



AUSTRALIAN PIPELINE LTD
 ACN 091 344 704

AUSTRALIAN PIPELINE TRUST
 ARSN 091 678 778

APT INVESTMENT TRUST
 ARSN 115 585 441

DEAR SECURITYHOLDERS

The 2011 financial year has continued our history of strong performance, both financially and operationally. We continue to focus on our core strategy of expanding our energy infrastructure portfolio and enhancing its underlying value, Australia-wide. Our profitable and sustainable growth has delivered another solid performance this year and underpinned our ability to continue generating value for investors.

I am also very proud of APA's people for their immediate and effective response to the challenges faced during the floods and cyclone in Queensland and northern NSW earlier this year. Their skills, ingenuity and attitude contributed to the safety of, and minimisation of disruption to gas supply to affected communities, as well as delivering timely repair of our affected assets.

SOLID PERFORMANCE

APA's solid financial result was delivered through a combination of recent expansions on our existing pipeline network, growth in gas volumes and growth in our investment portfolio. Additionally, the geographic diversity of our business and assets contributed to the consistent financial performance.

Operating cash flow of \$290 million was 8 per cent above the previous year. Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 7 per cent to \$492 million. This result included a \$424 million contribution from the Energy Infrastructure businesses – primarily our gas transmission and distribution assets – up 4 per cent on the previous year. Our east coast assets performed well, offsetting the reduction in income arising from reduced regulatory tariffs on the Goldfields Gas Pipeline in Western Australia. Increased fees and additional third party work generated a 20 per cent increase in EBITDA from our Asset Management business, to \$39 million. Our Energy Investments delivered a 42 per cent increase in EBITDA to \$27 million, driven by increased interests in, as well as improved performance of these investments.

INCREASING VALUE FOR OUR SECURITYHOLDERS

We maintain our primary objective of maximising value to our securityholders. APA increased its distributions for the seventh consecutive year, with a final distribution of 17.9 cents per security – taking the total distribution per security for the 2011 financial year to 34.4 cents. Strong operating cash flow has again ensured the distribution is well covered by cash, with operating cash flow per security of 52.6 cents. This year, APA delivered a total securityholder return of 23 per cent.¹ In our eleven year history, returns have averaged 16 per cent

per annum, outperforming the broader market and utility peers. Proudly, we have never reduced our distribution to securityholders.

SUSTAINABLE AND PROFITABLE GROWTH

2011 was an exciting year for APA, converting many opportunities into profitable projects. Our Australia-wide presence allows us to expand and enhance our pipelines and networks to match the increasing demand for gas. With carbon-reducing policies ultimately favouring the use of gas, in particular gas-fired electricity generation, gas use in Australia is forecast to double within 20 years.² In addition, gas-fired generation is used to support the increasing investment in renewable and clean energy solutions such as wind and solar. APA is well positioned to respond to our customers' requirements in this growing energy market.

This year we spent \$498 million expanding our portfolio and increasing our investments. Specifically, this included the capacity expansion and extension of our pipelines in response to our customers' growing requirements, in:

- Queensland – completion of a new lateral on the Roma Brisbane Pipeline and continued expansion of APA Gas Network;
- New South Wales – completion of the Young Wagga looping project which provides additional gas transportation and storage capacity in the southern section of the Moomba Sydney Pipeline system; and
- Victoria – augmentation of the northern section of the Victorian Transmission System, increasing peak capacity of the system in northern Victoria as well as enhancing our capability to move gas between states.

In the Northern Territory, APA acquired the Amadeus Gas Pipeline which we had previously operated under a lease arrangement. The acquisition is underpinned by a long term gas transportation agreement with the Territory government's electricity provider.

We further increased our investment in Western Australia, acquiring the Emu Downs wind farm and bordering development site. Not only does Emu Downs have long term revenue agreements in place, but in the future we can combine our adjacent gas infrastructure with wind energy to provide both renewable and supporting gas generation for our customers in the region. This provides us with cash flow certainty as well as growth opportunities on our existing assets over the longer term.

Consistent with our investment strategy, we also increased our equity interest in the SEA Gas Pipeline, Envestra Limited and Hastings Diversified Utilities Fund.

WHAT'S IN THE PIPELINE?

As we have done in the past, APA will continue to grow the business profitably, deliver secure and reliable performance and pursue opportunities that enhance the value of the business.

Looking ahead we will continue with our ongoing expansion projects and commence a number of new projects for our customers. Included in the current project pipeline is the expansion of the Mondarra Gas Storage Facility in Western Australia. This facility's storage capacity will be expanded by more than five times to 15 PJ, a substantial part of which has already been contracted to the state's main electricity generator for a 20 year term.

In the east, we will increase the capacity of the Roma Brisbane Pipeline by 10 per cent, continue the 5 year expansion program of the Moomba Sydney Pipeline, further expand APA Gas Network into new housing areas south of Brisbane and continue to increase the capacity of the southern section of the Victorian Transmission System.

From an operations perspective, the upcoming year will see the rollout of major national initiatives to improve our customer management and finance systems, as well as enhanced operational excellence across both transmission and network operations.

Barring unforeseen circumstances, our guidance for the 2012 financial year is for EBITDA to increase to between \$530 million and \$540 million, primarily as a result of the additional cash flows from our growth expenditure and investment over the last couple of years. This is expected to support a distribution of at least the level of our total distributions in 2011, that is, at least 34.4 cents per security, while ensuring that our broader capital management objectives are met. Our results and guidance demonstrate APA's sustainable growth and intention to continue enhancing long term securityholder value.

Mick McCormack
 APA Group Managing Director and Chief Executive Officer

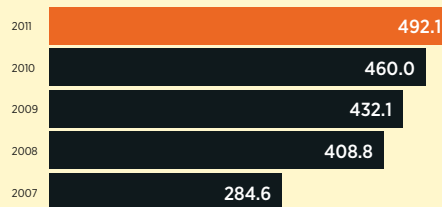
¹ Total securityholder return is the total return of a security to an investor that includes both capital gains and reinvested distributions
² ABARE, "Australian energy statistics – energy update 2011," June 2011 and "Australian energy projections to 2029-2030," March 2010

PERFORMANCE HIGHLIGHTS

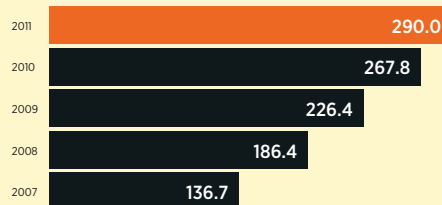
	2011 \$ million	2010 \$ million	Change %
FINANCIAL RESULTS			
Revenue	1,102.0	989.5	11.4
Revenue excluding pass-through ³	720.3	659.5	9.2
EBITDA	492.1	460.0	7.0
Profit after tax and minorities	108.5	100.4	8.1
Operating cash flow	290.0	267.8	8.3
FINANCIAL POSITION			
Total assets	5,428	4,982	9.0
Debt	3,240	3,157	2.6
Securityholders' equity	1,668	1,395	19.6
FINANCIAL RATIOS			
Operating cash flow per security (cents)	52.6	51.9	1.4
Earnings per security (cents)	19.7	19.4	1.3
Distribution per security (cents)	34.4	32.75	5.0
Distribution payout ratio	65.7%	64.4%	
Gearing (net debt to net debt plus equity)	66.2%	69.8%	
Interest cover ratio (times)	2.03	2.11	

³ Pass-through revenue is revenue on which no margin is earned

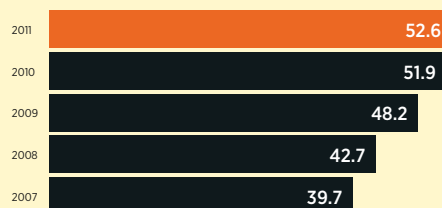
EBITDA (\$M) - includes significant items



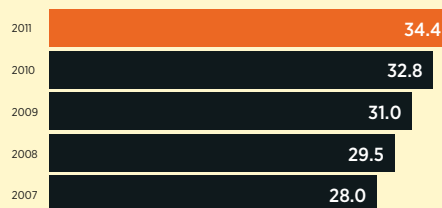
OPERATING CASH FLOW (\$M)



OPERATING CASH FLOW PER SECURITY (CENTS)



DISTRIBUTIONS PER SECURITY (CENTS)



EXPANDING OUR ASSETS AND INVESTMENTS

AMADEUS GAS PIPELINE

Acquired
(buy-out of the residual balance of the lease)

MONDARRA GAS STORAGE FACILITY

Completed initial design and assessment work
Commenced next stage of expansion

EMU DOWNS

Acquired wind farm and development site in support of gas infrastructure

SEA GAS PIPELINE - Increased to 50% interest

ENVESTRA - Increased to 33% interest

HDF - Increased to 19.4% interest

E112 - Completion of North Brown Hill wind farm (20.2% equity contribution)



Facilitating the development of gas-fired power generation in Mount Isa

ROMA BRISBANE PIPELINE

Completed lateral to industrial customer
Commenced major expansion project

APA GAS NETWORK

Continued expansion into new housing areas

MOOMBA SYDNEY PIPELINE

Continued mainline capacity expansion program
Completed compressor reconfiguration

Completed Young Wagga looping project

VICTORIAN TRANSMISSION SYSTEM

Completed northern section augmentation

Commenced ring main expansion

APA 2011 ANNUAL REPORT AND ANNUAL REVIEW ARE AVAILABLE ON OUR WEBSITE WWW.APA.COM.AU

APA Group

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