting period. Reference units will be allocated in August 2015 as they are dependent on the approval by the Board and the release of APA Group's annual results to the ASX.

3) Other represents the last payment of a loyalty and performance bonus made to Peter Fredricson and Ross Gersbach. The bonus was paid out in three annual cash instalments (commencing in April 2012) with the last payment made in April 2015 (see section 4 for further detail).

2.2 APA performance and incentive plan outcomes FY2015

Strong performance against all major metrics has been achieved again in FY2015. The Group's superior performance led to strong at-risk remuneration outcomes. More detail on the link between APA performance and executive remuneration outcomes is provided below.

Five year snapshot of APA performance

The following table provides a summary of APA's financial performance over the last five financial years. Included below are financial metrics related to incentive plan performance measures and additional disclosures reflecting APA's earnings and how this impacts securityholder returns.

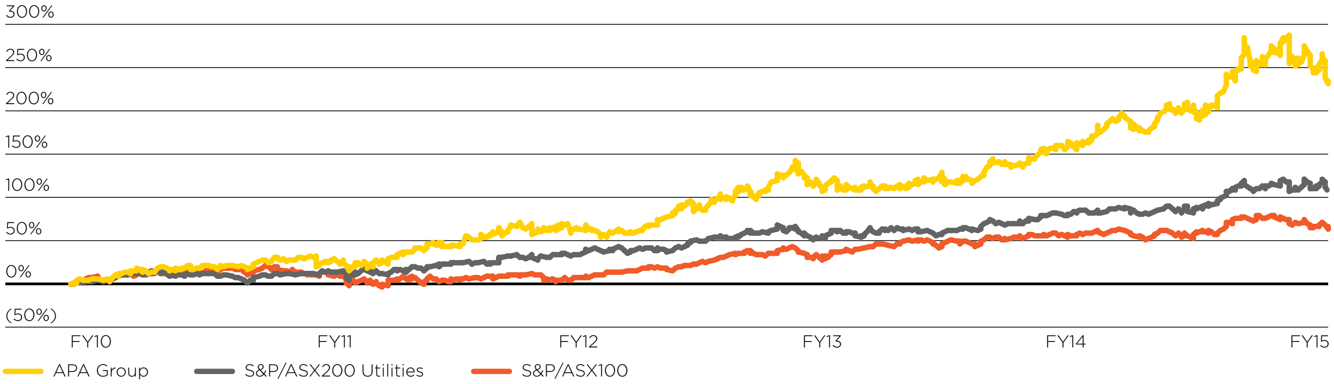
Year ended 30 June	**FY2015**	FY2014	FY2013 [1]	FY2012	FY2011
EBITDA before significant items ($m)	**822.3**	747.3	661.9	535.5	489.6
Profit after income tax and non-controlling interests after significant items ($m)	**559.9**	343.7	295.1	130.7	108.5
OCFPS before significant items (cents) [2]	**54.8**	50.8	56.0	52.5	52.6
Earnings per security – reported (cents) [2]	**56.3**	39.7	38.2	20.4	19.7
Distribution per security (cents)	**38.0**	36.3	35.5	35.0	34.4
Closing security price at 30 June ($)	**8.24**	6.89	5.99	4.99	4.07

1) The balances for FY2013 have been restated for the effect of applying accounting standard *AASB 119: Employee Benefits*.

2) APA issued new ordinary securities between 23 December 2014 and 28 January 2015. The issue was offered at $6.60 per security, a discount to APA's closing market price of $7.67 per security on 9 December 2014, the last trading day before the record date of the entitlement offer of 15 December 2014. The number of securities for the current and prior period (FY2014) has been adjusted in accordance with the accounting principles of *AASB 133: Earnings per share* following the discounted rights issue.

The chart below illustrates the movement in APA's return index over the last five financial years against the S&P/ASX 100 and S&P/ASX 200 Utilities return indices. A return index reflects the theoretical growth in value of a security holding over a specified period, assuming dividends are re-invested to purchase additional units at the closing price applicable on the ex-distribution date.

PERCENTAGE CHANGE IN RETURN INDEX FROM BASE



Link between APA performance and awarded STI

STI is an annual cash-settled incentive subject to 12 month financial and non-financial performance. STI funding is dependent on normalised OCFPS, a measure of the average cash amount generated by the business for each stapled security issued (typically excluding such things as significant items). This measure is directly linked to APA's strategic goal of increasing cash flows over the medium term.

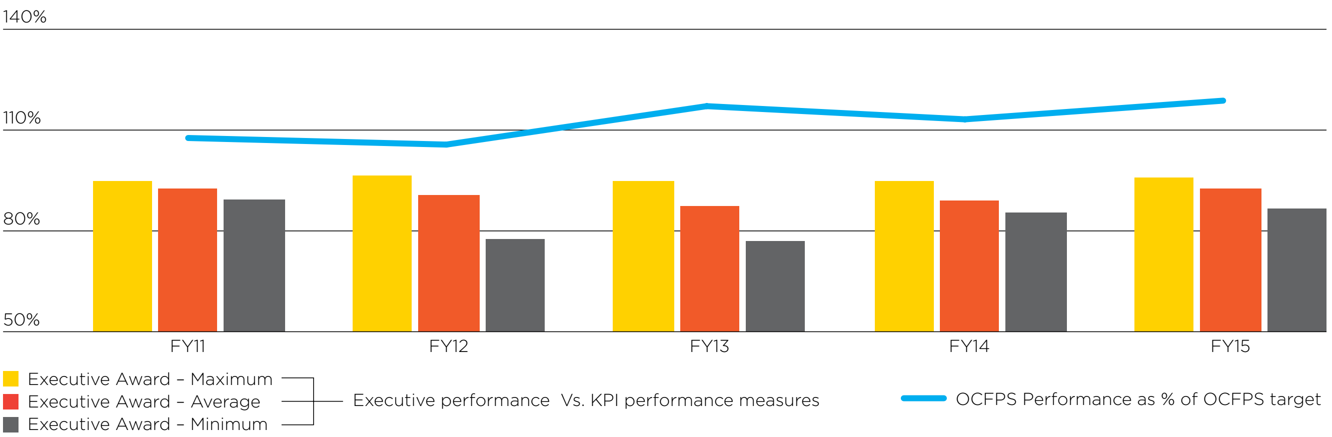
Executives are awarded an STI only if OCFPS is above the threshold level of performance set by the Board. OCFPS therefore acts as a gateway for awards under the STI plan. OCFPS is also the mechanism through which the aggregate amount available for STI payments is limited, ensuring strong alignment between individual performance and APA's ability to pay.

STI awarded is subject to Executives satisfying their performance against a balanced scorecard of pre-determined APA business unit and personal objectives.

Executive STI Awarded	FY2015	FY2014	FY2013	FY2012	FY2011
Executive Award – Maximum	**96.0%**	95.0%	95.0%	96.5%	95.0%
Executive Award – Average	**92.6%**	89.2%	87.2%	90.8%	92.5%
Executive Award – Minimum	**86.8%**	85.3%	77.0%	77.5%	89.5%
OCFPS Performance as % of OCFPS target	**118.9%**	113.1%	117.2%	105.6%	107.6%

The chart below illustrates how executive STI outcomes align with performance against the key business metric of OCFPS.

STI PERFORMANCE AND EXECUTIVE AWARDS



STI outcomes during FY2015

For FY2015, the STI outcomes for executives, as a % of maximum opportunity, are set out in the table below:

	STI earned		STI forfeited	
Executives	**%**	**$**	**%**	**$**
Michael McCormack	93.2%	1,609,447	6.8%	117,428
Peter Fredricson	96.0%	561,600	4.0%	23,400
Ross Gersbach	95.6%	589,844	4.4%	27,406
Robert Wheals	92.2%	408,162	7.8%	34,338
John Ferguson	92.0%	361,560	8.0%	31,440
Kevin Lester	86.8%	311,757	13.2%	47,493
Mark Knapman	94.2%	260,406	5.8%	16,033
Peter Wallace	90.7%	361,893	9.3%	37,107

Link between APA performance and awarded LTI

LTI is a cash-settled incentive subject to two APA measures – Relative TSR (three year rolling average performance against S&P/ASX 100 companies) and EBITDA/FE.

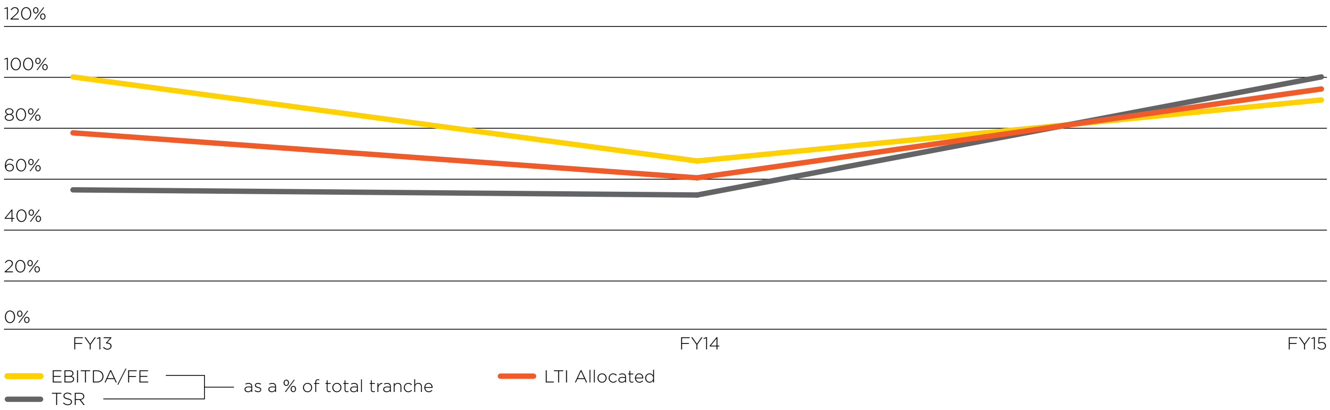
Both measures are weighted equally and are linked to building securityholder wealth. Relative TSR provides the most direct measure of securityholder return and reflects an investor's choice to invest in APA or direct competitors. Security price growth is underpinned by earnings growth and EBITDA/FE is based on the integrity of earnings performance against funds employed which provides a measure of how efficiently the assets are being deployed.

The chart below presents APA's TSR performance relative to S&P/ASX 100 companies (for FY2013 and FY2014 based on TSR end of year rank and for FY2015 based on 3 year rolling average) and EBITDA/FE as a function of improvements to historical actual.

LTI awards as a percentage of maximum opportunity:

	EBITDA/FE	**TSR**	**LTI Allocated**
FY2013	100.0%	55.4%	77.7%
FY2014	66.7%	53.2%	59.9%
FY2015	90.8%	100.0%	95.4%

LTI PERFORMANCE AND EXECUTIVE AWARDS



LTI outcomes during FY2015

For FY2015, the LTI outcomes for executives are set out in the table below:

	LTI allocated	LTI forfeited
Executives	**$**	**$**
Michael McCormack	1,647,727	79,148
Peter Fredricson	559,650	25,350
Ross Gersbach	590,503	26,747
Robert Wheals	423,325	19,175
John Ferguson	375,970	17,030
Kevin Lester	343,683	15,567
Mark Knapman	264,461	11,978
Peter Wallace	381,710	17,290

3. Executive remuneration arrangements

3.1 Alignment of remuneration strategy with business strategy

VISION

Maintain our ranking as Australia's number one energy infrastructure business

KEY MEASURES OF SUCCESS

Enhance our portfolio of gas infrastructure	Capture revenue and operational synergies	Facilitate the development of gas related projects	Pursue opportunities which leverage our knowledge and skills base	Strengthen our financial capability

REMUNERATION OBJECTIVES

Attract and retain key talent	Market competitive remuneration (Position TFR/ TPO at market median)	Align with APA business model & organisational imperatives	Motivate and reward executives for superior performance	Align with securityholder interests	Comply with legal requirements and appropriate governance standards

TOTAL PACKAGE OPPORTUNITY ("TPO")

TFR

- Reflect market value, individual's skills and experience.
- Consists of base salary, non-monetary benefits and superannuation.
- Reference market median against a comparable set of companies.

STI

- Reward performance against specific business objectives (linked to key measures of success).
- Cash-based incentive, subject to annual financial and non-financial performance.
- Only payable if target OCFPS is achieved.
- Clawback applies for three years.

LTI

- Reward executives for creating securityholder value.
- Allocations of reference units (settled in cash).
- TSR against S&P / ASX 100 companies and EBITDA / FE performance measures.
- Tranche vesting over four year performance period.
- Clawback applies for three years.
- Clawback applies to unvested LTI awards.

REMUNERATION GOVERNANCE

EXECUTIVE REMUNERATION CLAWBACK POLICY

- Designed to further align the interests of the Executives with the long-term interests of the securityholders and to ensure excessive risk-taking is not rewarded.
- The Board at its discretion may require Executives to repay some or all of any STI or LTI awarded, forfeit unvested LTI and/or forgo future STI or LTI awards if APA's financial results have been misstated during the preceding three financial years and the misstatement may have impacted incentive plan outcomes.

MINIMUM SECURITYHOLDING POLICY

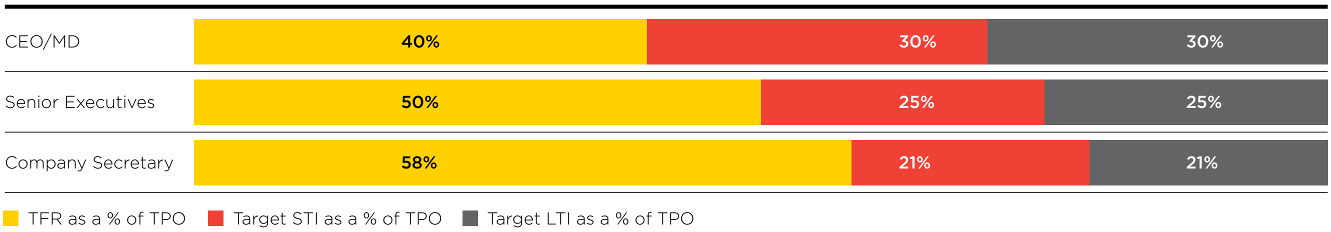
- Aligning Executives to securityholders through an equity-based incentive program is not practicable for APA due to our stapled trust structure and the Constitution. APA recognises the benefit of its Executives holding securities in APA. As a result, to further align Executive interests with those of securityholders, in FY16, the Board has introduced a minimum securityholding requirement.
- The policy requires the CEO/MD to have a direct securityholding in APA equal to at least 100% of TFR. Senior executives are required to have a direct securityholding in APA equal to at least 50% of TFR.
- Current Executives will have five years to meet the requirement and new Executives (appointed to office after 1 July 2015) will have three years following appointment to meet the requirement.

3.2 Changes to the executive remuneration framework during FY2015

As noted in last year's report, the measurement period for TSR in the long term incentive plan was extended to three years in FY2015, to more closely reflect the long-term performance of APA. The Board has also approved the introduction of a minimum securityholding policy and the extension of the EBITDA/FE performance measurement period to three years (to be effective from FY2016), to strengthen the alignment of management and securityholder interests.

3.3 Approach to setting remuneration

Each executive's TPO is dependent on their role in the organisation and their capacity to influence outcomes. APA's executive remuneration is structured as a mix of fixed remuneration and 'at risk' components (STI and LTI). The equal emphasis on short and long-term performance (i.e., through STI and LTI awards) ensures executives are approximately rewarded for delivering sustained APA performance. The proportion of fixed versus 'at risk' remuneration varies between roles within APA, reflecting the different capacity of executives to influence APA's operational performance and returns to securityholders.



3.4 Remuneration Components

TFR

TFR is reviewed annually and is determined by reference to independent external remuneration benchmarking information, taking into account an individual's responsibilities, performance, qualifications and experience. APA's policy is to position TFR at least the median against comparable ASX listed companies.

STI

The table below sets out the key elements of the executive STI plan.

<table>
<tr><th>STI plan element</th><th>Description</th></tr>
<tr><td>STI opportunity</td><td>STI opportunity is expressed as a percentage of TPO and varies by role.
Target STI opportunities are set out in the table below. Maximum STI is 150% of target STI opportunity.<table><tr><th>Participant</th><th>Target STI as a % of TPO</th></tr><tr><td>CEO/MD</td><td>30%</td></tr><tr><td>Senior Executives</td><td>25%</td></tr><tr><td>Company Secretary</td><td>21%</td></tr></table></td></tr>
<tr><td>Performance gateway</td><td>OCFPS acts as a gateway for awards under the STI plan. STI opportunity is only realisable if the OCFPS threshold level of performance set by the Board is met (i.e., the "gate opens").</td></tr>
<tr><td>Plan funding</td><td>Provided the OCFPS threshold is met, the STI opportunity available may be modified based on the level of OCFPS performance achieved.</td></tr>
<tr><td>Performance measures</td><td>Once the "gate opens" and is funded, STI awards are subject to performance against individual KPIs based on a balanced scorecard of APA-wide, business unit and personal objectives covering:
— Financial measures: cost control, revenue and cash generation and capital expenditure management.
— Non-financial measures: health, safety and environment targets, project delivery and reinforcement of our ethical and values-based culture.</td></tr>
<tr><td>Timing and delivery</td><td>All STI awards are paid in cash, usually in September of the new financial year, following the completion of the audit of annual accounts.</td></tr>
<tr><td>Clawback</td><td>The Board in its discretion may determine that some, or all, of an executive's STI award is forfeited in the event of misconduct or of a material misstatement in the year end accounts in the preceding three years.</td></tr>
<tr><td>Cessation of employment</td><td>If a participant resigns or is dismissed (with or without notice), all unvested STI awards are forfeited. If an employee leaves for any other reason, an STI award will be paid out based on the proportion of the period that has passed and performance at the time of cessation (subject to Board discretion).</td></tr>
<tr><td>Change of control</td><td>If a change of control occurs, an STI award will be paid out based on the proportion of the period that has passed at the time of change of control (subject to Board discretion).</td></tr>
</table>

LTI

The table below sets out the key elements of the executive LTI plan.

LTI plan element	Description
Award vehicle	As a stapled security and under our Constitution, the use of actual securities in the LTI plan would not be practicable. Instead, APA operates a reference unit incentive plan to create alignment with securityholders. Reference units exactly mirror the performance of APA securities and are settled in cash. To further align executives and securityholders, APA has introduced a mandatory securityholding policy, effective from FY2016, requiring executives to hold a substantial number of securities in APA (see page 28 for further detail). Reference Units are valued at allocation based on the 30 trading day volume weighted average market price ("VWAP") of an APA security immediately prior to the opening of the APA security trading window. The window follows the announcement of APA's annual financial results to the ASX.
LTI opportunity	LTI opportunities for each participant are set as a percentage of TPO, vary by role and are shown on page 29. Maximum LTI is 150% of target opportunity. **Participant** — **Target LTI as a % of TPO** CEO/MD — 30% Senior Executives — 25% Company Secretary — 21%
LTI allocation	The actual individual LTI allocation is determined at the completion of the financial year based on TSR performance against the S&P/ASX100 comparator group and EBITDA/FE performance.
Performance measures and targets	Awards are subject to two equally weighted measures: Relative TSR and EBITDA/FE. ***Relative TSR*** — TSR measures the percentage change in security price, plus the value of dividends or distributions received during the period, assuming all dividends and distributions are re-invested into new securities. — APA Group's TSR is measured relative to a peer group comprising of S&P/ASX 100 constituents and is measured over three financial years. — Relative TSR has been selected as an LTI performance measure as it provides the most direct measure of securityholder return and reflects an investor's choice to invest in APA or direct competitors. Executives only derive value from the TSR component of the LTI plan if APA's performance is at least at the median of S&P/ASX 100 companies over a three year period. ***EBITDA/FE*** — EBITDA/FE reflects Earnings Before Interest, Tax, Depreciation and Amortisation divided by adjusted Funds Employed. EBITDA/FE hurdle is set as a percentage growth compared to budget and has been set to reflect improvement on the prior financial year. The Board determines the EBITDA/FE target each year through the rigorous budget setting process to improve the capital efficiency of the organisation. — EBITDA/FE has been selected as an LTI performance measure as it helps determine the operating cash flow leverage being achieved based on the operating assets available to the business. It is a longer term performance measure based on the integrity of earnings performance against funds employed.
Retesting	There is no retesting of the allocation.
Timing and delivery	An LTI allocation vests in three equal instalments over the three financial years following the allocation, with the initial one-third vesting at the end of the first financial year following the first award, one-third at the end of the second financial year and one-third at the end of the third financial year. Upon vesting, the LTI is delivered in cash. The cash payment is equal to the number of units vesting on the vesting date multiplied by the 30 trading day VWAP of APA securities immediately prior to the opening of the APA security trading window, following the announcement of APA's annual financial results to the ASX. From FY2016, APA will require executives to hold a number of APA securities. Executives may apply vested LTI amounts to the purchase of securities to fulfil the securityholding requirement.
Restrictions	LTI allocations do not entitle participants to vote at securityholders meetings nor to be paid distributions. No options or other equity instruments are issued to APA employees or non-executive directors under the LTI plan.
Cessation of employment	If a participant resigns or is dismissed (with or without notice), all unvested units are forfeited. If an employee leaves for any other reason, the Board determines the number of units which will lapse or are retained, subject to vesting on the original schedule.
Change of control	If a change of control occurs, all previously allocated units will vest. A further number of units will be allocated based on the proportion of the period that has passed in the current financial year at the time of change of control and will also vest on change of control (subject to Board discretion).

4. Executive contracts

4.1 Contractual arrangements
Remuneration arrangements for Executives are formalised in individual employment agreements. The terms of the contractual arrangements for Executives are set out in the table below:

Executive	Contract type	Notice period	Termination entitlement (without cause)
CEO/MD	Permanent	12 months	52 weeks TFR
Senior Executives	Permanent	6 months	13 weeks TFR
Company Secretary	Permanent	3 months	26 weeks TFR

4.2 Retention arrangements/loyalty and performance bonus
In return for increased notice, non-compete and non-solicitation provisions and in regard of their role in the growth integration and financial challenges facing APA, Peter Fredricson, Ross Gersbach, Robert Wheals and John Ferguson were offered a loyalty and performance bonus effective from March 2012 (lasting three years for Peter Fredricson and Ross Gersbach, and two years for Robert Wheals and John Ferguson), with the first instalment paid in April 2013 and the final instalment was paid in April 2015. The Board does not intend to introduce a replacement to this bonus scheme.

4.3 Sign-on/termination payments provided to executives
APA did not pay any sign-on or termination payments during FY2015.

5. Remuneration governance

5.1 Role of remuneration committee
The Remuneration Committee has been established by the Board to oversee Executive and Non-executive Director remuneration. The role of the Remuneration Committee is to ensure the provision of a robust remuneration and reward system that aligns employee and investor interests and facilitates effective attraction, retention and development of employees. The Remuneration Committee's activities are governed by its Charter (a copy of the Charter is available on APA's website).

In addition to making recommendations regarding APA's broad remuneration strategy and policy (including diversity matters), the Remuneration Committee is responsible for:

— Recommending the CEO/MD's performance objectives, remuneration and appointment, retention and termination policy to the Board;

— Reviewing and approving Executives' remuneration (based on recommendations from the CEO/MD); and

— Reviewing and recommending the Remuneration Report to the Board.

5.2 Composition of remuneration committee
The members of the Remuneration Committee, all of whom are independent Non-executive Directors, are:

— John Fletcher (Chairman);

— Steven Crane; and

— Patricia McKenzie.

The Chairman of the Board attends all meetings of the Remuneration Committee and the CEO/MD attends by invitation, where management input is required. The Remuneration Committee met three times during the year.

5.3 Use of external advisors
The Remuneration Committee seeks external professional advice from time to time on any matter within its terms of reference. Remuneration advisors are engaged by the Remuneration Committee and report directly to the Committee.

During FY2015, the following remuneration information was obtained and considered by the Remuneration Committee:

— Ernst & Young provided remuneration benchmarking information, undertook a review of APA's executive remuneration framework and assisted with remuneration governance;

— Egan & Associates provided fee and remuneration benchmarking information for non-executive director fees and certain members of the executive team, respectively; and

— Orient Capital (Link Group) provided TSR benchmarking analysis.

No remuneration recommendations were provided by any external advisors during FY2015.

6. Non-executive director arrangements

6.1 Determination of non-executive director fees
The Board seeks to attract and retain high calibre non-executive directors who are equipped with diverse skills to oversee all functions of APA in an increasingly complex environment.

The Board determines Board fees and Committee fees annually. It acts on advice from the Remuneration Committee which obtains external benchmark information from independent remuneration specialists. Such information includes market comparisons paid by comparable S&P/ASX 100 organisations.

Non-executive Director fees comprise:

— a Board fee;

— an additional fee for serving on a committee of the Board; and

— statutory superannuation contributions.

Non-executive Directors do not receive incentive payments nor participate in incentive plans of any type.

One off 'per diems' may be paid in exceptional circumstances. No payments have been made under this arrangement in this reporting period or the prior reporting period.

The Board members will also now be subject to a minimum securityholding requirement of 100% of annual base fees in line with the changes introduced for the CEO/MD and executives.

Superannuation is provided in accordance with the statutory requirements under with the Superannuation Guarantee Act. Following changes in superannuation regulations in 2003, the Board terminated the Non-executive Directors' retirement benefit plan. Benefits to participating Non-executive Directors accruing up to the termination date were quantified and preserved for payment on retirement of those Non-executive Directors. Robert Wright is the only current Non-executive Director entitled to a preserved benefit under the plan on his retirement from the Board.

Following external benchmarking and a review of APA's performance relative to other companies, Board fees and committee fees were increased effective 1 January 2015 (see table below).

Board and Committee fees per annum (excluding statutory superannuation) are outlined below. The Board Chairman does not receive additional fees for committee membership.

	Effective 1 January 2015		Effective 1 January 2014	
Fees	**Chairman $000**	**Member $000**	Chairman $000	Member $000
Board	**400**	**140**	370	129
Audit and Risk Management Committee	**38**	**19**	38	19
Health Safety and Environment Committee	**32**	**16**	32	16
Remuneration Committee	**32**	**16**	32	16

7. Additional key management personnel disclosures

7.1 Fees paid to non-executive directors

The following table sets out fees paid to non-executive directors in FY2014 and FY2015 in accordance with statutory rules and applicable accounting standards.

	Short-term employment benefits	Post-employment benefits	
Year ended 30 June	**Salary/fees $**	**Superannuation $**	**Total $**
Leonard Bleasel AM			
FY2015	**385,000**	**36,100**	**421,100**
FY2014	353,252	28,698	381,950
Steven Crane			
FY2015	**169,500**	**15,912**	**185,412**
FY2014	158,970	14,530	173,500
John Fletcher			
FY2015	**173,500**	**29,397**	**202,897**
FY2014	160,598	30,078	190,676
Russell Higgins AO			
FY2015	**185,500**	**17,397**	**202,897**
FY2014	174,723	15,953	190,676
Patricia McKenzie			
FY2015	**166,500**	**15,620**	**182,120**
FY2014	156,000	14,250	170,250
Robert Wright			
FY2015	**188,500**	**17,679**	**206,179**
FY2014	177,738	16,226	193,964
Total			
FY2015	**1,268,500**	**132,105**	**1,400,605**
FY2014	1,181,281	119,735	1,301,016

7.2 Total remuneration earned and received by executives

The following table outlines the total remuneration earned and received by executives during FY2014 and FY2015, calculated in accordance with applicable accounting standards.

	Short-Term Employment Benefits			Post-Employment	LTI Plans		
Year ended 30 June	**Salary/Fees $**	**STI $**	**Non-Monetary $**	**Superannuation $**	**Security-Based Payments [1] $**	**Other Payments [2] $**	**Total $**
Michael McCormack							
FY2015	**1,500,000**	**1,609,447**	**–**	**35,000**	**1,564,212**	**–**	**4,708,659**
FY2014	1,405,000	1,463,962	–	25,000	1,301,316	–	4,195,278
Peter Fredricson							
FY2015	**745,000**	**561,600**	**–**	**35,000**	**570,885**	**202,000**	**2,114,485**
FY2014	725,000	534,375	–	25,000	501,596	202,000	1,987,971
Ross Gersbach							
FY2015	**792,295**	**589,844**	**11,922**	**18,783**	**622,328**	**228,666**	**2,263,838**
FY2014	761,303	512,595	11,922	17,775	558,598	228,667	2,090,860
Robert Wheals							
FY2015	**560,000**	**408,162**	**–**	**30,000**	**344,570**	**–**	**1,342,732**
FY2014	475,000	341,090	–	25,000	251,563	60,000	1,152,653
John Ferguson							
FY2015	**489,000**	**361,560**	**–**	**35,000**	**318,204**	**–**	**1,203,764**
FY2014	435,000	304,463	–	25,000	238,352	60,000	1,062,815
Kevin Lester							
FY2015	**444,000**	**311,757**	**–**	**35,000**	**215,410**	**–**	**1,006,167**
FY2014	395,000	269,955	–	25,000	103,441	–	793,396
Mark Knapman							
FY2015	**474,005**	**260,406**	**–**	**34,995**	**272,908**	**–**	**1,042,314**
FY2014	455,000	236,445	–	25,000	245,153	–	961,598
Peter Wallace							
FY2015	**497,000**	**361,893**	**–**	**35,000**	**334,123**	**–**	**1,228,016**
FY2014	438,000	296,204	–	25,000	210,465	–	969,669
Total Remuneration							
FY2015	**5,501,300**	**4,464,669**	**11,922**	**258,778**	**4,242,640**	**430,666**	**14,909,975**
FY2014	5,089,303	3,959,089	11,922	192,775	3,410,484	550,667	13,214,240

1) Cash settled security-based payments. Reference units subject to Board allocation in August 2015 based on an estimated VWAP of $8.7864.
2) Other payments include Loyalty Payment instalments. Refer to "Executive contracts" section for more information.

7.3 Outstanding LTI awards

The following table sets out the movements in the number of LTI reference units and the number of LTI reference units that have been allocated to executives but have not yet vested or been paid, and the years in which they will vest:

							Reference units allocated that have not yet vested or been paid and the financial years in which they will vest[3]			
Executives	Grant date (financial year)	Opening balance at 1 July 2014[1]	Allocated	Paid	Closing balance at 30 June 2015	Units subject to allocation by the Board in August 2015[2]	FY2016[3]	FY2017	FY2018	FY2019
Michael McCormack	FY2011	69,373		(69,373)	–		–	–	–	–
	FY2012	129,749		(63,672)	66,077		66,077	–	–	–
	FY2013	182,674		(59,396)	123,278		61,639	61,639	–	–
	FY2014		135,141		135,141		45,047	45,047	45,047	–
	FY2015					187,530	–	62,510	62,510	62,510
	Total						**172,763**	**169,196**	**107,557**	**62,510**
Peter Fredricson	FY2011	28,654		(28,654)	–		–	–	–	–
	FY2012	51,643		(25,343)	26,300		26,300	–	–	–
	FY2013	66,880		(21,746)	45,134		22,567	22,567	–	–
	FY2014		47,250		47,250		15,750	15,750	15,750	–
	FY2015					63,693	–	21,231	21,231	21,231
	Total						**64,617**	**59,548**	**36,981**	**21,231**
Ross Gersbach	FY2011	32,676		(32,676)	–		–	–	–	–
	FY2012	58,461		(28,689)	29,772		29,772	–	–	–
	FY2013	73,468		(23,888)	49,580		24,790	24,790	–	–
	FY2014		49,833		49,833		16,611	16,611	16,611	–
	FY2015					67,206	–	22,402	22,402	22,402
	Total						**71,173**	**63,803**	**39,013**	**22,402**
Robert Wheals	FY2011	11,085		(11,085)	–		–	–	–	–
	FY2012	22,227		(10,907)	11,320		11,320	–	–	–
	FY2013	41,423		(13,469)	27,954		13,977	13,977	–	–
	FY2014		31,500		31,500		10,500	10,500	10,500	–
	FY2015					48,177	–	16,059	16,059	16,059
	Total						**35,797**	**40,536**	**25,559**	**16,059**
John Ferguson	FY2011	10,794		(10,794)	–		–	–	–	–
	FY2012	21,712		(10,655)	11,057		11,057	–	–	–
	FY2013	38,231		(12,431)	25,800		12,900	12,900	–	–
	FY2014		28,980		28,980		9,660	9,660	9,660	–
	FY2015					42,789	–	14,263	14,263	14,263
	Total						**33,617**	**36,823**	**23,923**	**14,263**
Kevin Lester	FY2013	31,400		(10,210)	21,190		10,595	10,595	–	–
	FY2014		26,460		26,460		8,820	8,820	8,820	–
	FY2015					39,114	–	13,038	13,038	13,038
	Total						**19,415**	**32,453**	**21,858**	**13,038**
Mark Knapman	FY2011	14,561		(14,561)	–		–	–	–	–
	FY2012	25,671		(12,598)	13,073		13,073	–	–	–
	FY2013	31,515		(10,247)	21,268		10,634	10,634		–
	FY2014		21,897		21,897		7,299	7,299	7,299	–
	FY2015					30,096	–	10,032	10,032	10,032
	Total						**31,006**	**27,965**	**17,331**	**10,032**
Peter Wallace	FY2011	3,638		(3,638)	–		–	–	–	–
	FY2012	26,716		(13,110)	13,606		13,606	–	–	–
	FY2013	36,933		(12,009)	24,924		12,462	12,462	–	–
	FY2014		29,166		29,166		9,722	9,722	9,722	–
	FY2015					43,443	–	14,481	14,481	14,481
	Total						**35,790**	**36,665**	**24,203**	**14,481**

1) The units have been adjusted following the accelerated renounceable entitlement offer.
2) Reference units subject to Board allocation in August 2015 based on an estimated VWAP of $8.7864.
3) Reference units multiplied by 30 trading days VWAP to be paid in cash in September 2015.

7.4 Loans to KMP and related parties

No loans have been made to KMP and related parties.

7.5 Securityholdings

The following table sets out the relevant interests of KMP in APA securities:

Year ended 30 June	Opening Balance at 1 July 2014	Securities Acquired	Securities Disposed	Closing Balance at 30 June 2015
Non-executive directors				
Leonard Bleasel AM	460,664	153,552	–	**614,216**
Steven Crane	100,000	30,000	–	**130,000**
John Fletcher	66,188	22,062	–	**88,250**
Russell Higgins AO	92,040	30,679	–	**122,719**
Patricia McKenzie	12,500	7,486	–	**19,986**
Robert Wright	39,444	13,148	–	**52,592**
Executive director				
Michael McCormack	208,590	69,530	–	**278,120**
Senior Executives				
Peter Fredricson	7,716	14,072	–	**21,788**
Ross Gersbach	485	–	–	**485**
Robert Wheals	1,500	500	–	**2,000**
John Ferguson	1,967	655	–	**2,622**
Kevin Lester	3,277	4,092	–	**7,369**
Mark Knapman	7,201	2,400	–	**9,601**
Peter Wallace	6,000	2,000	–	**8,000**

KMP are subject to APA's Securities Trading Policy. A Director or Designated Person (as defined in this policy) with price-sensitive information relating to APA (which is not generally available) is precluded from trading in APA securities.

7.6 Other transactions with KMP of APA and the Responsible Entity and related parties

Leonard Bleasel AM holds 10,000 subordinated notes that were issued by APT Pipelines Limited, a subsidiary of APT.

Other than non-executive director fees, executive compensation and equity and debt holdings disclosed in this report, there are no other transactions with the KMP of APA and the Responsible Entity.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2015

	Note	2015 $000	2014 $000
Continuing operations			
Revenue	5	**1,539,694**	1,331,703
Share of net profits of associates and joint ventures using the equity method	5	**13,921**	64,289
		1,553,615	1,395,992
Net profit on sale of equity accounted investment	3	**430,039**	–
Asset operation and management expenses		**(55,053)**	(65,570)
Depreciation and amortisation expense	6	**(208,200)**	(156,228)
Other operating costs – pass-through	6	**(434,382)**	(403,477)
Finance costs	6	**(348,484)**	(326,226)
Employee benefit expense	6	**(176,174)**	(168,615)
Other expenses		**(24,233)**	(9,854)
Profit before tax		**737,128**	266,022
Income tax (expense)/benefit	7	**(177,198)**	77,684
Profit for the year		**559,930**	343,706
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain on defined benefit plan		**18,354**	6,796
Income tax relating to items that will not be reclassified subsequently		**(5,506)**	(2,039)
		12,848	4,757
Items that may be reclassified subsequently to profit or loss:			
Gain/(loss) on available-for-sale investments taken to equity		**2,591**	(2,823)
Transfer of loss on cash flow hedges to profit or loss		**68,960**	72,522
Loss on cash flow hedges taken to equity		**(316,555)**	(154,309)
Loss on associate hedges taken to equity		**(9,660)**	(7,928)
Recycling of reserves on disposal of associate		**(19,416)**	–
Income tax relating to items that may be reclassified subsequently		**82,520**	27,504
		(191,560)	(65,034)
Other comprehensive income for the year (net of tax)		**(178,712)**	(60,277)
Total comprehensive income for the year		**381,218**	283,429
Profit attributable to:			
Unitholders of the parent		**513,581**	304,999
Non-controlling interest – APT Investment Trust unitholders		**46,348**	38,706
APA stapled securityholders		**559,929**	343,705
Non-controlling interest – other		**1**	1
		559,930	343,706
Total comprehensive income attributable to:			
Unitholders of the parent		**333,880**	245,583
Non-controlling interest – APT Investment Trust unitholders		**47,337**	37,845
APA stapled securityholders		**381,217**	283,428
Non-controlling interest – other		**1**	1
		381,218	283,429

Earnings per security		**2015**	2014 (Restated)
Basic and diluted (cents per security)	8	**56.3**	39.7

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	19	**411,921**	7,009
Trade and other receivables	10	**254,940**	156,439
Other financial assets	22	**24,789**	16,575
Inventories		**21,290**	17,349
Other		**8,314**	5,996
Total current assets		**721,254**	203,368
Non-current assets			
Trade and other receivables	10	**92,470**	147,835
Other financial assets	22	**496,537**	110,768
Investments accounted for using the equity method	25	**257,425**	593,325
Property, plant and equipment	12	**8,355,193**	5,574,481
Goodwill	13	**1,140,500**	1,150,500
Other intangible assets	13	**3,556,246**	170,804
Other	16	**33,261**	21,429
Total non-current assets		**13,931,632**	7,769,142
Total assets		**14,652,886**	7,972,510
Current liabilities			
Trade and other payables	11	**405,685**	185,988
Borrowings	20	**164,353**	–
Other financial liabilities	22	**145,815**	90,574
Provisions	15	**85,452**	81,003
Unearned revenue		**7,477**	15,975
Total current liabilities		**808,782**	373,540
Non-current liabilities			
Trade and other payables	11	**3,261**	3,599
Borrowings	20	**9,141,497**	4,708,283
Other financial liabilities	22	**44,793**	216,936
Deferred tax liabilities	7	**194,692**	110,783
Provisions	15	**60,410**	47,442
Unearned revenue		**16,801**	15,438
Total non-current liabilities		**9,461,454**	5,102,481
Total liabilities		**10,270,236**	5,476,021
Net assets		**4,382,650**	2,496,489
Equity			
Australian Pipeline Trust equity:			
Issued capital	23	**3,195,449**	1,816,460
Reserves		**(308,792)**	(116,243)
Retained earnings		**463,772**	200,978
Equity attributable to unitholders of the parent		**3,350,429**	1,901,195
Non-controlling interests:			
APT Investment Trust:			
Issued capital		**1,005,086**	576,172
Reserves		**595**	(394)
Retained earnings		**26,488**	19,465
Equity attributable to unitholders of APT Investment Trust	24	**1,032,169**	595,243
Other non-controlling interest		**52**	51
Total non-controlling interests		**1,032,221**	595,294
Total equity		**4,382,650**	2,496,489

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

AUSTRALIAN PIPELINE TRUST AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2015

	Australian Pipeline Trust						APT Investment Trust				Other non-controlling interest				
	Issued Capital $000	Asset Revaluation Reserve $000	Available-for-sale Investment Revaluation Reserve $000	Hedging Reserve $000	Retained earnings $000	Attributable to owner of the parent $000	Issued Capital $000	Available-for-sale Investment Revaluation Reserve $000	Retained earnings $000	APT Investment Trust $000	Issued Capital $000	Other $000	Retained earnings $000	Other non-controlling interests $000	Total $000
Balance at 1 July 2013	1,820,516	8,669	1,736	(62,475)	146,762	1,915,208	578,780	467	19,424	598,671	4	1	45	50	2,513,929
Profit for the year	–	–	–	–	304,999	304,999	–	–	38,706	38,706	–	–	1	1	343,706
Other comprehensive income	–	–	(1,962)	(89,715)	6,796	(84,881)	–	(861)	–	(861)	–	–	–	–	(85,742)
Income tax relating to components of other comprehensive income	–	–	589	26,915	(2,039)	25,465	–	–	–	–	–	–	–	–	25,465
Total comprehensive income for the year	–	–	(1,373)	(62,800)	309,756	245,583	–	(861)	38,706	37,845	–	–	1	1	283,429
Payment of distributions	–	–	–	–	(255,540)	(255,540)	–	–	(38,665)	(38,665)	–	–	–	–	(294,205)
Capital return to securityholders	(4,056)	–	–	–	–	(4,056)	(2,608)	–	–	(2,608)	–	–	–	–	(6,664)
Balance at 30 June 2014	1,816,460	8,669	363	(125,275)	200,978	1,901,195	576,172	(394)	19,465	595,243	4	1	46	51	2,496,489
Balance at 1 July 2014	**1,816,460**	**8,669**	**363**	**(125,275)**	**200,978**	**1,901,195**	**576,172**	**(394)**	**19,465**	**595,243**	**4**	**1**	**46**	**51**	**2,496,489**
Profit for the year	**–**	**–**	**–**	**–**	**513,581**	**513,581**	**–**	**–**	**46,348**	**46,348**	**–**	**–**	**1**	**1**	**559,930**
Other comprehensive income	**–**	**–**	**1,602**	**(276,671)**	**18,354**	**(256,715)**	**–**	**989**	**–**	**989**	**–**	**–**	**–**	**–**	**(255,726)**
Income tax relating to components of other comprehensive income	**–**	**–**	**(481)**	**83,001**	**(5,506)**	**77,014**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**77,014**
Total comprehensive income for the year	**–**	**–**	**1,121**	**(193,670)**	**526,429**	**333,880**	**–**	**989**	**46,348**	**47,337**	**–**	**–**	**1**	**1**	**381,218**
Payment of distributions	**–**	**–**	**–**	**–**	**(263,635)**	**(263,635)**	**–**	**–**	**(39,325)**	**(39,325)**	**–**	**–**	**–**	**–**	**(302,960)**
Securities issued under entitlement offer	**1,400,122**	**–**	**–**	**–**	**–**	**1,400,122**	**438,351**	**–**	**–**	**438,351**	**–**	**–**	**–**	**–**	**1,838,473**
Issue cost of securities	**(30,190)**	**–**	**–**	**–**	**–**	**(30,190)**	**(9,437)**	**–**	**–**	**(9,437)**	**–**	**–**	**–**	**–**	**(39,627)**
Tax relating to security issue costs	**9,057**	**–**	**–**	**–**	**–**	**9,057**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**9,057**
Balance at 30 June 2015	**3,195,449**	**8,669**	**1,484**	**(318,945)**	**463,772**	**3,350,429**	**1,005,086**	**595**	**26,488**	**1,032,169**	**4**	**1**	**47**	**52**	**4,382,650**

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		**1,584,738**	1,461,695
Payments to suppliers and employees		**(827,797)**	(767,599)
Receipts of/(payments for) Hastings Funds Management fees	3	**17,201**	(8,201)
Dividends received		**46,526**	61,971
Proceeds from repayment of finance leases		**4,621**	4,693
Interest received		**30,296**	5,965
Interest and other costs of finance paid		**(293,395)**	(327,124)
Income tax refund		**–**	141
Net cash provided by operating activities		**562,190**	431,541
Cash flows from investing activities			
Payments for property, plant and equipment		**(2,814,559)**	(446,754)
Proceeds from sale of property, plant and equipment		**876**	797
Payments for equity accounted investments		**(17,383)**	–
Payments for controlled entities net of cash acquired		**–**	(24)
Payments for other assets		**(18,612)**	–
Payments for intangible assets		**(3,429,281)**	(677)
Loans advanced to related parties		**(3,490)**	(126,127)
Proceeds from sale of business		**–**	1,487
Proceeds from sale of finance lease asset		**8,683**	–
Proceeds from sale of equity accounted investment		**783,758**	–
Net cash used in investing activities		**(5,490,008)**	(571,298)
Cash flows from financing activities			
Proceeds from borrowings		**5,279,188**	1,585,833
Repayments of borrowings		**(1,429,500)**	(1,208,915)
Proceeds from issue of securities		**1,838,473**	–
Payment of debt issue costs		**(32,398)**	(10,178)
Payments of security issue costs		**(39,567)**	(60)
Proceeds from early settlement of derivatives		**19,515**	–
Distributions paid to:			
Unitholders of APT		**(263,636)**	(259,598)
Unitholders of non-controlling interests – APTIT		**(39,324)**	(41,271)
Net cash provided by financing activities		**5,332,751**	65,811
Net decrease in cash and cash equivalents		**404,933**	(73,946)
Cash and cash equivalents at beginning of financial year		**7,009**	80,955
Unrealised exchange losses on cash held		**(21)**	–
Cash and cash equivalents at end of financial year		**411,921**	7,009

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

CONSOLIDATED STATEMENT OF CASH FLOWS CONTINUED

For the financial year ended 30 June 2015

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

	Note	2015 $000	2014 $000
Profit for the year		**559,930**	343,706
Loss on disposal of property, plant and equipment		**3,337**	115
Profit on sale of finance lease asset		**(1,764)**	–
Share of net profits of joint ventures and associates using the equity method		**(13,921)**	(64,289)
Dividends/distributions received from equity accounted investments		**45,989**	61,418
Net profit on sale of equity accounted investment	3	**(430,039)**	–
Depreciation and amortisation expense		**208,200**	156,228
Finance costs		**21,221**	11,142
Unrealised foreign exchange loss		**35**	–
Realised hedging gains		**(19,258)**	–
Changes in assets and liabilities:			
Trade and other receivables		**(49,880)**	5,948
Inventories		**(3,936)**	(4,623)
Other assets		**(24,725)**	4,291
Trade and other payables		**65,083**	5,962
Provisions		**14,725**	885
Other liabilities		**9,995**	(11,558)
Income tax balances		**177,198**	(77,684)
Net cash provided by operating activities		**562,190**	431,541

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

BASIS OF PREPARATION

1. About this report

The content and format of the financial statements has been streamlined to present the financial information in a more meaningful manner to securityholders. Note disclosures have been grouped into six sections being Basis of Preparation, Financial Performance, Operating Assets and Liabilities, Capital Management, Group Structure and Other. Each note sets out the accounting policies applied in producing the results along with any key judgements and estimates used. The purpose of the revised format is to provide readers with a clearer understanding of what are the key drivers of financial performance for APA Group.

2. General information

APA Group comprises of two trusts, Australian Pipeline Trust ("APT") and APT Investment Trust ("APTIT"), which are registered managed investment schemes regulated by the *Corporations Act 2001*. APT units are "stapled" to APTIT units on a one-to-one basis so that one APT unit and one APTIT unit form a single stapled security which trades on the Australian Security Exchange under the code "APA".

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, APT is deemed to be the parent entity. The results and equity attributable to APTIT, being the other stapled entity which is not directly or indirectly held by APT, are shown separately in the financial statements as non-controlling interests.

The financial report represents the consolidated financial statements of APT and APTIT (together the "Trusts"), their respective subsidiaries and the share of joint arrangements and associates (together "APA Group"). For the purposes of preparing the consolidated financial report, APA Group is a for-profit entity.

Total comprehensive income attributable to non-controlling interests is reported as disclosed in the separate financial statements of APTIT. Comprehensive income arising from transactions between the parent (APT) group entities and the non-controlling interest (APTIT) have not been eliminated in the reporting of total comprehensive income attributable to non-controlling interests.

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 APA Group.

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

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

BASIS OF PREPARATION

2. General information (continued)

The consolidated general purpose financial report for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors on 26 August 2015.

This general purpose financial report has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AIFRS) and also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial report has been prepared on the basis of historical cost, except for the revaluation of financial instruments. The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000) in accordance with ASIC Class Order 98/0100, unless otherwise stated.

Working capital position

The working capital position as at 30 June 2015 for APA Group is that current liabilities exceed current assets by $87.5 million ($170.2 million for 30 June 2014) primarily as a result of $145.8 million (AUD equivalent) of cash flow hedge liabilities, current borrowings of $164.4 million and accrued transaction costs of $137.2 million.

APA Group has access to sufficient available committed, un-drawn bank facilities of $1,175.0 million as at 30 June 2015 ($835.5 million for 30 June 2014).

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

Foreign currency transactions

Both the functional and presentation currency of APA Group and APT is Australian dollars (A$). All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date and resulting exchange differences are recognised in profit or loss in the period in which they arise, unless they qualify for hedge accounting.

3. Significant items and events

Individually significant items included in profit after income tax expense are as follows:

	2015 $000	2014 $000
Significant items impacting EBITDA		
Net profit on sale of equity accounted investment [a]	**430,039**	–
Recovery of fees paid to HDF by Hastings Funds Management Limited [b]	**17,201**	–
Total significant items impacting EBITDA	**447,240**	–
Income tax related to significant items above	**(91,222)**	–
Income tax benefit on tax cost base step up [c]	**–**	144,060
Profit from significant items after income tax	**356,018**	144,060

a) During August 2014, APA Group sold its investment in Envestra Limited to Cheung Kong Group consortium for $1.32 per share amounting to $783.8 million in gross proceeds which realised a net pre-tax profit of $430.0 million.

b) In November 2014, APA Group successfully appealed the NSW Supreme Court decision in a matter regarding performance fees previously paid by Hastings Diversified Utility Fund (HDF) to Hastings Funds Management Limited (HFML).

c) APA Group made a once-off adjustment to its tax expense for the year ended 30 June 2014 to reflect a change in the treatment, for tax depreciation purposes only, of various capital assets.

Acquisition of the Wallumbilla Gladstone Pipeline

APA Group completed the acquisition of the Wallumbilla Gladstone Pipeline (formerly QCLNG Pipeline) on 3 June 2015 from a member of the BG Group for US$4,596.6 million (A$5,834.6 million) net of a refund of A$15.2 million received on 20 July 2015, relating to the adjusted acquisition price.

The acquisition was funded through the issuance of US$3,705 million of fixed rate debt (achieved through USD placements and a combination of GBP and Euro Medium Term Note placements, swapped to USD through cross currency interest rate swaps). The remainder was funded by an accelerated renounceable entitlement offer completed in January 2015 when APA Group issued 278,556,562 new stapled securities at a total value of $1,807.9 million, net of transaction costs.

The acquisition resulted in an increase in property, plant and equipment of $2,562.0 million, contract intangibles of $3,413.8 million, line pack gas of $4.0 million and other net assets of $18.6 million.

FINANCIAL PERFORMANCE

4. Segment information

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

APA Group comprises the following reportable segments:

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

APA Group has reported the segment Earnings before interest, tax, depreciation and amortisation ("EBITDA") exclusive of corporate costs for the current year. The reporting provides a clearer picture of the performance of the underlying assets within the business. The comparative year has been restated to this effect.

Reportable segments

2015	Energy Infrastructure $000	Asset Management [a] $000	Energy Investments [a] $000	Other $000	Consolidated $000
Segment revenue [b]					
External sales revenue	**984,184**	**85,056**	**-**	**-**	**1,069,240**
Equity accounted net profits	**-**	**-**	**13,921**	**-**	**13,921**
Pass-through revenue	**13,514**	**420,868**	**-**	**-**	**434,382**
Finance lease and investment interest income	**2,896**	**-**	**8,308**	**-**	**11,204**
Distribution – other entities	**-**	**-**	**546**	**-**	**546**
Total segment revenue	**1,000,594**	**505,924**	**22,775**	**-**	**1,529,293**
Other interest income					**24,322**
Consolidated revenue					**1,553,615**
Segment result					
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	**838,462**	**39,448**	**440,584**	**-**	**1,318,494**
Share of net profits of joint ventures and associates using the equity method	**-**	**-**	**13,921**	**-**	**13,921**
Finance lease and investment interest income	**2,896**	**-**	**8,308**	**-**	**11,204**
Corporate costs	**-**	**-**	**-**	**(74,129)**	**(74,129)**
Total EBITDA	**841,358**	**39,448**	**462,813**	**(74,129)**	**1,269,490**
Depreciation and amortisation	**(195,635)**	**(12,565)**	**-**	**-**	**(208,200)**
Earnings before interest and tax ("EBIT")	**645,723**	**26,883**	**462,813**	**(74,129)**	**1,061,290**
Net finance costs [c]					**(324,162)**
Profit before tax					**737,128**
Income tax expense					**(177,198)**
Profit for the year					**559,930**

a) During August 2014, APA Group sold its investment in Envestra Limited to Cheung Kong Group consortium for $1.32 per share. This has resulted in a $440.0 million gain in Energy Investments being the gross proceeds less the carrying value of the equity accounted investment affected by a reassessment of the carrying value of the asset management business to reflect future growth opportunities, resulting in a reduction of goodwill ($10.0 million).

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

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

2015	Energy Infrastructure $000	Asset Management $000	Energy Investments $000	Consolidated $000
Segment assets and liabilities				
Segment assets	**13,146,538**	**239,798**	**110,874**	**13,497,210**
Carrying value of investments using the equity method	**-**	**-**	**257,425**	**257,425**
Unallocated assets [a]				**898,251**
Total assets				**14,652,886**
Segment liabilities	**507,565**	**71,521**	**-**	**579,086**
Unallocated liabilities [b]				**9,691,150**
Total liabilities				**10,270,236**

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

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

FINANCIAL PERFORMANCE

4. Segment information (continued)

Reportable segments (continued)

2014	Energy Infrastructure $000	Asset Management $000	Energy Investments $000	Other $000	Consolidated $000
Segment revenue [a]					
External sales revenue	820,478	99,171	–	–	919,649
Equity accounted net profits	–	–	64,289	–	64,289
Pass-through revenue	8,925	394,552	–	–	403,477
Finance lease and investment interest income	3,591	–	3,311	–	6,902
Distribution – other entities	–	–	533	–	533
Total segment revenue	832,994	493,723	68,133	–	1,394,850
Other interest income					1,142
Consolidated revenue					1,395,992

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

2014	Energy Infrastructure $000 (Restated)	Asset Management $000 (Restated)	Energy Investments $000 (Restated)	Other $000 (Restated)	Consolidated $000 (Restated)
Segment result					
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	678,364	67,552	533	–	746,449
Share of net profits of joint ventures and associates using the equity method	–	–	64,289	–	64,289
Finance lease and investment interest income	3,591	–	3,311	–	6,902
Corporate costs	–	–	–	(70,306)	(70,306)
Total EBITDA	681,955	67,552	68,133	(70,306)	747,334
Depreciation and amortisation	(151,610)	(4,618)	–	–	(156,228)
Earnings before interest and tax ("EBIT")	530,345	62,934	68,133	(70,306)	591,106
Net finance costs [a]					(325,084)
Profit before tax					266,022
Income tax benefit					77,684
Profit for the year					343,706

2014	Energy Infrastructure $000	Asset Management $000	Energy Investments $000	Consolidated $000
Segment assets and liabilities				
Segment assets	6,877,648	248,972	151,690	7,278,310
Carrying value of investments using the equity method	–	–	593,325	593,325
Unallocated assets [b]				100,875
Total assets				7,972,510
Segment liabilities	273,654	75,792	–	349,446
Unallocated liabilities [c]				5,126,575
Total liabilities				5,476,021

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

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

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

Information about major customers

Included in revenues arising from energy infrastructure of $984.2 million (2014: $820.5 million) are revenues of approximately $437.4 million (2014: $384.4 million) which arose from sales to APA Group's top three customers.

FINANCIAL PERFORMANCE

5. Revenue

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

Continuing operations

	2015 $000	2014 $000
Energy infrastructure revenue	**983,587**	819,899
Pass-through revenue	**13,514**	8,925
Energy infrastructure revenue	**997,101**	828,824
Asset management revenue	**85,056**	99,171
Pass-through revenue	**420,868**	394,552
Asset management revenue	**505,924**	493,723
Operating revenue	**1,503,025**	1,322,547
Interest	**24,322**	1,142
Interest income on redeemable ordinary shares (EII), redeemable preference shares (GDI) and loans to related parties (DPS)	**8,308**	3,311
Finance lease income	**2,896**	3,591
Finance income	**35,526**	8,044
Dividends	**546**	533
Rental income	**597**	579
Total revenue	**1,539,694**	1,331,703
Share of net profits of joint ventures and associates using the equity method	**13,921**	64,289
	1,553,615	1,395,992

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

Operating revenue, which is earned for the transportation of gas, generation of electricity and other related services and is recognised when the services are provided net of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the taxation authority;

Pass-through revenue, for which no margin is earned, is recognised when the services are provided and offset by corresponding pass-through costs;

Interest revenue, which is recognised as it accrues and is determined using the effective interest method;

Dividend revenue, which is recognised when the right to receive the payment has been established; and

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

FINANCIAL PERFORMANCE

6. Expenses

	2015 $000	2014 $000
Depreciation of non-current assets	**182,084**	151,132
Amortisation of non-current assets	**26,116**	5,096
Depreciation and amortisation expense	**208,200**	156,228
Gas pipeline costs	**13,514**	8,925
Management, operating and maintenance costs	**420,868**	394,552
Other operating costs – pass-through	**434,382**	403,477
Interest on bank overdrafts and borrowings [a]	**357,255**	324,122
Amortisation of deferred borrowing costs	**14,978**	9,245
Other finance costs	**14,641**	9,031
	386,874	342,398
Less: amounts included in the cost of qualifying assets	**(20,002)**	(18,069)
	366,872	324,329
(Gain)/loss on derivatives	**(19,643)**	787
Unwinding of discount on non-current liabilities	**1,255**	1,110
Finance costs	**348,484**	326,226
Defined contribution plans	**10,116**	9,648
Defined benefit plans (Note 17)	**4,146**	4,468
Post-employment benefits	**14,262**	14,116
Termination benefits	**2,172**	1,004
Cash settled security-based payments [b]	**23,629**	22,452
Other employee benefits	**136,111**	131,043
Employee benefit expense	**176,174**	168,615

a) The average interest rate on funds borrowed is 7.12% p.a. (2014: 7.44% p.a.) including amortisation of borrowing costs and other finance costs.
b) APA Group provides benefits to certain employees in the form of cash settled security-based payments. For cash settled security-based payments, a liability equal to the portion of services received is recognised at the current fair value determined at each reporting date.

7. Income tax

The major components of tax expense are:

	2015 $000	2014 $000
Income statement (continuing operations)		
Current tax expense in respect of the current year	**(8,734)**	(1,063)
Adjustments recognised in the current year in relation to current tax of prior years	**1,516**	1,061
Deferred tax expense relating to the origination and reversal of temporary differences	**(169,980)**	77,686
Total tax (expense)/benefit	**(177,198)**	77,684
Tax reconciliation (continuing operations)		
Profit before tax	**737,128**	266,022
Income tax expense calculated at 30%	**(221,138)**	(79,807)
Non-assessable trust distribution	**13,904**	11,611
Non deductible expenses	**(13,567)**	(3,054)
Non assessable income	**4,278**	15,034
Excess of equity accounted book value over tax base of Envestra shares	**12,149**	–
Unfranked dividends from associates	**(4,530)**	(11,221)
	(208,904)	(67,437)
Tax benefit on tax cost base step up	**–**	144,060
Previously unbooked losses now recognised	**30,190**	–
Adjustment recognised in the current year in relation to the current tax of prior years	**1,516**	1,061
	(177,198)	77,684

Income tax expense comprises of current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in equity. Current tax represents the expected taxable income at the applicable tax rate for the financial year, and any adjustment to tax payable in respect of previous financial years.

FINANCIAL PERFORMANCE

7. Income tax (continued)

Income tax expense for the 2015 year is $177.2 million. An income tax provision of $7.2 million has been recognised after utilisation of all available group tax losses and partial utilisation of available transferred tax losses (refer to Note 11).

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

2015	Opening balance $000	Charged to income $000	Charged to equity $000	Closing balance $000
Gross deferred tax liabilities				
Intangible assets	**(3,437)**	**769**	**–**	**(2,668)**
Property, plant and equipment	**(486,629)**	**(99,478)**	**–**	**(586,107)**
Deferred expenses	**(49,683)**	**(1,986)**	**–**	**(51,669)**
Defined benefit obligation	**4,328**	**171**	**(5,506)**	**(1,007)**
Available for sale investments	**(157)**	**–**	**(482)**	**(639)**
	(535,578)	**(100,524)**	**(5,988)**	**(642,090)**
Gross deferred tax assets				
Provisions	**37,448**	**7,603**	**–**	**45,051**
Cash flow hedges	**52,516**	**193**	**74,765**	**127,474**
Security issue costs	**186**	**(1,982)**	**9,057**	**7,261**
Deferred revenue	**2,465**	**4,264**	**–**	**6,729**
Investments equity accounted	**(990)**	**2,945**	**8,237**	**10,192**
Other	**32**	**1,389**	**–**	**1,421**
Tax losses	**333,138**	**(83,868)**	**–**	**249,270**
	424,795	**(69,456)**	**92,059**	**447,398**
Net deferred tax liability	**(110,783)**	**(169,980)**	**86,071**	**(194,692)**
2014				
Gross deferred tax liabilities				
Intangible assets	(3,975)	538	–	(3,437)
Property, plant and equipment	(497,925)	11,296	–	(486,629)
Deferred expenses	(47,535)	(2,148)	–	(49,683)
Investments equity accounted	(3,445)	295	2,160	(990)
Available for sale investments	(746)	–	589	(157)
	(553,626)	9,981	2,749	(540,896)
Gross deferred tax assets				
Provisions	36,361	1,087	–	37,448
Cash flow hedges	27,527	236	24,753	52,516
Defined benefit obligation	6,225	142	(2,039)	4,328
Security issue costs	368	(182)	–	186
Deferred revenue	467	1,998	–	2,465
Other	59	(27)	–	32
Tax losses	268,687	64,451	–	333,138
	339,694	67,705	22,714	430,113
Net deferred tax liability	(213,932)	77,686	25,463	(110,783)

Unrecognised deferred tax assets

	2015 $000	2014 $000
The following deferred tax assets have not been brought to account as assets:		
Tax losses – capital	**2,012**	32,069

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:

i) initial recognition of goodwill;

ii) initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and

iii) differences relating to investments in wholly-owned entities to the extent that they will probably not reverse in the foreseeable future.

FINANCIAL PERFORMANCE

7. Income tax (continued)

Unrecognised deferred tax assets (continued)

Deferred tax is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the appropriate tax rates at the end of the reporting period.

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

Tax consolidation

APT and its wholly-owned Australian resident entities formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is APT. The members of the tax-consolidated group are identified at Note 26.

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.

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, APT 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.

8. Earnings per security

	2015	2014 (Restated)
Basic and diluted earnings per security (cents)	**56.3**	39.7

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

	2015 $000	2014 $000
Net profit attributable to securityholders for calculating basic and diluted earnings per security	**559,929**	343,705

	2015 No. of securities 000	2014 (Restated) No. of securities 000
Adjusted weighted average number of ordinary securities used in the calculation of basic and diluted earnings per security	**995,245**	865,977

On the 23 December 2014, APA Group issued 145,164,302 new ordinary securities on completion of the institutional component and early acceptance period of the retail component for the fully underwritten rights issue. The remaining allocation of the retail component being 133,392,260 was completed on 28 January 2015. The issue was offered at $6.60 per security, a discount to APA Group's closing market price of $7.67 per security on 9 December 2014, the last trading day before the record date of the entitlement offer of 15 December 2014. The number of securities used for the current and prior period calculation of earnings per security have been adjusted for the discounted rights issue. An adjustment factor of 1.036 has been calculated, being the closing market price per security on 9 December 2014, divided by the theoretical ex-rights value (TERV) of $7.40 per security.

FINANCIAL PERFORMANCE

9. Distributions

	2015 cents per security	2015 Total $000	2014 cents per security	2014 Total $000
Recognised amounts				
Final distribution paid on 10 September 2014				
(2014: 11 September 2013)				
Profit distribution – APT [a]	**16.42**	**137,239**	16.02	133,877
Profit distribution – APTIT [a] (Note 24)	**2.33**	**19,465**	2.32	19,424
Capital distribution – APT (Note 23)	**-**	**-**	–	–
Capital distribution – APTIT (Note 24)	**-**	**-**	0.16	1,313
	18.75	**156,704**	18.50	154,614
Interim distribution paid on 18 March 2015 [b]				
(2014: 12 March 2014)				
Profit distribution – APT [a]	**15.12**	**126,396**	14.56	121,663
Profit distribution – APTIT [a] (Note 24)	**2.38**	**19,860**	2.30	19,241
Capital distribution – APT (Note 23)	**-**	**-**	0.49	4,057
Capital distribution – APTIT (Note 24)	**-**	**-**	0.15	1,295
	17.50	**146,256**	17.50	146,256
Total distributions recognised				
Profit distributions [a]	**36.25**	**302,960**	35.20	294,205
Capital distributions	**-**	**-**	0.80	6,665
Unrecognised amounts				
Final distribution payable on 16 September 2015 [c]				
(2014: 10 September 2014)				
Profit distribution – APT [a]	**18.12**	**201,945**	16.42	137,239
Profit distribution – APTIT [a]	**2.38**	**26,488**	2.33	19,464
	20.50	**228,433**	18.75	156,703

a) Profit distributions were unfranked (2014: unfranked).
b) New securities issued under the entitlement offer were not eligible for the FY2015 interim distribution.
c) Record date 30 June 2015.

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

	2015 $000	2014 $000
Adjusted franking account balance (tax paid basis)	**6,811**	5,107

OPERATING ASSETS

10. Receivables

	2015 $000	2014 $000
Trade receivables	**223,806**	96,644
Allowance for doubtful debts	**(4,411)**	(1,790)
Trade receivables	**219,395**	94,854
Receivables from associates and related parties	**15,630**	56,936
Finance lease receivables (Note 18)	**4,005**	4,575
Interest receivable	**688**	63
Other debtors	**15,222**	11
Current	**254,940**	156,439
Finance lease receivables (Note 18)	**18,968**	29,747
Loan receivable – related party	**73,502**	118,088
Non-current	**92,470**	147,835

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

There are no material trade receivables past due and not provided for.

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.

11. Payables

	2015 $000	2014 $000
Trade payables [a]	**29,615**	27,037
Income tax payable	**7,216**	–
Other payables [b]	**368,715**	158,951
Payables to associates	**139**	–
Current	**405,685**	185,988
Other payables	**3,261**	3,599
Non-current	**3,261**	3,599

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

b) Other payables include $137.2m of transaction costs on the acquisition of the Wallumbilla Gladstone Pipeline (formerly QCLNG Pipeline), other expenditure accruals and external interest payable accruals.

Trade and other payables are recognised when APA Group 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.

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.

OPERATING ASSETS

12. Property, plant and equipment

	Freehold land and buildings – at cost $000	Leasehold improvements – at cost $000	Plant and equipment – at cost $000	Work in progress – at cost $000	Total $000
Gross carrying amount					
Balance at 1 July 2013	131,101	4,939	5,319,587	494,354	5,949,981
Additions	–	–	32,129	413,985	446,114
Disposals	(33)	–	(6,126)	–	(6,159)
Transfers	8,366	76	421,036	(429,478)	–
Balance at 30 June 2014	139,434	5,015	5,766,626	478,861	6,389,936
Additions	**78,679**	**–**	**2,501,924**	**386,406**	**2,967,009**
Disposals	**(165)**	**(571)**	**(17,367)**	**(52)**	**(18,155)**
Transfers	**11,103**	**–**	**686,038**	**(697,141)**	**–**
Balance at 30 June 2015	**229,051**	**4,444**	**8,937,221**	**168,074**	**9,338,790**
Accumulated depreciation					
Balance at 1 July 2013	(19,076)	(2,160)	(648,334)	–	(669,570)
Disposals	7	–	5,240	–	5,247
Depreciation expense	(2,785)	(128)	(148,219)	–	(151,132)
Balance at 30 June 2014	(21,854)	(2,288)	(791,313)	–	(815,455)
Disposals	**75**	**571**	**13,296**	**–**	**13,942**
Depreciation expense	**(3,257)**	**(486)**	**(178,341)**	**–**	**(182,084)**
Balance at 30 June 2015	**(25,036)**	**(2,203)**	**(956,358)**	**–**	**(983,597)**
Net book value					
As at 30 June 2014	117,580	2,727	4,975,313	478,861	5,574,481
As at 30 June 2015	**204,015**	**2,241**	**7,980,863**	**168,074**	**8,355,193**

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 either a straight-line or throughput basis depending on the nature of the asset so as to write off the net cost of each asset over its estimated useful life.

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

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (i.e. assets that take a substantial period of time to get ready for their intended use or sale), are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

Critical accounting judgements and key sources of estimation uncertainty – useful lives of non-current assets
APA Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. Any reassessment of useful lives in a particular year will affect the depreciation expense.

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

- buildings 30-50 years;
- compressors 10-50 years;
- gas transportation systems 10-80 years;
- meters 20-30 years; and
- other plant and equipment 3-20 years.

OPERATING ASSETS

13. Goodwill and intangibles

	2015 $000	2014 $000
Goodwill		
Balance at beginning of financial year	**1,150,500**	1,150,500
Goodwill impairment	**(10,000)**	–
Balance at end of financial year	**1,140,500**	1,150,500

Allocation of goodwill to cash-generating units
Goodwill has been allocated for impairment testing purposes to individual cash-generating units. The carrying amount of goodwill allocated to cash-generating units that are significant individually or in aggregate is as follows:

	2015 $000	2014 $000
Asset Management business	**21,456**	31,456
Energy Infrastructure		
New South Wales pipelines	**146,008**	146,008
Victorian Transmission System	**105,061**	105,061
South West Queensland Pipeline	**707,843**	707,843
Other energy infrastructure [a]	**160,132**	160,132
	1,140,500	1,150,500

a) Primarily represents goodwill relating to the Roma to Brisbane Pipeline ($76.4m) and the Pilbara Pipeline System ($32.6m).

Goodwill acquired in a business combination is initially measured at cost and subsequently at cost less accumulated impairment.

	2015 $000	2014 $000
Contract and other intangibles		
Gross carrying amount		
Balance at beginning of financial year	**206,738**	206,061
Acquisitions/additions	**3,414,122**	677
Disposals	**(397)**	–
Balance at end of financial year	**3,620,463**	206,738
Accumulated amortisation and impairment		
Balance at beginning of financial year	**(35,934)**	(29,046)
Amortisation expense	**(26,116)**	(5,096)
Impairment	**(2,564)**	(1,792)
Disposals	**397**	–
Balance at end of financial year	**(64,217)**	(35,934)
Net book value	**3,556,246**	170,804

APA Group holds various third party operating and maintenance contracts. The combined gross carrying amount of $3,620.5 million amortises over terms ranging from one to 20 years. Useful life is determined based on the underlying contractual terms plus estimations of renewal of up to two terms where considered probable by management. Amortisation expense is included in the line item of depreciation and amortisation expense in the statement of profit or loss and other comprehensive income.

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 their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effects of any changes in estimate being accounted for on a prospective basis.

During the period, APA Group reassessed the amortisation period for intangible contracts. This resulted in a change in estimate for the amortisation period, with additional amortisation of approximately $7.8 million per annum recognised effective from 1 July 2014.

OPERATING ASSETS

14. Impairment of non-financial assets

APA Group tests property, plant and equipment, intangibles and goodwill for impairment at least annually or whenever there is an indication that the asset may be impaired. Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period.

If the asset does not generate independent cash inflows and its value in use cannot be estimated to be close to its fair value, the asset is tested for impairment as part of the Cash Generating Unit (CGU) to which it belongs.

Assets are impaired if their carrying value exceeds their recoverable amount. The recoverable amount of an asset or CGU is determined as the higher of its fair value less costs of disposal or value in use.

Determining whether 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 APA Group 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. These estimates and assumptions are reviewed on an ongoing basis.

The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations use cash flow projections based on a five year financial business plan and thereafter a further 15 year financial model. This is the basis of APA Group's forecasting and planning processes which represents the underlying long term nature of associated customer contracts on these assets.

Critical accounting judgements and key sources of estimation uncertainty – impairment of assets

For fully regulated assets, cash flows have been extrapolated on the basis of existing transportation contracts and government policy settings, and expected contract renewals with a resulting average annual growth rate of 1.6% p.a. These expected cash flows are factored into the regulated asset base and do not exceed management's expectations of the long-term average growth rate for the market in which the cash generating unit operates.

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

As contracts mature, given ongoing demand for capacity, it is assumed that the majority of the capacity is resold on similar pricing.

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

Cash flow projections are estimated for a period of up to 20 years, with a terminal value, recognising the long term nature of the assets. The pre-tax discount rates used are 8.25% p.a. (2014: 8.25% p.a.) for Energy Infrastructure assets and 8.25% p.a. (2014: 8.25% p.a.) for Asset Management.

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

During August 2014, APA Group sold its investment in Envestra Limited to Cheung Kong Group consortium which resulted in a reassessment of the carrying value of the asset management business to reflect future growth opportunities, resulting in a reduction of goodwill ($10.0 million).

15. Provisions

	2015 $000	2014 $000
Employee benefits	**76,953**	73,899
Other	**8,499**	7,104
Current	**85,452**	81,003
Employee benefits	**30,484**	38,833
Other	**29,926**	8,609
Non-current	**60,410**	47,442
Employee benefits		
Incentives	**25,556**	25,217
Cash settled security-based payments	**10,009**	9,263
Leave balances	**39,608**	37,310
Termination benefits	**1,780**	2,109
Current	**76,953**	73,899
Cash settled security-based payments	**17,215**	15,818
Defined benefit liability (Note 17)	**4,425**	14,426
Leave balances	**8,844**	8,589
Non-current	**30,484**	38,833

OPERATING ASSETS

15. Provisions (continued)

A provision is recognised when there is a legal or constructive obligation as a result of a past event, it is probable that future 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.

Provision is made for benefits accruing to employees in respect of wages and salaries, incentives, annual leave and long service leave when it is probable that settlement will be required. Provisions made in respect of employee benefits expected to be settled within 12 months, are recognised for employee services up to reporting date at the amounts expected to be paid when the liability is settled. Provisions made in respect of employee benefits which are not expected to be wholly settled within 12 months are measured as the present value of the estimated future cash outflows using a discount rate based on the corporate bond yields in respect of services provided by employees up to reporting date.

16. Other non-current assets

	2015 $000	2014 $000
Line pack gas	**20,200**	16,152
Gas held in storage	**5,085**	5,085
Defined benefit asset (Note 17)	**7,784**	–
Other assets	**192**	192
	33,261	21,429

17. Employee superannuation plans

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

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were determined at 30 June 2015. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

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

Amounts recognised in the statement of profit or loss and other comprehensive income		
Current service cost	**3,730**	3,901
Net interest expense	**416**	567
Components of defined benefit costs recognised in profit or loss (Note 6)	**4,146**	4,468

OPERATING ASSETS

17. Employee superannuation plans (continued)

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

	2015 $000	2014 $000
Amounts recognised in the statement of financial position		
Fair value of plan assets	**140,500**	130,195
Present value of benefit obligation	**(137,141)**	(144,621)
Defined benefit asset – non-current (Note 16)	**7,784**	–
Defined benefit liability – non-current (Note 15)	**(4,425)**	(14,426)
Opening defined benefit obligation	**144,621**	139,153
Current service cost	**3,730**	3,901
Interest cost	**4,909**	4,520
Contributions from plan participants	**1,388**	1,627
Actuarial gains and losses arising from changes in demographic assumptions	**-**	(96)
Actuarial gains and losses arising from changes in financial assumptions	**(9,747)**	(878)
Actuarial gains and losses arising from experience adjustments	**(1,181)**	5,048
Benefits paid	**(6,579)**	(8,654)
Closing defined benefit obligation	**137,141**	144,621
Movements in the present value of the plan assets in the current period were as follows:		
Opening fair value of plan assets	**130,195**	118,404
Interest income	**4,493**	3,953
Actual return on plan assets excluding interest income	**7,426**	10,870
Contributions from employer	**3,577**	3,995
Contributions from plan participants	**1,388**	1,627
Benefits paid	**(6,579)**	(7,891)
Taxes and premiums paid	**-**	(763)
Closing fair value of plan assets	**140,500**	130,195

Defined contribution plans

Contributions to defined contribution plans are expensed when incurred.

Defined benefit plans

Actuarial gains and losses and the return on plan assets (excluding interest) are recognised immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement, comprising of actuarial gains and losses and the return on plan assets (excluding interest), is recognised in other comprehensive income and immediately reflected in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment.

The defined benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in APA Group's defined benefit plans. Any asset resulting from this calculation is limited to the present value of economic benefits available in the form of refunds and reductions in future contributions to the plan.

For the year ended 30 June 2014 the discount rate was based on Government bond yields as it was widely assumed that Australia did not have a deep market in high-quality corporate bonds. More recently, the Group of 100 and the Actuaries Institute commissioned a research project that concluded that the Australian high quality corporate bond market is sufficiently large and liquid for the purpose of deriving a discount rate for reporting under AASB119 – Employee Benefits. During the current year, APA Group has adopted the discount rate based on the corporate bond yield curve published by Milliman.

Key actuarial assumptions used in the determination of the defined obligation is a discount rate of 4.3% and an expected salary increase rate of 4.0%. The sensitivity analysis below has been determined based on reasonable possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

- If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by $5,229,000 (increase by $5,853,000); and
- If the expected salary growth increases (decreases) by 0.5%, the defined benefit obligation would increase by $3,030,000 (decrease by $2,777,000).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

APA Group expects $2.4 million in contributions to be paid to the defined benefit plans during the year ending 30 June 2016.

OPERATING ASSETS

18. Leases

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

Finance lease receivables relate to the lease of a metering station, natural gas vehicle refuelling facilities and two pipeline laterals.

	2015 $000	2014 $000
Finance lease receivables		
Not longer than 1 year	**5,317**	7,668
Longer than 1 year and not longer than 5 years	**12,347**	20,724
Longer than 5 years	**19,183**	26,181
Minimum future lease payments receivable [a b]	**36,847**	54,573
Gross finance lease receivables	**36,847**	54,573
Less: unearned finance lease receivables	**(13,874)**	(20,251)
Present value of lease receivables	**22,973**	34,322
Included in the financial statements as part of:		
Current trade and other receivables (Note 10)	**4,005**	4,575
Non-current receivables (Note 10)	**18,968**	29,747
	22,973	34,322

a) Minimum future lease payments receivable include the aggregate of all lease payments receivable and any guaranteed residual.
b) X41 power station expansion was disposed of during the 2015 financial year.

APA Group as a lessor

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

APA Group as a lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are allocated between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

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

Non-cancellable operating leases

Operating lease obligations are primarily related to commercial office leases and motor vehicles.

	2015 $000	2014 $000
Not longer than 1 year	**11,270**	9,927
Longer than 1 year and not longer than 5 years	**29,418**	21,776
Longer than 5 years	**21,115**	22,808
	61,803	54,511

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time patterns in which economic benefits from the leased asset are consumed. Operating lease incentives are recognised as a liability when received and released to the statement of profit or loss on a straight line basis over the lease term.

CAPITAL MANAGEMENT

APA Group's objectives when managing capital are to safeguard its ability to continue as a going concern while maximising the return to securityholders through the optimisation of the debt to equity structure.

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

The capital structure of APA Group consists of cash and cash equivalents, borrowings and equity attributable to securityholders of APA. APA Group's policy is to maintain balanced and diverse funding sources through borrowing locally and from overseas, using a variety of capital markets and bank loan facilities, to meet anticipated funding requirements.

Operating cash flows are used to maintain and expand APA Group's assets, make distributions to securityholders and to repay maturing debt.

Controlled entities are subject to externally imposed capital requirements. These relate to the Australian Financial Services Licence held by Australian Pipeline Limited, the Responsible Entity of the APA Group and were adhered to for the entirety of the 2015 and 2014 periods.

APA Group's capital risk management strategy remains unchanged from the previous period.

APA Group's Board of Directors reviews the capital structure on a regular basis. As part of the review, the Board considers the cost of capital and the state of the markets. APA Group targets gearing in a range of 65% to 68%. Gearing is determined as the proportion of net debt to net debt plus equity. Based on recommendations of the Board, APA Group balances its overall capital structure through equity issuances, new debt or the redemption of existing debt and through a disciplined distribution payment policy.

19. Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, at call bank deposits and investments in money market instruments that are readily convertible to known amounts for cash. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2015 $000	2014 $000
Cash at bank and on hand	**190,834**	5,954
Short-term deposits	**221,087**	1,055
	411,921	7,009

APA Group had no restricted cash as at 30 June 2015 and 30 June 2014.

20. Borrowings

Borrowings are recorded initially at fair value less attributable transaction costs and subsequently stated at amortised cost. Any difference between the initial recognised cost and the redemption value is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowing using the effective interest method.

Unsecured – at amortised cost		
Guaranteed senior notes [a]	**158,134**	–
Other financial liabilities [b]	**6,219**	–
Current	**164,353**	–
Guaranteed senior notes [a]	**8,481,768**	3,214,082
Other financial liabilities [b]	**70,630**	–
Bank borrowings [c]	**125,000**	1,014,500
Subordinated notes [d]	**515,000**	515,000
Less: unamortised borrowing costs	**(50,901)**	(35,299)
Non-current	**9,141,497**	4,708,283
	9,305,850	4,708,283

a) Represents USD denominated private placement notes of US$725 million, CAD medium term notes (MTN) of C$300 million, JPY MTN of ¥10,000 million, GBP MTN of £950 million, EUR MTN of €1,350 million and USD denominated 144A notes of US$2,150 million measured at the exchange rate at reporting date, and A$315 million of AUD denominated private placement notes and AUD MTN of A$300 million. Refer to Note 21 for details of interest rates and maturity profiles.

b) Represents fixed rate US$59.3 million notional liability measured at the spot exchange rate at reporting date.

c) Relates to the non-current portion of long-term borrowings. Refer to Note 21 for details of interest rates and maturity profiles.

d) Represents AUD denominated subordinated notes. Refer to Note 21 for details of interest rates and maturity profiles.

CAPITAL MANAGEMENT

20. Borrowings (continued)

Financing facilities available

	2015 $000	2014 $000
Total facilities		
Guaranteed senior notes [a]	**8,639,902**	3,214,082
Bank borrowings [c]	**1,300,000**	1,850,000
Subordinated notes [d]	**515,000**	515,000
	10,454,902	5,579,082
Facilities used at balance date		
Guaranteed senior notes [a]	**8,639,902**	3,214,082
Bank borrowings [c]	**125,000**	1,014,500
Subordinated notes [d]	**515,000**	515,000
	9,279,902	4,743,582
Facilities unused at balance date		
Guaranteed senior notes [a]	**-**	–
Bank borrowings [c]	**1,175,000**	835,500
Subordinated notes [d]	**-**	–
	1,175,000	835,500

a) Represents USD denominated private placement notes of US$725 million, CAD medium term notes (MTN) of C$300 million, JPY MTN of ¥10,000 million, GBP MTN of £950 million, EUR MTN of €1,350 million and USD denominated 144A notes of US$2,150 million measured at the exchange rate at reporting date, and A$315 million of AUD denominated private placement notes and AUD MTN of A$300 million. Refer to Note 21 for details of interest rates and maturity profiles.

c) Relates to the non-current portion of long-term borrowings. Refer to Note 21 for details of interest rates and maturity profiles.

d) Represents AUD denominated subordinated notes. Refer to Note 21 for details of interest rates and maturity profiles.

21. Financial risk management

The Treasury department within Finance is responsible for the overall management of APA Group's capital raising activities, liquidity, lender relationships and engagement, debt portfolio management, interest rate and foreign exchange hedging, credit rating maintenance and third party indemnities (bank guarantees) within risk management parameters reviewed by the Board. The Audit and Risk Management Committee approves written principles for overall risk management, as well as policies covering specific areas such as such as liquidity and funding risk, foreign currency risk, interest rate risk, credit risk, contract and legal risk and operational risk. APA Group's Board of Directors ensures there is an appropriate Risk Management Policy for the management of treasury risk and compliance with the policy through monthly reporting from the Treasury department.

APA Group's activities generate financial instruments comprising of cash, receivables, payables and interest bearing liabilities which expose it to various risks as summarised below:

a) Market risk including currency risk, interest rate risk and price risk;

b) Credit risk; and

c) Liquidity risk.

Treasury as a centralised function provides APA Group with the benefits of efficient cash utilisation, control of funding and its associated costs, efficient and effective management of aggregated financial risk and concentration of financial expertise, at an acceptable cost and manages risks through the use of natural hedges and derivative instruments. APA Group does not engage in speculative trading. All derivatives have been traded to hedge underlying or existing exposures and have adhered to the Board approved Treasury Risk Management Policy.

a) Market risk

APA Group's market risk exposure is primarily due to changes in market prices such as interest and foreign exchange rates. APA Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- forward exchange contracts to hedge the exchange rate risk arising from foreign currency cash flows, mainly US dollars, derived from revenues, interest payments and capital equipment purchases;
- cross currency interest rate swaps to manage the currency risk associated with foreign currency denominated borrowings;
- foreign currency denominated borrowings to manage the currency risk associated with foreign currency denominated revenue and receivables; and
- interest rate swaps to mitigate the risk of rising interest rates.

A change in the nature of APA Group's exposure to foreign currency has originated this year with the acquisition of the Wallumbilla Gladstone Pipeline (formerly QCLNG Pipeline) in June 2015 in the form of US dollar denominated revenues and borrowings either directly or through the use of derivatives.

APA Group is also exposed to price risk arising from its investment in and forward purchase contracts over listed equities.

CAPITAL MANAGEMENT

21. Financial risk management (continued)
a) Market risk (continued)

Foreign currency risk
APA Group's foreign exchange risk arises from future commercial transactions (including revenue, interest payments and principal debt repayments on long-term borrowings and the purchases of capital equipment), and the recognition of assets and liabilities (including foreign receivables and borrowings). Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts, cross currency swap contracts and foreign currency denominated borrowings. All foreign currency exposure was managed in accordance with the Treasury Risk Management Policy in both 2015 and 2014.

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

2015	Cash & cash equivalents $000	Total borrowings $000	Cross currency swaps $000	Foreign exchange contract $000	Other $000	Net foreign currency position $000
US dollar [a]	**1,723**	**38,639**	**(3,726,507)**	**(1,261,850)**	**2,216**	**(4,945,779)**
Japanese yen	**-**	**-**	**(106,005)**	**106,005**	**-**	**-**
Canadian dollar	**-**	**-**	**(311,394)**	**311,394**	**-**	**-**
British pound	**-**	**-**	**(1,937,372)**	**1,937,372**	**-**	**-**
Euro	**-**	**-**	**(1,950,107)**	**1,950,107**	**-**	**-**
	1,723	**38,639**	**(8,031,385)**	**3,043,028**	**2,216**	**(4,945,779)**
2014						
US dollar	–	–	(1,564,655)	1,564,655	1,246	1,246
Japanese yen	–	–	(104,681)	104,681	–	–
Canadian dollar	–	–	(298,378)	298,378	–	–
British pound	–	–	(635,268)	635,268	–	–
	–	–	(2,602,982)	2,602,982	1,246	1,246

a) Net US$ foreign currency position of $4,945.8 million is hedging part of the committed US$ revenue arising from the acquisition of the Wallumbilla Gladstone Pipeline.

Forward foreign exchange contracts
To manage foreign exchange risk arising from future commercial transactions such as forecast capital purchases, revenue and interest payments, APA Group uses forward foreign exchange contracts. Gains and losses recognised in the cash flow hedge reserve (statement of comprehensive income) on these derivatives will be released to profit or loss when the underlying anticipated transaction affects the statement of profit or loss or will be included in the carrying value of the asset or liability acquired.

It is the policy of APA Group to hedge 100% of all foreign exchange capital purchases in excess of US$1 million that are certain. Forecast foreign currency denominated revenues and interest payments will be hedged by forward exchange contracts on a rolling basis for a minimum of one year with the objective being to lock in the AUD gross cash flows and manage liquidity.

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

			Contract value			
Cash flow hedges 2015	**Average exchange rate**	**Foreign currency US$000**	**Less than 1 year $000**	**1-2 years $000**	**2-5 years $000**	**Fair value $000**
Pay USD/receive AUD						
Forecast revenue and associated receivable	**0.7574**	**(193,837)**	**255,913**	**-**	**-**	**1,845**
Pay AUD/receive USD						
Forecast capital purchases	**0.9011**	**1,969**	**(2,185)**	**-**	**-**	**371**
		(191,868)	**253,728**	**-**	**-**	**2,216**
2014						
Pay AUD/receive USD						
Forecast capital purchases	0.8716	15,671	(17,980)	–	–	(1,246)
		15,671	(17,980)	–	–	(1,246)

As at reporting date, APA Group has entered into forward contracts to hedge net US exchange rate risk arising from anticipated future transactions with an aggregate notional principal amount of $253.7 million (2014: $18.0 million) which are designated in cash flow hedge relationships. The hedged anticipated transactions denominated in US dollars are expected to occur at various dates between one month to one year from reporting date.

CAPITAL MANAGEMENT

21. Financial risk management (continued)

a) Market risk (continued)

Cross currency swap contracts

APA Group enters into cross currency swap contracts to mitigate the risk of adverse movements in foreign exchange rates in relation to principal and interest payments arising from foreign currency borrowings. APA Group receives fixed amounts in the various foreign currencies and pays both variable interest rates (based on Australian BBSW) and fixed interest rates based on agreed swap rates for the full term of the underlying borrowings. In certain circumstances borrowings are left in the foreign currency, or hedged from one foreign currency to another to match payments of interest and principal against expected future business cash flows in that foreign currency.

The following table details the cross currency swap contract principal payments due as at the reporting date:

Cash flow hedges 2015	Foreign currency	Exchange rate $	Less than 1 year $000	1-2 years $000	2-5 years $000	More than 5 years $000
Pay AUD/receive foreign currency						
2003 USPP Notes	AUD/USD	**0.6573**	**(185,608)**	**-**	**(95,847)**	**-**
2007 USPP Notes	AUD/USD	**0.8068**	**-**	**(190,877)**	**(151,215)**	**(153,694)**
2009 USPP Notes	AUD/USD	**0.7576**	**-**	**(85,787)**	**(98,997)**	**-**
2012 JPY medium term notes	AUD/JPY	**79.4502**	**-**	**-**	**(125,865)**	**-**
2012 CAD medium term notes	AUD/CAD	**1.0363**	**-**	**-**	**(289,494)**	**-**
2012 US144A	AUD/USD	**1.0198**	**-**	**-**	**-**	**(735,438)**
2012 GBP medium term notes	AUD/GBP	**0.6530**	**-**	**-**	**-**	**(535,988)**
Pay USD/receive foreign currency						
2015 EUR medium term notes	USD/EUR	**0.9515**	**-**	**-**	**-**	**(1,839,073)**
2015 GBP medium term notes	USD/GBP	**0.6773**	**-**	**-**	**-**	**(1,148,283)**
			(185,608)	**(276,664)**	**(761,418)**	**(4,412,476)**
2014						
Pay AUD/receive foreign currency						
2003 USPP Notes	USD	0.6573	–	(185,608)	(95,847)	–
2007 USPP Notes	USD	0.8068	–	–	(342,092)	(153,694)
2009 USPP Notes	USD	0.7576	–	–	(85,787)	(98,997)
2012 JPY medium term notes	JPY	79.4502	–	–	(125,865)	–
2012 CAD medium term notes	CAD	1.0363	–	–	–	(289,494)
2012 US144A	USD	1.0198	–	–	–	(735,438)
2012 GBP medium term notes	GBP	0.6530	–	–	–	(535,988)
			–	(185,608)	(649,591)	(1,813,611)

Foreign currency denominated borrowings

APA Group maintains a level of borrowings in foreign currency, or swapped from one foreign currency to another to match payments of interest and principal against expected future business cash flows in that foreign currency. This mitigates the risk of adverse movements in foreign exchange rates in relation to principal and interest payments arising from these foreign currency borrowings as well as future revenues.

Foreign currency sensitivity analysis

The analysis below shows the effect on profit and total equity of retranslating cash, receivables, payables and interest-bearing liabilities denominated in USD, JPY, CAD, GBP and EUR into AUD, had the rates been 20 percent higher or lower than the relevant year end rate, with all other variables held constant, and taking into account all underlying exposures and related hedges. A sensitivity of 20 percent has been selected and represents management's assessment of the possible change in rates taking into account the current level of exchange rates and the volatility observed both on a historical basis and on market expectations for future movements. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 20 percent change in foreign currency rates.

— There would be no impact on net profit as all foreign currency exposures are fully hedged (2014: nil); and

— Equity reserves would decrease by $1,268.4 million with a 20 percent depreciation of the A$ or increase by $845.1 million with a 20 percent increase in foreign exchange rates (2014: increase by $1.8 million or decrease by $1.5 million respectively). The increase in sensitivity is due to the increase in the notional value of changes in the value of forward exchange contracts that are in a hedging relationship with highly probable forecast transactions.

Interest rate risk

APA Group's interest rate risk is derived predominately from borrowings subject to fixed and floating interest rates. This risk is managed by APA Group by maintaining an appropriate mix between fixed and floating rate borrowings, through the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined policy, ensuring appropriate hedging strategies are applied.

APA Group's exposures to interest rate risk on financial liabilities are detailed in the liquidity risk management section of this note. Exposure to financial assets is limited to cash and cash equivalents amounting to $411.9 million as at 30 June 2015 (2014: $7.0 million).

CAPITAL MANAGEMENT

21. Financial risk management (continued)
a) Market risk (continued)

Interest rate swap contracts
Interest rate swap contracts have the economic effect of converting borrowings from floating to fixed rates on agreed notional principal amounts enabling APA Group to mitigate the risk of cash flow exposures on variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the yield curves at reporting date. The average interest rate is based on the outstanding balances at the end of the financial year.

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

	Weighted average interest rate		Notional principal amount		Fair value	
	2015 % p.a.	2014 % p.a.	**2015 $000**	2014 $000	**2015 $000**	2014 $000
Cash flow hedges – Pay fixed AUD interest – receive floating AUD or fixed/floating foreign currency						
Less than 1 year	**7.10**	5.90	**310,608**	100,000	**(32,637)**	(1,852)
1 year to 2 years	**8.58**	7.10	**276,664**	310,608	**7,520**	(66,627)
2 years to 5 years	**7.60**	7.75	**761,417**	649,591	**(31,028)**	(130,564)
5 years and more	**4.61**	7.24	**4,412,476**	1,813,611	**352,208**	(16,621)
			5,761,165	2,873,810	**296,063**	(215,664)

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

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

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

— net profit would decrease by $5,150,000 or increase by $5,150,000 (2014: decrease by $13,045,000 or increase by $13,045,000). This is mainly attributable to APA Group's exposure to interest rates on its variable rate borrowings, including its Australian Dollar subordinated notes; and

— equity reserves would increase by $14,483,000 with a 100 basis point decrease in interest rates or increase by $38,594,000 with a 100 basis point increase in interest rates (2014 : increase by $6,923,000 or decrease by $6,386,000 respectively). This is due to the changes in the fair value of derivative interest instruments.

APA Group's profit sensitivity to interest rates has decreased during the current period due to the overall decrease in the level of APA Group's unhedged floating rate borrowings. The valuation of the increase/decrease in equity reserves is based on 1.00% p.a. increase/decrease in the yield curve at the reporting date. The increase in sensitivity in equity is due to the increase in the notional value of interest rate and cross currency swaps.

Price risk
APA Group is exposed to price risk arising from its investment in and forward purchase contracts over listed equities. The investment and forward purchase contracts are held to meet strategic or hedging objectives rather than for trading purposes. APA Group does not actively trade any of these holdings.

Price risk sensitivity
The sensitivity analysis below has been determined based on the exposure to price risks at the reporting date. At the reporting date, if the prices of APA Group's investments in Ethane Pipeline Income Fund and forward purchase contracts over listed equities had been 5 percent p.a. higher or lower:

— net profit would have been unaffected as the investment is classified as available-for-sale and no investments were disposed of or impaired, there is also nil effect from the forwards as the corresponding exposure will offset in full (2014: $nil); and

— equity reserves would decrease/increase by $4,000 (2014: $96,000), due to the changes in the fair value of available-for-sale investments.

APA Group's analysis of its exposure to price risk has declined during the current period compared to the prior period. This outcome is largely a result of the decrease in the price volatility, relative to the market, of the investment in the stapled security of Ethane Pipeline Income Fund.

b) Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to APA Group. APA Group has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or bank guarantees where appropriate as a means of mitigating any risk of loss. For financial investments or market risk hedging, APA Group's policy is to only transact with counterparties that have a credit rating of A – (Standard & Poor's)/A3 (Moody's) or higher unless specifically approved by the board. Where a counterparty's rating falls below this threshold following a transaction, no other transactions can be executed with that counterparty until the exposure is sufficiently reduced or their credit rating is upgraded above APA Group's minimum threshold. APA Group's exposure to financial instrument and deposit credit risk is closely monitored against counterparty credit limits imposed by the Treasury Risk Management Policy approved by the Board. These limits are regularly reviewed by the Board.

CAPITAL MANAGEMENT

21. Financial risk management (continued)

b) Credit risk (continued)

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

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

Cross guarantee

In accordance with a deed of cross guarantee, APT Pipelines Limited, a subsidiary of APA Group, has agreed to provide financial support, when and as required, to all wholly-owned controlled entities with either a deficit in shareholders' funds or an excess of current liabilities over current assets. The fair value of the financial guarantee as at 30 June 2015 has been determined to be immaterial and no liability has been recorded (2014: $nil).

c) Liquidity risk

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

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

The table below shows the undiscounted Australian dollar cash flows associated with the foreign currency notes, cross currency interest rate swaps and fixed interest rate swaps in aggregate.

2015	Maturity	Average interest rate % p.a.	Less than 1 year $000	1-5 years $000	More than 5 years $000
Unsecured financial liabilities					
Trade and other payables		-	405,685	-	-
Unsecured bank borrowings [a]		3.09	2,935	125,975	-
2012 Subordinated Notes	1-Oct-72	7.20	34,203	148,917	2,795,775
Interest rate swaps (net settled)		6.28	3,844	1,302	-
Denominated in A$					
Other financial liabilities [b]			7,574	30,296	48,918
Guaranteed Senior Notes [c]					
Denominated in A$					
2007 Series A	15-May-17	7.33	367	5,367	-
2007 Series C	15-May-17	7.38	7,318	106,475	-
2007 Series E	15-May-19	7.40	5,045	83,304	-
2007 Series G	15-May-22	7.45	6,002	24,008	92,586
2007 Series H	15-May-22	7.45	4,617	18,468	71,220
2010 AUD Medium Term Note	22-Jul-20	7.75	23,250	93,000	311,625
Denominated in US$					
2003 Series C	9-Sep-15	5.77	192,773	-	-
2003 Series D	9-Sep-18	6.02	6,949	113,220	-
2007 Series B	15-May-17	5.89	13,986	204,864	-
2007 Series D	15-May-19	5.99	11,111	184,546	-
2007 Series F	15-May-22	6.14	11,354	45,416	176,433
2009 Series A	1-Jul-16	8.35	9,805	90,569	-
2009 Series B	1-Jul-19	8.86	11,825	140,047	-
2012 US 144A	11-Oct-22	3.88	48,989	197,031	857,910
2015 US 144A [b]	23-Mar-25	4.20	59,883	239,533	1,725,377
2015 US 144A [b]	23-Mar-35	5.00	19,443	77,771	680,709
Denominated in stated foreign currency					
2012 JPY Medium Term Note	22-Jun-18	1.23	4,291	147,274	-
2012 CAD Medium Term Note	24-Jul-19	4.25	19,422	357,766	-
2012 GBP Medium Term Note	26-Nov-24	4.25	39,567	157,943	713,823
2015 GBP Medium Term Note [b]	22-Mar-30	3.50	51,894	206,081	1,663,426
2015 EUR Medium Term Note [b]	22-Mar-22	1.38	35,023	139,314	1,023,163
2015 EUR Medium Term Note [b]	22-Mar-27	2.00	39,142	155,699	1,158,040
			1,076,297	3,094,186	11,319,005

a) Facilities mature on 19 September 2016 ($400 million limit), 19 September 2017 ($425 million limit), 19 December 2018 ($200 million limit), and 19 September 2019 ($275 million limit).

b) Facilities are denominated or fully swapped via way of CCIRS into US$. Cashflows represent the US$ cashflow translated at the USD/AUD spot rate as at 30 June 2015. These amounts are fully hedged by forward exchange contracts or future US$ revenues.

c) Rates shown are the coupon rate.

CAPITAL MANAGEMENT

21. Financial risk management (continued)
c) Liquidity risk (continued)

2014	Maturity	Average interest rate % p.a.	Less than 1 year $000	1-5 years $000	More than 5 years $000
Unsecured financial liabilities					
Trade and other payables		–	185,988	–	–
2011 Bilateral facilities	12-Oct-16	4.26	11,770	328,162	–
2011 Bilateral facilities	19-Dec-18	4.66	5,069	117,410	–
2011 Syndicated facility C	8-Jul-14	4.49	50,560	–	–
2014 Syndicated facility A	23-Jun-16	3.76	12,784	363,441	–
2014 Syndicated facility B	23-Jun-17	3.81	8,425	243,686	–
2012 Subordinated Notes	1-Oct-72	7.55	36,802	160,229	3,031,374
Interest rate swaps (net settled)		6.11	6,841	4,237	–
Guaranteed Senior Notes [a]					
Denominated in A$					
2007 Series A	15-May-17	7.33	367	5,733	–
2007 Series C	15-May-17	7.38	7,318	113,793	–
2007 Series E	15-May-19	7.40	5,045	88,349	–
2007 Series G	15-May-22	7.45	6,002	24,008	98,588
2007 Series H	15-May-22	7.45	4,617	18,468	75,837
2010 AUD Medium Term Note	22-Jul-20	7.75	23,250	93,000	334,875
Denominated in US$					
2003 Series C	9-Sep-15	5.77	14,175	192,773	–
2003 Series D	9-Sep-18	6.02	6,911	120,169	–
2007 Series B	15-May-17	5.89	13,986	218,851	–
2007 Series D	15-May-19	5.99	11,111	195,657	–
2007 Series F	15-May-22	6.14	11,354	45,416	187,787
2009 Series A	1-Jul-16	8.35	9,752	100,375	–
2009 Series B	1-Jul-19	8.86	11,761	47,075	104,797
2012 US 144A	11-Oct-22	3.88	49,392	196,358	907,571
Denominated in stated foreign currency					
2012 JPY Medium Term Note	22-Jun-18	1.23	8,535	151,565	–
2012 CAD Medium Term Note	24-Jul-19	4.25	19,690	78,010	299,178
2012 GBP Medium Term Note	26-Nov-24	4.25	39,351	158,159	753,173
			560,856	3,064,924	5,793,180

a) Rates shown are the coupon rate.

Critical accounting judgements and key sources of estimation uncertainty – fair value of financial instruments
APA Group has financial instruments that are carried at fair value in the statement of financial position. The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, APA Group determines fair value by using various valuation models. The objective of using a valuation technique is to establish the price that would be received to sell an asset or paid to transfer a liability between market participants. The chosen valuation models make maximum use of market inputs and rely as little as possible on entity specific inputs. The fair values of all positions include assumptions made on the recoverability based on the counterparty's and APA Group's credit risk.

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

— Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

— Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

— Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between the levels during 2015 (2014: none). Transfers between levels of the fair value hierarchy occur at the end of the reporting period. Transfers between level 1 and level 2 are triggered when there are quoted prices available in active markets. Transfers into level 3 are triggered when the observable inputs become no longer observable, or vice versa for transfer out of level 3.

CAPITAL MANAGEMENT

21. Financial risk management (continued)

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

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

— the fair values of available-for-sale financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices, these instruments are classified in the fair value hierarchy at level 1;

— the fair values of forward foreign exchange contracts included in hedging assets and liabilities are calculated using discounted cash flow analysis based on observable forward exchange rates at the end of the reporting period and contract forward rates discounted at a rate that reflects the credit risk of the various counterparties. The instruments are classified in the fair value hierarchy at level 2;

— the fair values of interest rates swaps, cross currency swaps, equity forwards and other derivative instruments included in hedging assets and liabilities are calculated using discounted cash flow analysis using observable yield curves at the end of the reporting period and contract rates discounted at a rate that reflects the credit risk of the various counterparties;

— the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current markets discounted at a rate that reflects the credit risk of the various counterparties. The instruments are classified in the fair value hierarchy at level 2;

— the fair value of financial guarantee contracts is determined based upon the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default. The instruments are classified in the fair value hierarchy at level 2; and

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

Fair value hierarchy

2015	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Financial assets measured at fair value				
Available-for-sale listed equity securities				
Ethane Pipeline Income Fund	**7,162**	**–**	**–**	**7,162**
Equity forwards designated as fair value through profit or loss	**–**	**5,199**	**–**	**5,199**
Cross Currency Interest Rate Swaps used for hedging	**–**	**461,484**	**–**	**461,484**
Forward foreign exchange contracts used for hedging	**–**	**4,016**	**–**	**4,016**
	7,162	**470,699**	**–**	**477,861**
Financial liabilities measured at fair value				
Interest rate swaps used for hedging	**–**	**17,885**	**–**	**17,885**
Cross Currency Interest Rate Swaps used for hedging	**–**	**147,537**	**–**	**147,537**
Forward foreign exchange contracts used for hedging	**–**	**1,800**	**–**	**1,800**
	–	**167,222**	**–**	**167,222**
2014				
Financial assets measured at fair value				
Available-for-sale listed equity securities				
Ethane Pipeline Income Fund	4,571	–	–	4,571
Equity forwards designated as fair value through profit or loss	–	4,004	–	4,004
Forward foreign exchange contracts used for hedging	–	77,115	–	77,115
	4,571	81,119	–	85,690
Financial liabilities measured at fair value				
Interest rate swaps used for hedging	–	31,041	–	31,041
Cross Currency Interest Rate Swaps used for hedging	–	261,739	–	261,739
Forward foreign exchange contracts used for hedging	–	1,246	–	1,246
	–	294,026	–	294,026

CAPITAL MANAGEMENT

21. Financial risk management (continued)

Fair value measurements of financial instruments measured at amortised cost

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

	Carrying amount		Fair value (level 2) [a]	
	2015 $000	2014 $000	2015 $000	2014 $000
Financial liabilities				
Unsecured long term private placement notes	**1,254,594**	1,083,934	**1,388,789**	1,227,760
Unsecured Australian Dollar medium term notes	**300,000**	300,000	**351,024**	343,276
Unsecured Japanese Yen medium term note	**106,005**	104,681	**108,594**	107,717
Unsecured Canadian Dollar medium term notes	**311,394**	298,378	**323,954**	322,535
Unsecured Australian Dollar subordinated notes	**515,000**	515,000	**646,661**	570,923
Unsecured US Dollar 144A medium term notes	**2,786,779**	795,587	**3,000,016**	792,363
Unsecured British Pound medium term note	**1,937,372**	635,268	**1,864,624**	643,420
Unsecured Euro medium term notes	**1,950,107**	–	**1,872,050**	–
	9,161,251	3,732,848	**9,555,712**	4,007,994

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

22. Other financial instruments

	Assets		Liabilities	
	2015 $000	2014 $000	2015 $000	2014 $000
Derivatives at fair value:				
Equity forward contracts	**3,527**	2,407	**-**	–
Derivatives at fair value designated as hedging instruments:				
Foreign exchange contracts – cash flow hedges	**4,016**	–	**1,800**	1,246
Interest rate swaps – cash flow hedges	**-**	–	**13,003**	17,712
Cross currency interest rate swaps – cash flow hedges	**16,961**	13,883	**131,012**	71,616
Financial item carried at amortised cost:				
Redeemable preference share interest	**285**	285	**-**	–
Current	**24,789**	16,575	**145,815**	90,574
Available-for-sale investments carried at fair value:				
Ethane Pipeline Income Fund	**7,162**	4,571	**-**	–
Financial items carried at amortised cost:				
Redeemable ordinary shares	**17,152**	18,218	**-**	–
Redeemable preference shares	**10,400**	10,400	**-**	–
Derivatives – at fair value:				
Equity forward contracts	**1,672**	1,597	**-**	–
Derivatives at fair value designated as hedging instruments:				
Interest rate swaps – cash flow hedges	**-**	–	**8,728**	17,377
Cross currency interest rate swaps – cash flow hedges	**460,151**	75,982	**36,065**	199,559
Non-current	**496,537**	110,768	**44,793**	216,936

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

Redeemable ordinary shares relate to APA Group's 19.9% investment in Energy Infrastructure Investments Pty Ltd where APL, as responsible entity for APTIT, acquired the redeemable ordinary shares, which include a debt component.

Redeemable preference shares relate to APA Group's 20% interest in GDI (EII) Pty Ltd. In December 2011, APA sold 80% of its gas distribution network in South East Queensland (Allgas) into an unlisted investment entity, GDI (EII) Pty Ltd. At that date GDI issued 52 million Redeemable Preference Shares (RPS) to its owners. The shares attract periodic interest payments and have a redemption date 10 years from issue.

CAPITAL MANAGEMENT

22. Other financial instruments (continued)

Recognition and measurement

Hedge accounting

APA Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. There are no fair value hedges in the current or prior year, hedges of foreign exchange and interest rate risk are accounted for as cash flow hedges.

At the inception of the hedge relationship, APA Group formally designates and documents the hedge relationship, including the risk management strategy for undertaking the hedge. This includes identification of the hedging instrument, hedged item or transaction, the nature of there risk being hedged and how the entity will assess the hedging instrument's effectiveness. Hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and their effectiveness is regularly assessed to ensure they continue to be so.

Note 21 contains details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are detailed in the Consolidated Statement of Changes in Equity.

Derivatives are initially recognised at fair value at the date a derivatives contract is entered into and subsequently remeasured to their fair value at each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, a derivative with a negative fair value is recognised as a financial liability. The fair value of hedging derivatives is classified as either current or non-current based on the timing of the underlying discounted cash flows of the instrument. Cash flows due within 12 months of the reporting date are classified as current and cash flows due after 12 months of the reporting date are classified as non-current.

Cash flow hedges

For cash flow hedges, the portion of the gain or loss on the hedging instrument that is effective is recognised directly in equity, while the ineffective portion is recognised in profit or loss.

Amounts recognised in equity are transferred to the profit or loss when the hedged transaction affects profit or loss, such as when the hedged income or expenses are recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the profit or loss. If the hedging instrument expires or is sold, terminated or exercised, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs.

Available-for-sale financial assets

Certain shares held by APA Group are classified as being available-for-sale. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, which are recognised in other comprehensive income and accumulated in the available-for-sale investment revaluation reserve. When these assets are derecognised, the gain or loss in equity is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the APA Group's right to receive the dividends is established.

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

Impairment of financial assets

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

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

CAPITAL MANAGEMENT

23. Issued capital

	2015 $000	2014 $000
Securities		
1,114,307,369 securities, fully paid (2014: 835,750,807 securities, fully paid) [a]	**3,195,449**	1,816,460

	2015 No. of securities 000	2015 $000	2014 No. of securities 000	2014 $000
Movements				
Balance at beginning of financial year	**835,751**	**1,816,460**	835,751	1,820,516
Capital return to securityholders (Note 10)	**-**	**-**	–	(4,056)
Issue of securities under entitlement offer	**278,556**	**1,400,122**	–	–
Less transaction costs relating to the issue of securities	**-**	**(30,190)**	–	–
Deferred tax on the transaction costs relating to the issue of securities	**-**	**9,057**	–	–
Balance at end of financial year	**1,114,307**	**3,195,449**	835,751	1,816,460

a) Fully paid securities carry one vote per security and carry the right to distributions. New securities issued under the entitlement offer were not eligible for the FY2015 interim distribution, but otherwise rank equally with existing securities from allotment.

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

GROUP STRUCTURE

24. Non-controlling interests

APT is deemed the parent entity of APA Group comprising of the stapled structure of APT and APTIT. Equity attributable to other trusts stapled to the parent is a form of non-controlling interest and represents 100% of the equity of APTIT.

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

	2015 $000	2014 $000
Financial position		
Current assets	**701**	670
Non-current assets	**1,031,517**	594,584
Total assets	**1,032,218**	595,254
Current liabilities	**49**	11
Total liabilities	**49**	11
Net assets	**1,032,169**	595,243
Equity attributable to non-controlling interests	**1,032,169**	595,243
Financial performance		
Revenue	**46,359**	38,718
Expenses	**(11)**	(12)
Profit for the year	**46,348**	38,706
Other comprehensive income	**989**	(861)
Total comprehensive income allocated to non-controlling interests for the year	**47,337**	37,845
Cash flows		
Net cash provided by operating activities	**46,672**	39,695
Net cash (used in)/provided by investing activities	**(436,276)**	1,592
Distributions paid to non-controlling interests	**(39,324)**	(41,273)
Net cash used in financing activities	**389,604**	(41,287)

The accounting policies of APTIT are the same as those applied to APA Group.

There are no material guarantees, contingent liabilities or restrictions imposed on APA Group from APTIT's non-controlling interests.

	2015 $000	2014 $000
APT Investment Trust	**1,032,169**	595,243
Other non-controlling interest	**52**	51
	1,032,221	595,294
APT Investment Trust		
Issued capital:		
Balance at beginning of financial year	**576,172**	578,780
Issue of securities under entitlement offer	**438,351**	–
Distribution – capital return (Note 9)	**–**	(2,608)
Less transaction costs relating to the issue of units	**(9,437)**	–
	1,005,086	576,172
Reserves:		
Available for sale investment revaluation reserve:		
Balance at beginning of financial year	**(394)**	467
Valuation loss recognised	**989**	(861)
	595	(394)
Retained earnings:		
Balance at beginning of financial year	**19,465**	19,424
Net profit attributable to APTIT unitholders	**46,348**	38,706
Distributions paid (Note 9)	**(39,325)**	(38,665)
	26,488	19,465

GROUP STRUCTURE

24. Non-controlling interests (continued)

APT Investment Trust (continued)

	2015 $000	2014 $000
Other non-controlling interest		
Issued capital	**4**	4
Reserves	**1**	1
Retained earnings	**47**	46
	52	51

25. Joint arrangements and associates

The table below lists APA Group's interest in joint ventures and associates that are reported as part of the Energy Investments segment. APA Group provides asset management, operation and maintenance services and corporate services, in varying combinations to the majority of energy infrastructure assets housed within these entities.

			Ownership interest %	
Name of entity	**Principal activity**	**Country of incorporation**	**2015**	**2014**
Joint ventures:				
SEA Gas	Gas transmission	Australia	**50.00**	50.00
Diamantina Power Station	Power generation (gas)	Australia	**50.00**	50.00
Energy Infrastructure Investments	Unlisted energy vehicle	Australia	**19.90**	19.90
EII 2	Power generation (wind)	Australia	**20.20**	20.20
Associates:				
GDI (EII)	Gas distribution	Australia	**20.00**	20.00
Envestra Limited [a]	Gas distribution	Australia	**-**	33.05

a) During August 2014, APA Group sold its investment in Envestra Limited to Cheung Kong Group consortium for $1.32 per share amounting to $783.8 million in gross proceeds which realised a net pre-tax profit of $430.0 million.

	2015	2014
Investment in joint ventures and associates using the equity method	**257,425**	593,325
Joint Ventures		
Aggregate carrying amount of investment	**228,556**	179,820
APA Group's aggregated share of:		
Profit from continuing operations	**10,288**	11,973
Other comprehensive income	**(9,786)**	(8,783)
Total comprehensive income	**502**	3,190
Associates		
Aggregate carrying amount of investment	**28,869**	413,505
APA Group's aggregated share of:		
Profit from continuing operations	**3,633**	52,317
Other comprehensive income	**(19,290)**	854
Total comprehensive income	**(15,657)**	53,171

Investment in associates

An associate is an entity over which APA Group has significant influence and that is neither a subsidiary nor a joint arrangement. Investments in associates are accounted for using the equity accounting method.

Under the equity accounting method the investment is recorded initially at cost to APA Group, including any goodwill on acquisition. In subsequent periods the carrying amount of the investment is adjusted to reflect APA Group's share of the retained post-acquisition profit or loss and other comprehensive income, less any impairment.

Losses of an associate or joint venture in excess of APA Group's interests (which includes any long-term interests, that in substance, form part of the net investment) are recognised only to the extent that there is a legal or constructive obligation or APA Group has made payments on behalf of the associate or joint venture.

GROUP STRUCTURE

25. Joint arrangements and associates (continued)

Contingent liabilities and capital commitments

APA Group's share of the contingent liabilities, capital commitments and other expenditure commitments of joint operations is disclosed in Note 27.

APA Group is a venturer in the following joint operations:

Name of venture	Principal activity	Output interest 2015 %	Output interest 2014 %
Goldfields Gas Transmission	Gas pipeline operation – Western Australia	**88.2** [a]	88.2 [a]
Mid West Pipeline	Gas pipeline operation – Western Australia	**50.0** [b]	50.0 [b]

a) On 17 August 2004, APA acquired a direct interest in the Goldfields Gas Transmission joint operations as part of the SCP Gas Business acquisition.
b) Pursuant to the joint venture agreement, APA Group receives a 70.8% share of operating income and expenses.

Interest in joint arrangements

A joint arrangement is an arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control such that decisions about the relevant activities of the arrangement (those that significantly affect the returns) require the unanimous consent of the parties sharing control. APA Group has two types of joint arrangements:

Joint ventures: A joint arrangement in which the parties that share joint control have rights to the net assets of the arrangement. Joint Ventures are accounted for using the equity accounting method; and

Joint operations: A joint arrangement in which the parties that share joint control have rights to the assets, and obligations for the liabilities, relating to the arrangement. In relation to its interest in a joint operation, APA Group recognises its share of assets and liabilities, revenue from the sale of its share of the output and its share of any revenue generated from the sale of the output by the joint operation and its share of expenses. These are incorporated into APA Group's financial statements under the appropriate headings.

26. Subsidiaries

Subsidiaries are entities controlled by APT. Control exists where APT has power over the entities, i.e. existing rights that give them the current ability to direct the relevant activities of the entities (those that significantly affect the returns); exposure, or rights, to variable returns from their involvement with the entities; and the ability to use their power to affect those returns.

Name of entity	Country of registration/ incorporation	Ownership interest 2015 %	Ownership interest 2014 %
Parent entity			
Australian Pipeline Trust [a]			
Subsidiaries			
APT Pipelines Limited [b, c]	Australia	**100**	100
Australian Pipeline Limited [b]	Australia	**100**	100
Agex Pty Ltd [b, c]	Australia	**100**	100
Amadeus Gas Trust	Australia	**96**	96
APT Goldfields Pty Ltd [b, c]	Australia	**100**	100
APT Management Services Pty Limited [b, c]	Australia	**100**	100
APT Parmelia Gas Pty Ltd [e]	Australia	**–**	100
APT Parmelia Holdings Pty Ltd [b, c]	Australia	**100**	100
APT Parmelia Pty Ltd [b, c]	Australia	**100**	100
APT Parmelia Trust [b]	Cayman Islands	**100**	100
APT Petroleum Pipelines Holdings Pty Limited [b, c]	Australia	**100**	100
APT Petroleum Pipelines Pty Limited [b, c]	Australia	**100**	100
APT Pipelines (NSW) Pty Limited [b, c]	Australia	**100**	100
APT Pipelines (NT) Pty Limited [b, c]	Australia	**100**	100
APT Pipelines (QLD) Pty Limited [b, c]	Australia	**100**	100
APT Pipelines (WA) Pty Limited [b, c]	Australia	**100**	100
APT Pipelines Investments (NSW) Pty Limited [b, c]	Australia	**100**	100
APT Pipelines Investments (WA) Pty Limited [b, c]	Australia	**100**	100
East Australian Pipeline Pty Limited [b, c]	Australia	**100**	100
Gasinvest Australia Pty Ltd [b, c]	Australia	**100**	100
Goldfields Gas Transmission Pty Ltd [b]	Australia	**100**	100
N.T. Gas Distribution Pty Limited [b, c]	Australia	**100**	100
N.T. Gas Easements Pty Limited [b, c]	Australia	**100**	100
N.T. Gas Pty Limited	Australia	**96**	96

GROUP STRUCTURE

26. Subsidiaries (continued)

Name of entity	Country of registration/ incorporation	Ownership interest 2015 %	Ownership interest 2014 %
Roverton Pty Ltd [b, c]	Australia	**100**	100
SCP Investments (No. 1) Pty Limited [b, c]	Australia	**100**	100
SCP Investments (No. 2) Pty Limited [b, c]	Australia	**100**	100
SCP Investments (No. 3) Pty Limited [b, c]	Australia	**100**	100
Sopic Pty Ltd [b, c]	Australia	**100**	100
Southern Cross Pipelines (NPL) Australia Pty Ltd [b, c]	Australia	**100**	100
Southern Cross Pipelines Australia Pty Limited [b, c]	Australia	**100**	100
Trans Australia Pipeline Pty Ltd [b, c]	Australia	**100**	100
Western Australian Gas Transmission Company 1 Pty Ltd [b, c]	Australia	**100**	100
GasNet Australia Trust [b]	Australia	**100**	100
APA GasNet Australia (Holdings) Pty Limited [b, c]	Australia	**100**	100
APA GasNet Australia (Operations) Pty Limited [b, c]	Australia	**100**	100
APA GasNet A Pty Limited [b, c]	Australia	**100**	100
GasNet A Trust	Australia	**100**	100
APA GasNet Australia (NSW) Pty Limited [b, c]	Australia	**100**	100
APA GasNet B Pty Limited [b, c]	Australia	**100**	100
APA GasNet Australia Pty Limited [b, c]	Australia	**100**	100
GasNet B Trust [b]	Australia	**100**	100
GasNet Australia Investments Trust	Australia	**100**	100
APA Operations Pty Limited [b, c]	Australia	**100**	100
APT AM Holdings Pty Limited [b, c]	Australia	**100**	100
APT O&M Holdings Pty Ltd [b, c]	Australia	**100**	100
APT O&M Services Pty Ltd [b, c]	Australia	**100**	100
APT O&M Services (QLD) Pty Ltd [b, c]	Australia	**100**	100
APT Water Management Pty Ltd [e]	Australia	**–**	100
APT Water Management Holdings Pty Ltd [e]	Australia	**–**	100
APT AM (Stratus) Pty Limited [b, c]	Australia	**100**	100
APT Facility Management Pty Limited [b, c]	Australia	**100**	100
APT AM Employment Pty Limited [b, c]	Australia	**100**	100
APT Sea Gas Holdings Pty Limited [b, c]	Australia	**100**	100
APT SPV2 Pty Ltd [b]	Australia	**100**	100
APT SPV3 Pty Ltd [b]	Australia	**100**	100
APT Pipelines (SA) Pty Limited [b, c]	Australia	**100**	100
APT (MIT) Services Pty Limited [b, c]	Australia	**100**	100
APA Operations (EII) Pty Limited [b, c]	Australia	**100**	100
APA Pipelines (QNSW) Pty Limited [e]	Australia	**–**	100
Central Ranges Pipeline Pty Ltd [b, c]	Australia	**100**	100
APA Country Pipelines Pty Limited [b, c]	Australia	**100**	100
North Western Natural Gas Company Pty Limited [e]	Australia	**–**	100
APA Facilities Management Pty Limited [b, c]	Australia	**100**	100
APA (NBH) Pty Limited [b, c]	Australia	**100**	100
APA Pipelines Investments (BWP) Pty Limited [b, c]	Australia	**100**	100
APA Power Holdings Pty Limited [b, c]	Australia	**100**	100
APA (EDWF Holdco) Pty Ltd [b, c]	Australia	**100**	100
APA (BWF Holdco) Pty Ltd [b, c]	Australia	**100**	100
EDWF Holdings 1 Pty Ltd [b, c]	Australia	**100**	100
EDWF Holdings 2 Pty Ltd [b, c]	Australia	**100**	100
EDWF Manager Pty Ltd [b, c]	Australia	**100**	100
Wind Portfolio Pty Ltd [b, c]	Australia	**100**	100
Griffin Windfarm 2 Pty Ltd [b]	Australia	**100**	100
APA AM (Allgas) Pty Limited [b, c]	Australia	**100**	100
APA DPS Holdings Pty Limited [b, c]	Australia	**100**	100
APA Power PF Pty Limited [b, c]	Australia	**100**	100

GROUP STRUCTURE

26. Subsidiaries (continued)

Name of entity	Country of registration/ incorporation	Ownership interest 2015 %	Ownership interest 2014 %
APA Sub Trust No 1 [b]	Australia	**100**	100
APA Sub Trust No 2 [b]	Australia	**100**	100
APA Sub Trust No 3 [b]	Australia	**100**	100
APA (Pilbara Pipeline) Pty Ltd [b, c]	Australia	**100**	100
APA (Sub No 3) International Holdings 1 Pty Ltd [b, c, f]	Australia	**100**	100
APA (Sub No 3) International Holdings 2 Pty Ltd [b, c, f]	Australia	**100**	100
APA (Sub No 3) International Nominees Pty Ltd [b, c, f]	Australia	**100**	100
APA (SWQP) Pty Limited [b, c]	Australia	**100**	100
APA (WA) One Pty Limited [b, c]	Australia	**100**	100
APA AIS 1 Pty Limited [b, c]	Australia	**100**	100
APA AIS 2 Pty Ltd [b, c]	Australia	**100**	100
APA AIS Pty Limited [b, c]	Australia	**100**	100
APA Biobond Pty Limited [b, c]	Australia	**100**	100
APA East One Pty Limited [b, c, f]	Australia	**100**	100
APA East Pipelines Pty Limited [b, c]	Australia	**100**	100
APA EE Pty Limited [b, c]	Australia	**100**	100
APA EE Australia Pty Limited [b, c]	Australia	**100**	100
APA EE Corporate Shared Services Pty Limited [b, c]	Australia	**100**	100
APA EE Holdings Pty Limited [b, c]	Australia	**100**	100
Epic Energy East Pipelines Trust [b]	Australia	**100**	100
APA (NT) Pty Limited [b, c, f]	Australia	**100**	100
APA Bid Co Pty Limited [b, c, d]	Australia	**100**	–
APA Hold Co Pty Limited [b, c, d]	Australia	**100**	–
APA WGP Pty Limited [b, c, d]	Australia	**100**	–

a) Australian Pipeline Trust is the head entity within the tax-consolidated group.
b) These entities are members of the tax-consolidated group.
c) These wholly-owned subsidiaries have entered into a deed of cross guarantee with APT Pipelines Limited pursuant to ASIC Class Order 98/1418 and are relieved from the requirement to prepare and lodge an audited financial report.
d) Entity was acquired during the 2015 year.
e) Entity was deregistered during the 2015 year.
f) Entity party to a revocation deed in relation to the APT Pipelines Limited deed of cross guarantee lodged with ASIC on 1 August 2014 which has taken affect in the 2015 year and is therefore no longer a party to the deed.

OTHER ITEMS

27. Commitments and contingencies

	2015 $000	2014 $000
Capital expenditure commitments		
APA Group – plant and equipment	**94,169**	87,835
APA Group's share of jointly controlled operations – plant and equipment	**5,987**	16,458
	100,156	104,293
Contingent liabilities		
Bank guarantees	**49,049**	28,553

APA Group had no contingent assets as at 30 June 2015 and 30 June 2014.

28. Director and senior executive remuneration

Directors remuneration

The aggregate remuneration made to Directors of APA Group is set out below:

	2015 $	2014 $
Short-term employment benefits	**1,268,500**	1,181,281
Post-employment benefits	**132,105**	119,735
Total Remuneration: Non-Executive Directors	**1,400,605**	1,301,016
Short-term employment benefits	**3,109,447**	2,868,962
Post-employment benefits	**35,000**	25,000
Cash settled security-based payments	**1,564,212**	1,301,316
Total Remuneration: Executive Director [a]	**4,708,659**	4,195,278
Total Remuneration: Directors	**6,109,264**	5,496,294

a) The remuneration for the Chief Executive Officer and Managing Director, Michael McCormack, is also included in the remuneration disclosure for senior executives.

Senior executive remuneration [a]

The aggregate remuneration made to senior executives of APA Group is set out below:

Short-term employment benefits	**9,977,891**	9,060,314
Post-employment benefits	**258,778**	192,775
Cash settled security-based payments	**4,242,640**	3,410,484
Retention award	**430,666**	550,667
	14,909,975	13,214,240

a) The remuneration for the Chief Executive Officer and Managing Director, Michael McCormack, is also included in the remuneration disclosure for senior executives.

29. Remuneration of external auditor

Amounts received or due and receivable by Deloitte Touche Tohmatsu for:		
Auditing the financial report	**659,500**	700,000
Compliance plan audit	**18,000**	21,500
Tax compliance and advice [a]	**–**	8,500
Other assurance services [a]	**436,500**	414,000
	1,114,000	1,144,000

a) Services provided were in accordance with the external auditor independence policy. Other assurance services comprise preparation of investigating accountants reports and assurance services in relation to debt raisings, a scheme of arrangement and the entitlement offer.

OTHER ITEMS

30. Related party transactions

a) Equity interest in related parties

Details of the percentage of ordinary securities held in subsidiaries are disclosed in Note 26 and the details of the percentage held in joint operations, joint ventures and associates are disclosed in Note 25.

b) Responsible Entity – Australian Pipeline Limited

The Responsible Entity is wholly owned by APT Pipelines Limited.

c) Transactions with related parties within APA Group

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

— dividends;
— asset lease rentals;
— loans advanced and payments received on long-term inter-entity loans;
— management fees;
— operational services provided between entities;
— payments of distributions; and
— equity issues.

The above transactions were made on normal commercial terms and conditions. The Group charges interest on inter-entity loans from time to time.

All transactions between the entities that comprise APA Group have been eliminated on consolidation.

Refer to Note 26 for details of the entities that comprise APA Group.

Australian Pipeline Limited

Management fees of $3,451,167 (2014: $3,177,861) were paid to the Responsible Entity as reimbursement of costs incurred on behalf of APA Group. No amounts were paid directly by APA Group to the Directors of the Responsible Entity, except as disclosed at Note 28.

Australian Pipeline Limited, in its capacity as trustee and Responsible Entity of the Trust, has guaranteed the payment of principal, interest and other amounts as provided in the senior debt facilities of APT Pipelines Limited, the principal borrowing entity of APA Group.

d) Transactions with other related parties

Transactions with associates and joint ventures

The following transactions occurred with APA Group's associates and joint ventures on normal market terms and conditions:

2015	Dividends from related parties $000	Sales to related parties $000	Purchases from related parties $000	Amount owed by related parties $000	Amount owed to related parties $000
SEA Gas	**14,164**	**3,733**	**–**	**181**	**–**
Energy Infrastructure Investments	**3,460**	**27,021**	**139**	**3,074**	**139**
EII 2	**3,105**	**661**	**–**	**–**	**–**
APA Ethane Ltd	**–**	**200**	**–**	**–**	**–**
Diamantina Power Station	**–**	**1,608**	**–**	**–**	**–**
GDI (EII)	**4,479**	**51,190**	**–**	**5,749**	**–**
	25,208	**84,413**	**139**	**9,004**	**139**
2014					
SEA Gas	11,298	3,256	–	98	–
Energy Infrastructure Investments	4,283	22,755	250	1,935	–
EII 2	2,405	641	–	–	–
APA Ethane Ltd	–	200	–	–	–
Diamantina Power Station	–	3,083	–	–	–
GDI (EII)	5,433	49,435	18	4,994	–
Envestra Limited [a]	38,000	369,471	578	40,400	–
	61,419	448,841	846	47,427	–

At year end, APA Group had a shareholder loan receivable from Diamantina Power Station of $75.7 million (2014 $118.1 million).

a) During August 2014, APA Group sold its investment in Envestra Limited to Cheung Kong Group consortium for $1.32 per share amounting to $783.8 million in gross proceeds which realised a net pre-tax profit of $430.0 million.

OTHER ITEMS

31. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information below, are the same as those applied in the consolidated financial statements.

	2015 $000	2014 $000
Financial position		
Assets		
Current assets	**2,869,731**	845,650
Non-current assets	**632,553**	1,083,512
Total assets	**3,502,284**	1,929,162
Liabilities		
Current liabilities	**105,763**	98,427
Total liabilities	**105,763**	98,427
Net assets	**3,396,521**	1,830,735
Equity		
Issued capital	**3,195,449**	1,816,460
Retained earnings	**199,587**	13,912
Reserves		
Available-for-sale investment revaluation reserve	**1,485**	363
Total equity	**3,396,521**	1,830,735
Financial performance		
Profit for the year	**449,311**	258,159
Other comprehensive income	**1,122**	(1,373)
Total comprehensive income	**450,433**	256,786

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
No guarantees have been entered into by the parent entity in relation to the debts of its subsidiaries.

Contingent liabilities of the parent entity
No contingent liabilities have been identified in relation to the parent entity.

32. Adoption of new and revised Accounting Standards

Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)
There has not been any new or revised Standards and Interpretations issued by the AASB that are relevant to the consolidated entity's operations that would be effective for the current reporting period.

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

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
— AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
— AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB15'	1 January 2017 [a]	30 June 2018 [a]

a) The International Accounting Standards Boards has deferred the implementation to periods commencing on or after 1 January 2018. This deferral is expected to be adopted by the AASB in due course.

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

33. Events occurring after reporting date

On 7 July 2015, APA Group entered into a series of forward exchange contracts for financial years 2017 and 2018 to hedge the forecast net USD cashflows of US$388.1 million (A$528.5 million) associated with the Wallumbilla Gladstone Pipeline. This increased the net value of foreign exchange contracts held on that date to US$581.9 million (A$784.4 million).

On 26 August 2015, the Directors declared a final distribution of 20.50 cents per security ($228.4 million) for APA Group (comprising a distribution of 18.12 cents per security from APT and a distribution of 2.38 cents per security from APTIT), consisting of 20.50 cents per security unfranked profit distribution. The distribution will be paid on 16 September 2015.

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

DECLARATION BY THE DIRECTORS OF AUSTRALIAN PIPELINE 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 Australian Pipeline Trust will be able to pay its debts as and when they become due and payable;

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

c) in the Directors' opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards as stated in Note 2 to the financial statements; and

d) the Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

On behalf of the Directors

Leonard Bleasel AM	Robert Wright
Chairman	**Director**

Sydney, 26 August 2015

AUDITOR'S INDEPENDENCE DECLARATION

to Australian Pipeline Limited as Responsible Entity for Australian Pipeline Trust

Deloitte.

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

26 August 2015

Dear Directors

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

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

As lead audit partner for the audit of the financial statements of Australian Pipeline Trust for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrew Griffiths

A V Griffiths
Partner
Chartered Accountants

Deloitte.

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

Report on the Financial Report

We have audited the accompanying financial report of Australian Pipeline Trust, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the Trust and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 36 to 76.

Directors' Responsibility for the Financial Report

The directors of Australian Pipeline Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

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

Deloitte.

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

Auditor's Independence Declaration

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

Opinion

In our opinion:

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

(i) giving a true and fair view of the consolidated entity'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*; and

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 23 to 35 of the directors' report of Australian Pipeline Limited as responsible entity for Australian Pipeline Trust for the year ended 30 June 2015. The directors have voluntarily prepared and presented the Remuneration Report in accordance with the requirements of section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Australian Pipeline Limited for the year ended 30 June 2015, has been prepared in accordance with the requirements of section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrew Griffiths

A V Griffiths
Partner
Chartered Accountants
Sydney, 26 August 2015

DIRECTORS' REPORT

The Directors of Australian Pipeline Limited ("Responsible Entity") submit their report and the annual financial report of APT Investment Trust ("APTIT") and its controlled entities (together "Consolidated Entity") for the financial year ended 30 June 2015. This report refers to the consolidated results of APTIT, one of the two stapled entities of APA Group, with the other stapled entity being Australian Pipeline Trust (together "APA").

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

Leonard Bleasel AM	Chairman
Michael McCormack	Chief Executive Officer and Managing Director
Steven Crane	
John Fletcher	
Russell Higgins AO	
Patricia McKenzie	
Robert Wright	

Details of the Directors, their qualifications, experience, special responsibilities and directorships of other listed entities are set out on pages 19 to 21.

The Company Secretary of the Responsible Entity during and since the financial year end is Mark Knapman.

PRINCIPAL ACTIVITIES
APTIT operates as an investment and financing entity within the APA stapled group.

STATE OF AFFAIRS
No significant change in the state of affairs of APTIT occurred during the year.

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

REVIEW AND RESULTS OF OPERATIONS
APTIT reported net profit after tax of $46.3 million (2014: $38.7 million) for the year ended 30 June 2015 and total revenue of $46.4 million (2014: $38.7 million).

DISTRIBUTIONS
Distributions paid to unitholders during the financial year were:

	Final FY 2014 distribution paid 10 September 2014		**Interim FY 2015 distribution paid 18 March 2015**	
	Cents per unit	Total distribution $000	**Cents per unit**	**Total distribution $000**
APTIT profit distribution	2.33	19,465	2.38	19,860
APTIT capital distribution	–	–	–	–
	2.33	19,465	**2.38**	**19,860**

On 26 August 2015, the Directors declared a final distribution for APTIT for the financial year of 2.38 cents per unity which is payable on 16 September 2015 and will comprise the following components:

	Final FY 2015 distribution payable 16 September 2015	
	Cents per unit	**Total distribution $000**
APTIT profit distribution	2.38	26,488
APTIT capital distribution	–	–
	2.38	**26,488**

Distribution information is presented on an accounting classification basis. The APA Group Annual Tax Statement and Annual Tax Return Guide (to be released in September 2015) will provide the classification of distribution components for the purposes of preparation of securityholder income tax returns.

OTHER INFORMATION
Details of the Director and Company Secretary of the Responsible Entity are set out in the Australian Pipeline Trust Directors' report at pages 1 to 22. That report also contains information on the Directors' directorships of other listed entities, their attendance at meetings and securityholdings, options, indemnification of officers, remuneration and the auditor's provision of non-audit services and independence.

INFORMATION REQUIRED FOR REGISTERED SCHEMES
Fees paid to the Responsible Entity and its associates (including directors and secretaries of the Responsible Entity, related bodies corporate and directors and secretaries of related bodies corporate) out of APA scheme property during the year are disclosed in Note 16 to the financial statements.

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

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

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

AUDITOR'S INDEPENDENCE DECLARATION
A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included on page 96.

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

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

On behalf of the Directors

Leonard Bleasel AM
Chairman

Robert Wright
Director

Sydney, 26 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
Continuing operations			
Revenue	3	**46,359**	38,718
Expenses	3	**(11)**	(12)
Profit before tax		**46,348**	38,706
Income tax expense	4	**–**	–
Profit for the year		**46,348**	38,706
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Gain/(loss) on available-for-sale investments taken to equity		**989**	(861)
Other comprehensive income for the year (net of tax)		**989**	(861)
Total comprehensive income for the year		**47,337**	37,845
Profit Attributable to:			
Unitholders of the parent		**46,348**	38,706
		46,348	38,706
Total comprehensive income attributable to:			
Unitholders of the parent		**47,337**	37,845

Earnings per unit		**2015**	2014 (Restated)
Basic and diluted (cents per unit)	5	**4.7**	4.5

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			
Receivables	7	**701**	670
Non-current assets			
Receivables	7	**9,951**	10,623
Other financial assets	9	**1,021,566**	583,961
Total non-current assets		**1,031,517**	594,584
Total assets		**1,032,218**	595,254
Current liabilities			
Trade and other payables	8	**49**	11
Total liabilities		**49**	11
Net assets		**1,032,169**	595,243
Equity			
Issued capital	11	**1,005,086**	576,172
Reserves		**595**	(394)
Retained earnings		**26,488**	19,465
Total equity		**1,032,169**	595,243

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

	Note	Issued capital $000	Reserves $000	Retained earnings $000	Total $000
Balance at 1 July 2013		578,780	467	19,424	598,671
Profit for the year		–	–	38,706	38,706
Other comprehensive income for the year (net of tax)		–	(861)	–	(861)
Total comprehensive income for the year		–	(861)	38,706	37,845
Distributions to unitholders	6	(2,608)	–	(38,665)	(41,273)
Balance at 30 June 2014		576,172	(394)	19,465	595,243
Balance at 1 July 2014		**576,172**	**(394)**	**19,465**	**595,243**
Profit for the year		**–**	**–**	**46,348**	**46,348**
Other comprehensive income for the year (net of tax)		**–**	**989**	**–**	**989**
Total comprehensive income for the year		**–**	**989**	**46,348**	**47,337**
Issue of capital (net of issue costs)	11	**428,914**	**–**	**–**	**428,914**
Distributions to unitholders	6	**–**	**–**	**(39,325)**	**(39,325)**
Balance at 30 June 2015		**1,005,086**	**595**	**26,488**	**1,032,169**

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

	2015 $000	2014 $000
Cash flows from operating activities		
Trust distribution – related party	**23,184**	23,013
Dividends received	**125**	126
Interest received – related parties	**21,889**	15,199
Proceeds from repayment of finance leases	**1,167**	1,168
Receipts from customers	**318**	201
Payments to suppliers	**(11)**	(12)
Net cash provided by operating activities	**46,672**	39,695
Cash flows from investing activities		
(Advances to)/repayment received from related parties	**(436,276)**	1,592
Net cash (used in)/provided by investing activities	**(436,276)**	1,592
Cash flows from financing activities		
Proceeds from issue of units	**438,351**	–
Payment of unit issue costs	**(9,422)**	(14)
Distributions to unitholders	**(39,325)**	(41,273)
Net cash used in financing activities	**389,604**	(41,287)
Net increase in cash and cash equivalents	**–**	–
Cash and cash equivalents at beginning of financial year	**–**	–
Cash and cash equivalents at end of financial year	**–**	–

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

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

BASIS OF PREPARATION

1. About this report

The content and format of the financial statements have been streamlined to present the financial information in a more meaningful manner to unitholders. Note disclosures have been grouped into six sections being Basis of Preparation, Financial Performance, Operating Assets and Liabilities, Capital Management, Group Structure and Other. Each note sets out the accounting policies applied in producing the results along with any key judgements and estimates used. The purpose of revised format is to provide readers with a clearer understanding of what are the key drivers of financial performance for the Consolidated Entity.

2. General information

APT Investment Trust ("APTIT" or "Trust") is one of the two stapled trusts of APA Group ("APA Group"), the other stapled trust being Australian Pipeline Trust ("APT"). Each of APT and APTIT are registered managed investment schemes regulated by the *Corporations Act 2001*. APTIT units are "stapled" to APT units on a one-to-one basis so that one APTIT unit and one APT unit form a single stapled security which trades on the Australian Securities Exchange under the code "APA".

This financial report represents the consolidated financial statements of APTIT and its controlled entities (together the "Consolidated Entity"). For the purposes of preparing the consolidated financial report, the Consolidated Entity is a for-profit entity.

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 and associates to bring their accounting policies into line with those used by the Consolidated Entity.

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

Registered office and principal place of business
Level 19
HSBC Building
580 George Street
SYDNEY NSW 2000
Tel: (02) 9693 0000

APTIT operates as an investment entity within the Australian Pipeline Trust stapled group.

The financial report for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors on 26 August 2015.

This general purpose financial report for the year ended 30 June 2015 has been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting 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 report has been prepared on the basis of historical cost, except for the revaluation of financial instruments. The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000) in accordance with ASIC Class Order 98/0100, unless otherwise stated.

i) Subsidiaries

Subsidiaries are entities controlled by APTIT. Control exists where APTIT has power over the entities, i.e. existing rights that give APTIT the current ability to direct the relevant activities of the entities (those that significantly affect the returns); exposure, or rights, to variable returns from its involvement with the entities; and the ability to use its power to affect those returns.

ii) Segment information

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

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

FINANCIAL PERFORMANCE

3. Profit from operations

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

	2015 $000	2014 $000
Revenue		
Distributions		
Trust distribution – related party	**23,184**	23,013
Other entities	**125**	125
	23,309	23,138
Finance income		
Interest – related parties	**22,157**	15,162
Gain/(loss) on financial asset held at fair value through profit or loss	**70**	(342)
Finance lease income – related party	**529**	559
	22,756	15,379
Other revenue		
Other	**294**	201
Total revenue	**46,359**	38,718
Expenses		
Audit fees	**(11)**	(12)
Total expenses	**(11)**	(12)

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

Interest revenue, which is recognised as it accrues and is determined using the effective interest method;

Distribution revenue, which is recognised when the right to receive a distribution has been established;

Dividend revenue, which is recognised when the right to receive a dividend has been established; and

Finance lease income, which is recognised when receivable.

4. Income tax

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

5. Earnings per unit

	2015	2014 (Restated)
Basic and diluted (cents per unit)	**4.7**	4.5

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

	2015 $000	2014 $000
Net profit attributable to unitholders for calculating basic and diluted earnings per unit	**46,348**	38,706

	2015 No. of units 000	2014 (Restated) No. of units 000
Adjusted weighted average number of ordinary units used in the calculation of basic and diluted earnings per unit	**995,245**	865,977

On the 23 December 2014, APA Group issued 145,164,302 new ordinary securities on completion of the institutional component and early acceptance period of the retail component for the fully underwritten rights issue. The remaining allocation of the retail component being 133,392,260 was completed on 28 January 2015. The issue was offered at $6.60 per security, a discount to APA Group's closing market price of $7.67 per security on the 9 December 2014, the last trading day before the record date of the entitlement offer of 15 December 2014. The number of securities used for the current and prior period calculation of earnings per security has been adjusted for the discounted rights issue. An adjustment factor of 1.036 has been calculated, being the closing market price per security on 9 December 2014, divided by the theoretical ex-rights value (TERV) of $7.40 per security.

FINANCIAL PERFORMANCE

6. Distributions

	2015 cents per unit	2015 Total $000	2014 cents per unit	2014 Total $000
Recognised amounts				
Final distribution paid on 10 September 2014				
(2014: 11 September 2013)				
Profit distribution [a]	**2.33**	**19,465**	2.32	19,424
Capital distribution	**–**	**–**	0.16	1,313
	2.33	**19,465**	2.48	20,737
Interim distribution paid on 18 March 2015 [b]				
(2014: 12 March 2014)				
Profit distribution [a]	**2.38**	**19,860**	2.30	19,241
Capital distribution	**–**	**–**	0.15	1,295
	2.38	**19,860**	2.45	20,536
Total distributions recognised				
Profit distributions [a]	**4.71**	**39,325**	4.62	38,665
Capital distributions	**–**	**–**	0.31	2,608
Unrecognised amounts				
Final distribution payable on 16 September 2015 [c]				
(2014: 10 September 2014)				
Profit distribution [a]	**2.38**	**26,488**	2.33	19,464
Capital distribution	**–**	**–**	–	–
	2.38	**26,488**	2.33	19,464

a) Profit distributions unfranked (2014: unfranked).
b) New securities issued under the entitlement offer were not eligible for the FY2015 interim distribution.
c) Record date 30 June 2015.

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

OPERATING ASSETS AND LIABILITIES

7. Receivables

	2015 $000	2014 $000
Other debtors	**31**	31
Finance lease receivable – related party (Note 16)	**670**	639
Current	**701**	670
Finance lease receivable – related party (Note 16)	**9,951**	10,623
Non-current	**9,951**	10,623

In determining the recoverability of a receivable, the Consolidated Entity considers any change in the credit quality of the receivable from the date the credit was initially granted up to the reporting date. The directors believe that there is no credit provision required.

None of the above receivables is past due.

8. Payables

Other payables	**49**	11

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

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.

CAPITAL MANAGEMENT

9. Other financial instruments

	2015 $000	2014 $000
Non-current		
Advance to related party	**876,911**	440,633
Investments carried at cost:		
Investment in related party [a]	**107,379**	107,379
	984,290	548,012
Financial assets carried at fair value:		
Redeemable ordinary shares [b]	**34,765**	34,427
Available-for-sale investments carried at fair value [c]	**2,511**	1,522
	1,021,566	583,961

a) The investment in related party reflects GasNet Australia Investments Trust's ("GAIT") investment in 100% of the B Class units in GasNet A Trust. The B Class units give GAIT preferred rights to the income and capital of GasNet A Trust, but hold no voting rights. The A Class unitholder may however suspend for a period or terminate all of the B Class unitholder rights to income and capital. As such, GAIT neither controls nor has a significant influence over GasNet A Trust. GasNet Australia Trust, a related party wholly owned by APA Group, owns 100% of the A Class units in GasNet A Trust and, accordingly, GasNet A Trust is included in the consolidation of the APA Group. The investment has not been measured at fair value as the units of GasNet A Trust are not available for trade on an active market and as such, the fair value of the units cannot be reliably determined. The Consolidated Entity does not intend to dispose of its interest in GasNet A Trust.

b) Financial assets carried at fair value relate to APA Group's 19.9% investment in Energy Infrastructure Investments Pty Ltd where Australian Pipeline Limited (APL), as Responsible Entity for APTIT, acquired the redeemable ordinary shares. This investment is classified as fair value through profit or loss.

c) Available-for-sale investments reflect a 6% unitholding in Ethane Pipeline Income Financing Trust.

Financial assets are classified into the following specified categories: 'available-for-sale' financial assets, 'loans and receivables' and 'fair value through profit or loss'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period.

Fair value through profit or loss

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Available-for-sale financial assets

Financial assets classified as being available-for-sale are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale investment revaluation reserve.

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

Receivables and loans

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

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after initial recognition of the financial asset, the estimated future cash flows of the investment have been adversely impacted.

10. Financial risk management

The Treasury department within Finance is responsible for the overall management of the Consolidated Entity's capital raising activities, liquidity, lender relationships and engagement, debt portfolio management, interest rate and foreign exchange hedging, credit rating maintenance and third party indemnities (bank guarantees) within risk management parameters reviewed by the Board. The Audit and Risk Management Committee approves written principles for overall risk management, as well as policies covering specific areas such as liquidity and funding risk, foreign currency risk, interest rate risk, credit risk, contract and legal risk and operational risk. The Consolidated Entity's Board of Directors ensures there is an appropriate Risk Management Policy for the management of treasury risk and compliance with the policy through monthly reporting from the Treasury department.

The Consolidated Entity's activities generate financial instruments comprising of cash, receivables, payables and interest bearing liabilities which expose it to various risks as summarised below:

a) Market risk including currency risk, interest rate risk and price risk;

b) Credit risk; and

c) Liquidity risk.

Treasury as a centralised function provides the Consolidated Entity with the benefits of efficient cash utilisation, control of funding and its associated costs, efficient and effective management of aggregated financial risk and concentration of financial expertise, at an acceptable cost, and minimises risks through the use of natural hedges and derivative instruments. The Consolidated Entity does not engage in speculative trading. All derivatives have been traded to hedge underlying or existing exposures and have adhered to the Board approved Treasury Risk Management Policy.

CAPITAL MANAGEMENT

10. Financial risk management (continued)

a) Market risk

The Consolidated Entity's activities exposure is primarily to the financial risk of changes in interest rates and price risk from its investment in Ethane Pipeline Income Financing Trust. There has been no change to the Consolidated Entity's exposure to market risk or the manner in which it manages and measures the risk from the previous period.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates on loans with related parties. A 100 basis points increase or decrease is used and represents management's assessment of the greatest possible change in interest rates. At reporting date, if interest rates had been 100 basis points higher or lower and all other variables were constant, the Consolidated Entity's net profit would increase by $3,335,000 or decrease by $1,090,000 (2014: increase by $1,145,000 or decrease by $1,090,000 respectively). This is mainly attributable to the Consolidated Entity's exposure to interest rates on its variable rate inter-entity balances and the fair value movement on the ROS. The sensitivity has increased due to higher inter-entity balances resulting in interest income sensitivity which is greater than the ROS sensitivity.

Price sensitivity

The sensitivity analysis below has been determined based on the exposure to price risks at the reporting date. At the reporting date, if the prices of the Consolidated Entity's investment in Ethane Pipeline Income Financing Trust had been 5 percent p.a. higher or lower:

— net profit would have been unaffected as the investment is classified as available-for-sale and no investments were disposed of or impaired (2014: $nil); and

— equity reserves would decrease/increase by $1,000 (2014: $32,000), due to the changes in the fair value of the available-for-sale investment.

The Consolidated Entity's analysis of its exposure to price risk from its investment has declined during the current period compared to the prior period. This outcome is largely a result of the decrease in the price volatility, relative to the market, of the investment in the stapled security of Ethane Pipeline Income Financing Trust.

b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or bank guarantees where appropriate as a means of mitigating any risk of loss. For financial investments or market risk hedging, the Consolidated Entity's policy is to only transact with counterparties that have a credit rating of A – (Standard & Poor's)/A3 (Moody's) or higher unless specifically approved by the Board. Where a counterparty's rating falls below this threshold following a transaction(s), no other transaction(s) can be executed with that counterparty until the exposure is sufficiently reduced or their credit rating is upgraded above the Consolidated Entity's minimum threshold. The Consolidated Entity's exposure to financial instrument and deposit credit risk is closely monitored against counterparty credit limits imposed by the Treasury Risk Management Policy approved by the Board. These limits are regularly reviewed by the Board.

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

c) Liquidity risk

The Consolidated Entity's exposure to liquidity risk is limited to trade payables of $49,000 (2014: $11,000), all of which are due in less than 1 year (2014: less than 1 year).

d) Fair value of financial instruments

The Consolidated Entity has financial instruments that are carried at fair value in the statement of financial position. The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the Consolidated Entity determines fair value by using various valuation models. The objective of using a valuation technique is to establish the price that would be received to sell an asset or paid to transfer a liability between market participants. The chosen valuation models make maximum use of market inputs and rely as little as possible on entity specific inputs. The fair values of all positions include assumptions made as to the recoverability based on the counterparty's and the Consolidated Entity's credit risk.

Fair value measurements recognised in the statement of financial position

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

— Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

— Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

— Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between the levels during 2015 (2014: none). Transfers between levels of the fair value hierarchy occur at the end of the reporting period. Transfers between level 1 and level 2 are triggered when there are quoted prices available in active markets. Transfers into level 3 are triggered when the observable inputs become no longer observable, or vice versa for transfer out of level 3.

CAPITAL MANAGEMENT

10. Financial risk management (continued)
d) Fair value of financial instruments (continued)

Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis
The fair values of financial assets and financial liabilities are measured at the end of each reporting period and determined as follows:

Available-for-sale listed equity securities
— the fair values of available-for-sale financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
— these instruments are classified in the fair value hierarchy at level 1.

Unlisted redeemable ordinary shares
The financial statements include redeemable ordinary shares ("ROS") held in an unlisted entity which are measured at fair value (Note 9). The fair market value of the ROS is derived from a binomial tree model, which includes some assumptions that are not able to be supported by observable market prices or rates. The model maps different possible valuation paths of three distinct components:
— value of the debt component;
— value of the ROS discretionary dividends; and
— value of the option to convert to ordinary shares.

In determining the fair value, the following assumptions were used:
— the risk adjusted rate for the ROS is estimated as the required rate of return based on projected cash flows to equity at issuance assuming the ROS price at issuance ($0.99) and the ordinary price at issuance ($0.01) are at their fair value;
— the risk free rate of return is 2.13% (2014: 2.93%) per annum and is based upon an interpolation of the three and five year Government bond rates at the valuation date;
— the ROS discretionary dividends are estimated based on an internal forecasted cash flow model;
— the value of the option to convert is deemed to be zero (2014: zero). For conversion to occur, a number of conditions must be met. At the reporting date, it was deemed highly unlikely these conditions would occur based on an internal forecasting model; and
— these instruments are classified in the fair value hierarchy at level 3.

The fair value is impacted by the following unobservable inputs:
— an increase in the discount rate will result in a decrease in the fair value;
— an increase in discretionary dividends will result in a increase in the fair value; and
— meeting conditions to trigger the conversion of the option would result in an increase in the fair value.

Fair value hierarchy

2015	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Financial assets measured at fair value (Note 9)				
Available-for-sale listed equity securities				
Ethane Pipeline Income Fund	**2,511**	**-**	**-**	**2,511**
Unlisted redeemable ordinary shares				
Energy Infrastructure Investments	**-**	**-**	**34,765**	**34,765**
	2,511	**-**	**34,765**	**37,276**
2014				
Financial assets measured at fair value (Note 9)				
Available-for-sale listed equity securities				
Ethane Pipeline Income Fund	1,522	–	–	1,522
Unlisted redeemable ordinary shares				
Energy Infrastructure Investments	–	–	34,427	34,427
	1,522	–	34,427	35,949

Reconciliation of Level 3 fair value measurements of financial assets

	Fair value through Profit or Loss	
	2015 $000	2014 $000
Opening balance	**34,427**	34,807
Total gains or losses:		
– in profit or loss: Interest – related parties	**3,522**	4,245
– in profit or loss: (Loss)/gain on financial asset held at fair value through profit or loss	**70**	(342)
Distributions	**(3,254)**	(4,283)
Closing balance	**34,765**	34,427

CAPITAL MANAGEMENT

11. Issued capital

	2015 $000	2014 $000
1,114,307,369 units, fully paid (2014: 835,750,807 units, fully paid) [a]	**1,005,086**	576,172

	2015 No. of units 000	2015 $000	2014 No. of units 000	2014 $000
Movements				
Balance at beginning of financial year	**835,751**	**576,172**	835,751	578,780
Issue of units under entitlement offer	**278,556**	**438,351**	–	–
Capital distributions paid (Note 6)	**-**	**-**	–	(2,608)
Issue cost of units	**-**	**(9,437)**	–	–
Balance at end of financial year	**1,114,307**	**1,005,086**	835,751	576,172

a) Fully paid units carry one vote per unit and carry the right to distributions. New units issued under the entitlement offer were not eligible for the FY2015 interim distribution, but otherwise rank equally with existing units from allotment.

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

GROUP STRUCTURE

12. Subsidiaries

		Ownership interest	
Name of entity	Country of registration	2015 %	2014 %
Parent entity			
APT Investment Trust			
Controlled entity			
GasNet Australia Investments Trust	Australia	**100**	100

OTHER

13. Commitments and contingencies

The Consolidated Entity had no material contingent assets, liabilities and commitments as at 30 June 2015 and 30 June 2014.

14. Director and senior executive remuneration

Directors remuneration

The aggregate remuneration made to Directors of the Consolidated Entity is set out below:

	2015 $	2014 $
Short-term employment benefits	**1,268,500**	1,181,281
Post-employment benefits	**132,105**	119,735
Total Remuneration: Non-Executive Directors	**1,400,605**	1,301,016
Short-term employment benefits	**3,109,447**	2,868,962
Post-employment benefits	**35,000**	25,000
Cash settled security-based payments	**1,564,212**	1,301,316
Total Remuneration: Executive Director [a]	**4,708,659**	4,195,278
Total Remuneration: Directors	**6,109,264**	5,496,294

Senior executive remuneration [a]

The aggregate remuneration made to senior executives of the Consolidated Entity is set out below:

	2015 $	2014 $
Short-term employment benefits	**9,977,891**	9,060,314
Post-employment benefits	**258,778**	192,775
Cash settled security-based payments	**4,242,640**	3,410,484
Retention award	**430,666**	550,667
	14,909,975	13,214,240

a) The remuneration for the Chief Executive Officer and Managing Director, Michael McCormack, is also included in the remuneration disclosure for senior executives.

OTHER

15. Remuneration of external auditor

	2015 $	2014 $
Amounts received or due and receivable by Deloitte Touche Tohmatsu for:		
Auditing the financial report	**11,211**	12,322

16. Related party transactions

Equity interest in related parties
Details of the percentage of ordinary securities held in subsidiaries are disclosed in Note 12.

Responsible Entity – Australian Pipeline Limited
The Responsible Entity is wholly owned by APT Pipelines Limited (2014: 100% owned by APT Pipelines Limited).

Transactions with related parties within the Consolidated Entity
During the financial year, the following transactions occurred between the Trust and its other related parties:

— loans advanced and payments received on long-term inter-entity loans; and
— payments of distributions.

All transactions between the entities that comprise the Consolidated Entity have been eliminated on consolidation.

Refer to Note 12 for details of the entities that comprise the Consolidated Entity.

Transactions with other related parties
APTIT and its controlled entities have a number of loan receivable balances with another entity in APA. These loans have various terms; however, they can be repayable on agreement of the parties. Interest is recognised by applying the effective interest method, agreed between the parties at the end of each month and is determined by reference to market rates.

The following balances arising from transactions between APTIT and its other related parties are outstanding at reporting date:

— current receivables totalling $701,000 are owing from a subsidiary of APT for amounts due under a finance lease arrangement (2014: $670,000);
— non-current receivables totalling $9,951,000 are owing from a subsidiary of APT for amounts due under a finance lease arrangement (2014: $10,623,000); and
— non-current receivables totalling $876,911,000 (2014: $440,633,000) are owing from a subsidiary of APT for amounts due under inter-entity loans.

Australian Pipeline Limited
Management fees of $820,000 (2014: $753,000) were paid to the Responsible Entity as reimbursement of costs incurred on behalf of APTIT. No amounts were paid directly by APTIT to the Directors of the Responsible Entity.

Australian Pipeline Trust
Management fees of $820,000 (2014: $753,000) were reimbursed by APT.

17. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information below, are the same as those applied in the consolidated financial statements.

	2015 $000	2014 $000
Financial position		
Assets		
Current assets	**701**	670
Non-current assets	**1,031,517**	594,584
Total assets	**1,032,218**	595,254
Liabilities		
Current liabilities	**49**	11
Total liabilities	**49**	11
Net assets	**1,032,169**	595,243
Equity		
Issued capital	**1,005,086**	576,172
Retained earnings	**26,488**	19,465
Reserves		
Available-for-sale investment revaluation reserve	**595**	(394)
Total equity	**1,032,169**	595,243
Financial performance		
Profit for the year	**46,348**	38,706
Other comprehensive income	**989**	(861)
Total comprehensive income	**47,337**	37,845

OTHER

17. Parent entity information (continued)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
No guarantees have been entered into by the parent entity in relation to the debts of its subsidiaries.

Contingent liabilities of the parent entity
No contingent liabilities have been identified in relation to the parent entity.

18. Leases

	2015 $000	2014 $000
Finance leases		
Leasing arrangements – receivables		
Finance lease receivables relate to the lease of a pipeline lateral.		
There are no contingent rental payments due.		
Finance lease receivables		
Not longer than 1 year	**1,167**	1,167
Longer than 1 year and not longer than 5 years	**4,669**	4,669
Longer than 5 years	**8,171**	9,338
Minimum future lease payments receivable [a]	**14,007**	15,174
Gross finance lease receivables	**14,007**	15,174
Less: unearned finance lease receivables	**(3,386)**	(3,912)
Present value of lease receivables	**10,621**	11,262
Included in the financial statements as part of:		
Current receivables (Note 7)	**670**	639
Non-current receivables (Note 7)	**9,951**	10,623
	10,621	11,262

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

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

Consolidated Entity as lessor
Amounts due from a lessee under a finance lease are recorded as receivables. Finance lease receivables are initially recognised at the amount equal to the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term. Finance lease receipts are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

19. Adoption of new and revised Accounting Standards

a) Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)
There has not been any new or revised Standards and Interpretations issued by the AASB that are relevant to the consolidated entity's operations that would be 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 on issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
— AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
— AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017 [a]	30 June 2018 [a]

a) The International Accounting Standards Boards has deferred the implementation to periods commencing on or after 1 January 2018. This deferral is expected to be adopted by the AASB in due course.

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

20. Events occurring after reporting date

On 26 August 2015, the Directors declared a final distribution for the 2015 financial year of 2.38 cents per unit ($26.5 million). The distribution represents a 2.38 cents per security unfranked profit distribution and nil cents per security capital distribution. The distribution will be paid on 16 September 2015.

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

DECLARATION BY THE DIRECTORS OF AUSTRALIAN PIPELINE 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 APT Investment Trust will be able to pay its debts as and when they become due and payable;

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

c) in the Directors' opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards as stated in Note 2 to the financial statements; and

d) the Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

On behalf of the Directors

Leonard Bleasel AM	Robert Wright
Chairman	**Director**

Sydney, 26 August 2015

AUDITOR'S INDEPENDENCE DECLARATION

To Australian Pipeline Limited as responsible entity for APT Investment Trust

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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

26 August 2015

Dear Directors

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

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

As lead audit partner for the audit of the financial statements of APT Investment Trust for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrew Griffiths

A V Griffiths
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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

We have audited the accompanying financial report of APT Investment Trust, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the Trust and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 82 to 95.

Directors' Responsibility for the Financial Report

The directors of Australian Pipeline Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

Deloitte.

Auditor's Independence Declaration

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

Opinion

In our opinion:

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

  (i) giving a true and fair view of the consolidated entity'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*; and

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrew Griffiths

A V Griffiths
Partner
Chartered Accountants
Sydney, 26 August 2015

ADDITIONAL INFORMATION

Additional information required by the Listing Rules of the 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	%
National Nominees Limited	228,985,072	20.55
HSBC Custody Nominees (Australia) Limited	218,902,199	19.64
J P Morgan Nominees Australia Limited	98,269,153	8.82
Citicorp Nominees Pty Limited	69,494,944	6.24
Custodial Services Limited	21,038,636	1.89
BNP Paribas Noms Pty Ltd	17,547,046	1.57
Australian Foundation Investment Company Limited	10,340,000	0.93
Argo Investments Limited	10,277,940	0.92
AMP Life Limited	6,133,185	0.55
BKI Investment Company Limited	3,414,452	0.31
RBC Dexia Investor Services Australia Nominees Pty Limited	3,405,162	0.31
Bond Street Custodians Limited	3,385,804	0.30
UBS Wealth Management Australia Nominees Pty Ltd	3,067,683	0.28
Milton Corporation Limited	2,023,727	0.18
SBN Nominees Pty Limited	2,000,000	0.18
Questor Financial Services Limited	1,827,788	0.16
Invia Custodian Pty Limited	1,718,530	0.15
Navigator Australia Limited	1,670,256	0.15
Investment Custodial Services	1,533,105	0.14
Sandhurst Trustees Limited	1,488,670	0.13
Total for Top 20	**706,523,352**	**63.40**

Distribution of holders

Ranges	No. of holders	%	No. of securities	%
100,001 and Over	189	0.24	740,400,772	66.45
10,001 to 100,000	9,831	12.37	198,046,632	17.77
5,001 to 10,000	11,890	14.96	84,915,467	7.62
1,001 to 5,000	30,530	38.40	80,204,181	7.20
1 to 1000	27,058	34.03	10,740,317	0.96
Total	**79,498**	**100.00**	**1,114,307,369**	**100.00**

2,104 holders hold less than a marketable parcel of securities (market value less than $500 or 58 securities based on a market price on 31 August 2015 of $8.77).

Substantial holders

By notice dated 23 January 2015, National Nominees as Custodian for UniSuper Ltd advised that it had an interest in 106,284,132 ordinary securities.

Voting rights

On a show of hands, each holder has one vote.

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

On-market buy-back

There is no current on-market buy-back.

INVESTOR INFORMATION

CALENDAR OF EVENTS

Final distribution FY2015 record date	30 June 2015
Final distribution FY2015 payment date	16 September 2015
Annual meeting	22 October 2015
Interim result announcement	24 February 2016 [1]
Interim distribution FY2016 record date	31 December 2015 [1]
Interim distribution FY2016 payment date	16 March 2016 [1]

1. Subject to change.

ANNUAL MEETING DETAILS

Date:
Thursday, 22 October 2015

Venue:
City Recital Hall,
Angel Place,
Sydney NSW

Time:
10.30am
Registration commences at 10.00am

ASX LISTING

An APA Group security comprises a unit in Australian Pipeline Trust and a unit in APT Investment Trust. These units are stapled together to form a stapled security which is listed on the ASX (ASX Code: APA). Australian Pipeline Limited is the Responsible Entity of those trusts.

APA GROUP RESPONSIBLE ENTITY AND REGISTERED OFFICE

Australian Pipeline Limited
ACN 091 344 704

Level 19, 580 George Street,
Sydney NSW 2000

PO Box R41,
Royal Exchange NSW 1225

Telephone: +61 2 9693 0000
Facsimile: +61 2 9693 0093
Website: apa.com.au

APA GROUP REGISTRY

Link Market Services Limited
Level 12, 680 George Street,
Sydney NSW 2000

Locked Bag A14,
Sydney South NSW 1235

Telephone: +61 1800 992 312
Facsimile: +61 2 9287 0303
Email: apagroup@linkmarketservices.com.au

Website: linkmarketservices.com.au

SECURITYHOLDER DETAILS

It is important that Securityholders notify the APA Group registry immediately if there is a change to their address or banking arrangements. Securityholders with enquiries should also contact the APA Group registry.

DISTRIBUTION PAYMENTS

Distributions will be paid semi-annually in March and September. Securityholders will receive annual tax statements with the final distribution in September. Payment to Securityholders residing in Australia and New Zealand will be made only by direct credit into an Australian or New Zealand bank account. Secrurityholders with enquires should contact the APA Group registry.

ONLINE INTERACTIVE REPORTS

APA Group's 2015 Annual Report, Annual Review and Sustainability Report are available in an easy to view interactive format at apa.com.au.

ONLINE INFORMATION

Further information on APA is available at apa.com.au, including:

- Results, market releases and news
- Asset and business information
- Corporate responsibility and sustainability reporting
- Securityholder information such as the current APA security price, distribution and tax information.

ELECTRONIC COMMUNICATION

Securityholders can elect to receive communication from APA electronically by registering their email address with the APA Group registry. Electing to receive annual reports electronically will reduce the adverse impact we have on the environment.

APA.COM.AU

DEAR SECURITYHOLDERS

The 2015 financial year was a year of accomplishments for APA, delivering solid results and positioning our business for continued growth. Our business is about connecting gas resources to gas markets. This year saw exceptional levels of activity in the completion and commissioning of various projects and our largest acquisition to date – the Wallumbilla Gladstone Pipeline[1].

DELIVERING RESULTS

We extended our track record of delivering strong and predictable earnings growth, which validates the strength and value of APA's portfolio of interconnected assets and service offerings and APA's business strategy.

On a statutory basis, earnings before interest, tax, depreciation and amortisation ("EBITDA") was up 69.9 per cent to $1,269.5 million; net profit after tax was up 62.9 per cent to $559.9 million; and operating cashflow increased by 30.3 per cent to $562.2 million. Excluding significant items which mainly related to profit booked on the sale of our investment in Australian Gas Networks (formerly Envestra) during the 2015 financial year, APA's normalised results were also strong, reflecting solid organic growth across the business – EBITDA on a continuing basis was up 17.8 per cent to $821.3 million; net profit after tax was $203.9 million, up 2.1 per cent; and operating cashflow increased 23.9 per cent to $545.0 million.

The Board declared a final distribution of 20.5 cents per security for the 2015 financial year, in line with previous guidance. This brought total distributions for the year to 38.0 cents per security, an increase of 4.8 per cent on the previous year. Consistent with our policy, the distributions are fully funded by normalised operating cash flow with a payout ratio for the period of 68.8 per cent. APA's long-standing and demonstrated reliable business model is designed to provide a safe investment without giving up growth and strong returns.

This reliability and predictability has translated directly into consistent and superior returns for our Securityholders regardless of market cycles. Since listing in 2000, APA has delivered a compound total securityholder return of 19.2 per cent per annum.

POSITIONED FOR GROWTH

We now own and/or operate around $19 billion of midstream energy assets, and we continue to leverage this unparalleled infrastructure footprint to seek attractive capital investment opportunities to further grow the business through organic expansion and acquisitions.
A key element of our strategy is to grow sustainably whilst maintaining our balance sheet strength, and therefore long term contracts with creditworthy customers underpin our projects.

A highlight of the year was the US$4.6 billion acquisition of the Wallumbilla Gladstone Pipeline ("WGP"), completed in June 2015. Not only does the 556 kilometre pipeline significantly enhance APA's total portfolio giving APA access to the growing LNG export market in Gladstone, it also extends the reach of APA's gas superhighway, the East Coast Grid to over 7,500 kilometres.

In addition, APA also spent close to $400 million on capital expenditure projects that included expansions in New South Wales, Victoria, Queensland and Western Australia. The Eastern Goldfields Pipeline, APA's newest greenfield pipeline project, is well underway in Western Australia. The 293 kilometre pipeline will connect with two other APA pipelines and commissioning is scheduled prior to January 2016. Further underwritten expansion of the Victorian-New South Wales Interconnect will be completed by the middle of calendar year 2016 and, combined with recent expansions on this pipeline, will result in trebling the capacity over three years.

We're often asked – "What's next for APA and how can we keep growing?" We've always taken a long term view of our business, planting seeds along the way for future growth, either from organic growth projects such as the pipeline expansions I've referred to or from mergers and acquisitions such as the WGP. Another opportunity is the NT Link, the potential link between APA's pipeline in the Northern Territory with our East Coast Grid. We commenced a feasibility study in early 2014, prior to the Northern Territory Government announcing its own competitive process. APA is one of four shortlisted bidders in the government process with an outcome expected to be announced later this year.

FINANCIAL STRENGTH AND FLEXIBILITY

Our balance sheet remains strong and we continue to maintain our two investment credit ratings which are integral to our strategy of accessing a broad range of global debt capital markets. To help fund the WGP acquisition, during the financial year we raised US$3.7 billion of overseas debt and $1.8 billion of equity through the accelerated renounceable entitlement offer, issuing a total of 278,556,562 new securities. We are particularly grateful to APA Securityholders for their confidence in the acquisition, demonstrated through your strong support for this offer. APA remains well positioned to fund its planned organic growth activities from available cash and committed resources.

OUTLOOK

There's a lot to be excited about at APA. We're well positioned for continued growth and, on a continuing business basis, we expect EBITDA for financial year 2016 to be within the range of $1,275 million to $1,310 million including a full year contribution from the WGP. The distribution per security is expected to be at least equal to the 38.0 cents per security paid in the 2015 financial year.

Thank you for your ongoing support. I look forward to reporting the half year results to you in March 2016.

Len Bleasel AM
APA Group Chairman

APA Group

1. Formerly named QCLNG Pipeline and renamed by APA on acquisition.

FINANCIAL RESULTS

	2015 Normalised [1] $ million	2014 Normalised [1] $ million	Change Normalised [1] %	**2015 Statutory $ million**	2014 Statutory $ million	Change Statutory %
Revenue	**1,553.6**	1,396.0	11.3	**1,553.6**	1,396.0	11.3
Revenue excluding pass-through [2]	**1,119.2**	992.5	12.8	**1,119.2**	992.5	12.8
EBITDA	**822.3**	747.3	10.0	**1,269.5**	747.3	69.9
Profit after tax and non-controlling interests	**203.9**	199.6	2.1	**559.9**	343.7	62.9
Operating cash flow [3]	**545.0**	439.7	23.9	**562.2**	431.5	30.3
FINANCIAL POSITION						
Total assets	**14,652.9**	7,972.5	83.8	**14,652.9**	7,972.5	83.8
Total drawn debt [4]	**8,642.8**	4,789.4	80.5	**8,642.8**	4,789.4	80.5
Total equity	**4,382.7**	2,496.5	75.6	**4,382.7**	2,496.5	75.6
FINANCIAL RATIOS						
Operating cash flow per security (cents) [5]	**54.8**	50.8	7.9	**56.5**	49.8	13.5
Earnings per security (cents) [5]	**20.5**	23.1	(11.3)	**56.3**	39.7	41.8
Distribution per security (cents)	**38.0**	36.3	4.8	**38.0**	36.3	4.8
Distribution payout ratio (%) [6]	**68.8**	68.9		**66.7**	70.2	
Gearing (net debt plus equity) (%)	**63.4**	64.2				
Interest cover ratio (times)	**2.6**	2.3				

Wallumbilla Gas Pipeline delivery station into QGC's Curtis Island LNG facility

KEY 2015 ACTIVITIES

GOLDFIELDS GAS PIPELINE EXPANSION

Commenced in 2012, the final phase in this project was completed during the first half of FY2015 with commencement of operations at the new dual unit Turee Creek compressor. Pipeline capacity has increased a total of 28% with the expansion works undertaken on behalf of mining operations in the Pilbara.

NT LINK

Continued the feasibility study committed to in FY2014.

APA is 1 of 4 shortlisted bidders by the Northern Territory Government.

DIAMANTINA AND LEICHHARDT POWER STATIONS

Completed construction of both power stations which are now fully operational.

WALLUMBILLA GLADSTONE PIPELINE

$6 billion acquisition completed and contributing EBITDA.

BERWYNDALE WALLUMBILLA PIPELINE

Completed bi-directional capability.

WALLUMBILLA COMPRESSION

3 new compressors added.

SOUTH WEST QUEENSLAND PIPELINE

Completed bi-directional capability.

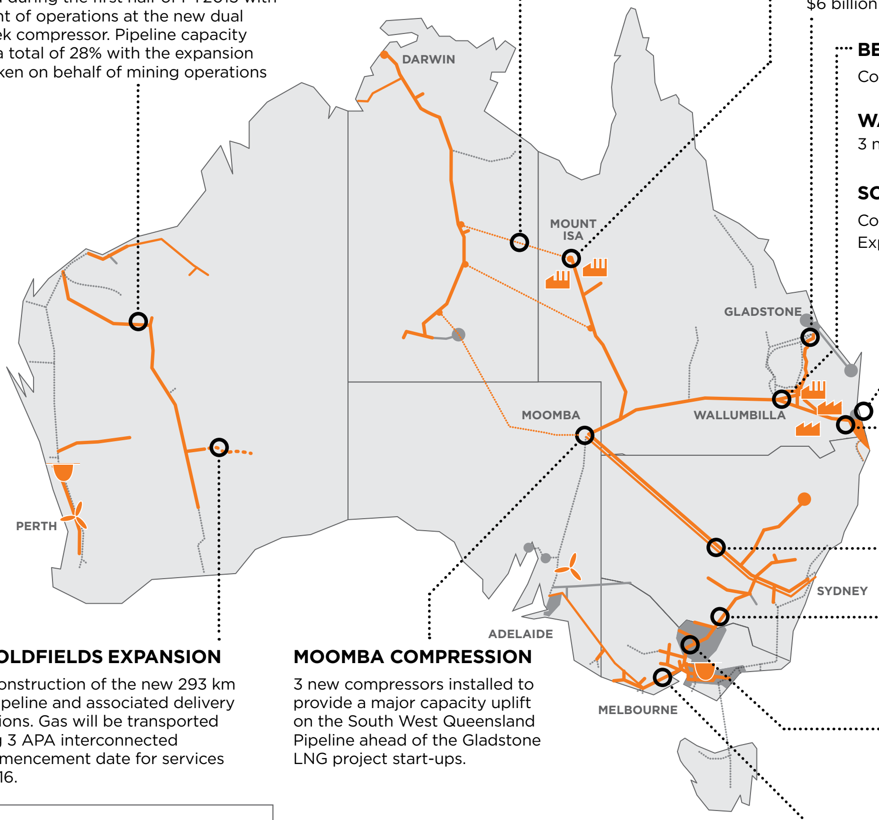
Expansion projects support the bourgeoning LNG market.

INTEGRATED OPERATIONS CENTRE (IOC)

Opened the national IOC, centralising APA's commercial, technical and operational resources.

ROMA BRISBANE PIPELINE

Bi-directional capability due for completion 1Q FY2016 and in-pipe storage services will provide flexibility to customers



MOOMBA SYDNEY PIPELINE

Bi-directional capability due for completion 1Q FY2016 and in-pipe storage services will provide flexibility to customers.

MOOMBA SYDNEY PIPELINE SOUTHERN LATERAL

Completed installation of a third compressor at Culcairn to increase capacity.

EASTERN GOLDFIELDS EXPANSION

Commenced construction of the new 293 km transmission pipeline and associated delivery and meter stations. Gas will be transported 1,500 km along 3 APA interconnected pipelines. Commencement date for services is 1 January 2016.

MOOMBA COMPRESSION

3 new compressors installed to provide a major capacity uplift on the South West Queensland Pipeline ahead of the Gladstone LNG project start-ups.

VICTORIAN NORTHERN INTERCONNECT (VNI) EXPANSION

Enhanced capacity by looping 162 km of the VNI. A fourth multi-service agreement was announced in July 2015 which will require further expansion of the VNI.

VICTORIAN TRANSMISSION SYSTEM

Various capex projects as prescribed by access arrangements.

Constructed a new compressor station at Winchelsea on APA's South West Pipeline.

APA Group assets and investments
Under construction
Potential pipeline link
Assets operated by APA (not owned)
Other pipelines

Notes: Numbers in the table may not add up due to rounding.

1. Normalised financial results exclude significant items.
2. Pass-through revenue is revenue on which no margin is earned. Pass-through revenue arises in the asset management operations in respect of costs incurred in, and passed on to Australian Gas Networks Limited ("AGN", formerly Envestra Limited) and GDI in respect of, the operation of the AGN and GDI assets respectively.
3. Operating cash flow = net cash from operations after interest and tax payments.
4. APA's liability to repay debt at relevant due dates of the drawn facilities. This amount represents current and non-current borrowings as per balance sheet and is adjusted for deferred borrowing costs, the effect of unwinding of discount, unrealised foreign exchange differences reported in equity and deducting other financial liabilities that are reported as part of borrowings in the balance sheet.
5. Between 23 December 2014 and 28 January 2015, APA issued a total of 278,556,562 new ordinary securities, resulting in total securities on issue as at 30 June 2015 of 1,114,307,369. The issue was offered at $6.60 per security, a discount to APA's closing market price of $7.67 per security on 9 December 2014, the last trading day before the record date of the entitlement offer of 15 December 2014. The weighted average number of securities for the current and prior period (FY2014) has been adjusted in accordance with the accounting principles of AASB 133: 'Earnings per Share', for the discounted rights issue.
6. Distribution payout ratio = total distribution payments as a percentage of normalised operating cash flow.