

**APT Investment Trust**  
**ASRN 115 585 441**

**Interim Financial Report**  
**For the Half Year Ended**  
**31 December 2007**

# **APT Investment Trust and its Controlled Entities**

## **Directors' Report**

### **For the Half Year Ended 31 December 2007**

The Directors of Australian Pipeline Limited ("APL" or "Responsible Entity") submit herewith the interim financial report of APT Investment Trust ("APTIT" or "Trust") and its controlled entities (together "Consolidated Entity") for the half year ended 31 December 2007. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

#### **Directors**

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

Mr L F Bleasel, AM (Chairman) (appointed Independent Non-Executive Director on 28 August 2007, appointed Chairman on 30 October 2007)

Mr M J McCormack (Managing Director)

Mr R A Higgins, AO

Mr M Muhammad

Mr R J Wright

Mr M Ratilal (appointed Independent Non-Executive Director on 31 July 2007)

Mr G H Bennett (Chairman, retired as of 30 October 2007)

Mr R M Gersbach (retired as of 1 February 2008)

#### **Alternate Directors**

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

Ms Wan Shamilah Saidi (alternate for Mr M Muhammad)

Mr Wan Zulkiflee Wan Ariffin (alternate for Mr M Ratilal)

#### **Secretary**

Mr A J V James, LLB

#### **Principal activities**

APTIT operates as an investment and financing entity within the Australian Pipeline Trust stapled group.

#### **Distributions**

The Directors have declared an interim distribution of 4.7 cents per security (\$21,542,000). The distribution comprises a 2.0 cent interest income distribution and a 2.7 cent capital distribution. The distribution will be paid on 28 March 2008.

#### **Review and Results of Operations**

APTIT reported net profit after tax of \$13,470,000 (2006: \$nil) for the half year ended 31 December 2007 on total revenue of \$13,474,000 (2006: \$nil).

As part of APA Group's acquisition of the Origin Energy Network Assets, APL as responsible entity for APTIT acquired Envestra loan notes and the Murrin Murrin lateral in Western Australia for \$32,689,000. APTIT has entered into an agreement to lease the Murrin Murrin lateral to a subsidiary of Australian Pipeline Trust.

# APT Investment Trust and its Controlled Entities

## Directors' Report

For the Half Year Ended 31 December 2007

### Significant Changes in State of Affairs

In the opinion of the directors of the Responsible Entity, no significant changes in the state of affairs of the Trust occurred during the period under review.

### Events Occurring after Reporting Date

Since the end of the period, the Directors of the Responsible Entity are not aware of any other matter or circumstance not otherwise dealt with in the half year financial report that has significantly affected or may significantly affect the operations of APTIT, the results of those operations or the state of affairs of APTIT in years subsequent to the period ended 31 December 2007.

### Directors' Holdings of Securities

The aggregate number of securities held directly, indirectly or beneficially by directors or their director-related entities at the date of this financial report is 299,996 (30 June 2007: 292,974).

### Responsible Entity's Holdings of Securities

No securities in the Trust are held by the Responsible Entity.

### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 13.

### Rounding off of Amounts

APTIT is an entity of the kind referred to in Australian Securities and Investments Commission Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in this report and the half year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

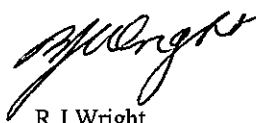
Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to section 306(3) of the Corporations Act 2001.

On behalf of the Directors



L F Bleasel  
Chairman

SYDNEY, 26 February 2008



R J Wright  
Director

**APT Investment Trust**  
**Condensed Consolidated Income Statement**

For the half year ended 31 December 2007

	Notes	31 Dec 2007 \$000	31 Dec 2006 \$000
<b>Continuing operations</b>			
Revenue	2	13,474	-
Expenses	2	(4)	-
<b>Profit before tax</b>		<u>13,470</u>	-
<b>Income tax expense</b>		<u>-</u>	-
<b>Profit for the year</b>		<u>13,470</u>	-
<b>Attributable to:</b>			
Equity holders of the parent		13,470	-
Minority interest		<u>-</u>	-
		<u>13,470</u>	-
<b>Earnings per security</b>			
Basic and diluted earnings per security (cents)	5	<u>3.1</u>	-

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

**APT Investment Trust**  
**Condensed Consolidated Balance Sheet**

As at 31 December 2007

	Notes	31 Dec 2007 \$000	30 Jun 2007 \$000
<b>Current assets</b>			
Receivables	6	475	-
<b>Total current assets</b>		<u>475</u>	<u>-</u>
<b>Non-current assets</b>			
Receivables	7	218,736	159,609
Other financial assets	8	142,362	138,646
<b>Total non-current assets</b>		<u>361,098</u>	<u>298,255</u>
<b>Total assets</b>		<u>361,573</u>	<u>298,255</u>
<b>Current liabilities</b>			
Trade and other payables		4	4
<b>Total liabilities</b>		<u>4</u>	<u>4</u>
<b>Net assets</b>		<u>361,569</u>	<u>298,251</u>
<b>Equity</b>			
Issued capital	4	361,050	298,251
Retained earnings		519	-
<b>Total equity</b>		<u>361,569</u>	<u>298,251</u>

The above balance sheet should be read in conjunction with the accompanying notes.

**APT Investment Trust**  
**Condensed Consolidated Statement of Changes in Equity**  
For the half year ended 31 December 2007

	Issued Capital \$000	Retained Earnings \$000	Minority Interest \$000	Total \$000
<b>2007:</b>				
Balance at 1 July 2007	298,251	-	-	298,251
Profit for the year	-	13,470	-	13,470
Issue of capital	71,433	-	-	71,433
Distribution	(8,634)	(12,951)	-	(21,585)
<b>Balance at 31 December 2007</b>	<b>361,050</b>	<b>519</b>	<b>-</b>	<b>361,569</b>
<b>2006:</b>				
Balance at 1 July 2006	3	-	-	3
Profit for the year	-	-	-	-
Issue of capital	302,000	-	-	302,000
Cancelled securities	(3)	-	-	(3)
Distribution	-	-	-	-
Minority interest on acquisition	-	-	22,050	22,050
<b>Balance at 31 December 2006</b>	<b>302,000</b>	<b>-</b>	<b>22,050</b>	<b>324,050</b>

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

**APT Investment Trust**  
**Condensed Consolidated Cash Flow Statement**  
For the half year ended 31 December 2007

	31 Dec 2007	31 Dec 2006
	\$000	\$000
<b>Cash flows from operating activities</b>		
Trust distribution - subsidiary	8,634	-
Capital distribution received - subsidiary	8,634	-
Capital distribution received - Envestra	5,677	-
Interest received - related parties	4,484	-
Finance lease receivable repayments	585	-
Interest paid	(4)	-
<b>Net cash provided by operating activities</b>	<u>28,010</u>	<u>-</u>
<b>Cash flows from investing activities</b>		
Acquisition of finance lease receivable	(15,084)	-
Payments for available for sale investments	(18,298)	-
Acquisition of subsidiary, net of cash acquired	271	(162,000)
Advances to related parties	(44,747)	(140,000)
<b>Net cash used in investing activities</b>	<u>(77,858)</u>	<u>(302,000)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of securities	71,433	302,000
Distributions to securityholders	(21,585)	-
<b>Net cash provided by financing activities</b>	<u>49,848</u>	<u>302,000</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	-	-
Cash and cash equivalents at the beginning of the financial period	-	-
<b>Cash and cash equivalents at the end of the financial period</b>	<u>-</u>	<u>-</u>

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

**APT Investment Trust**  
**Notes to the Financial Statements**  
For the half year ended 31 December 2007

<b>Note</b>	<b>Contents</b>
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5	Earnings Per Security
6	Current Receivables
7	Non-Current Receivables
8	Other Non-Current Financial Assets
9	Acquisition of Assets / Businesses
10	Contingent Liabilities and Contingent Assets
11	Subsequent Events

# **APT Investment Trust**

## **Notes to the Financial Statements**

For the half year ended 31 December 2007

### **1. SIGNIFICANT ACCOUNTING POLICIES**

#### **Statement of compliance**

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

#### **Basis of preparation**

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

APTIT 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 half year financial report are rounded to the nearest thousand dollars (\$000) unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the entity's 2007 annual financial report for the financial year ended 30 June 2007.

#### **Adoption of new and revised Accounting Standards**

In the current year, APTIT has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2007.

**APT Investment Trust**  
**Notes to the Financial Statements (continued)**

For the half year ended 31 December 2007

31 Dec 2007 31 Dec 2006  
 \$000 \$000

**2. PROFIT FROM OPERATIONS**

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

**REVENUE**

**Distributions**

Trust distribution - subsidiary

8,634 -

**Finance income**

Interest - related parties

4,484 -

Finance lease income - related party

356 -

4,840 -

**Total Revenue**

13,474 -

**EXPENSES**

Finance costs

4 -

**3. DISTRIBUTIONS**

**Recognised amounts:**

**Final distribution paid on 28 September 2007**

Profit distribution (a)

12,951 -

Capital distribution

8,634 -

21,585 -

**Unrecognised amounts:**

**Interim distribution payable on 28 March 2008 (2006: 30 March 2007)**

Profit distribution (a)

9,167 6,427

Capital distribution

12,375 6,428

21,542 12,855

(a) Profit distributions unfranked (2006: unfranked).

The interim distribution in respect of the financial year ending 30 June 2008 has not been recognised in this half year financial report because the distribution was not declared, determined or publicly recommended prior to 31 December 2007. The distribution will be paid on 28 March 2008.

**4. ISSUED CAPITAL**

31 Dec 2007 30 Jun 2007

\$000 \$000

Securities, fully paid

361,050 298,251

2007

No. of securities

000 \$000

**Movements:**

Balance at the beginning of the financial year

431,701 298,251

Security purchase plan

23,659 63,770

Issue of securities under Distribution Reinvestment Plan

2,984 7,759

Issue cost of securities

- (96)

Capital distributions paid

- (8,634)

**Balance at the end of the financial period**

458,344 361,050

**APT Investment Trust**  
**Notes to the Financial Statements (continued)**

For the half year ended 31 December 2007

**4. ISSUED CAPITAL (continued)**

	31 Dec 2006	30 Jun 2006
	\$000	\$000
Securities, fully paid	302,000	-

	2006	
	No. of securities	
	000	\$000

**Movements:**

Balance at the beginning of the financial year	-	-
Issue of securities (i)	428,514	302,000
<b>Balance at the end of the financial period</b>	<b>428,514</b>	<b>302,000</b>

(i) During December 2006, APA was restructured. As part of this restructure, APA made a return of capital of \$302,000,000 to its securityholders, who then simultaneously used this cash to subscribe for securities issued by APTIT.

**5. EARNINGS PER SECURITY**

	31 Dec 2007	31 Dec 2006
Basic and diluted earnings per security (cents)	3.1	-

	\$000	\$000
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The earnings and weighted average number of ordinary securities used in the calculation of basic and diluted earnings per security are as follows:

Net profit attributable to securityholders for calculating basic and diluted earnings per security (\$000)	13,470	-
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	No. of securities	
	000	000
Weighted average number of ordinary securities on issue used in the calculation of basic and diluted earnings per security	437,356	11,644

**6. CURRENT RECEIVABLES**

	31 Dec 2007	30 Jun 2007
	\$000	\$000
Finance lease receivable - related party	475	-

**7. NON-CURRENT RECEIVABLES**

Finance lease receivable - related party	14,381	-
Receivable from related party	204,355	159,609
	<b>218,736</b>	<b>159,609</b>

**8. OTHER NON-CURRENT FINANCIAL ASSETS**

Investment in controlled entity - at cost	-	-
Investment in subsidiary (note (i))	129,741	138,646
Available for sale investments carried at fair value (note (ii))	12,621	-
	<b>142,362</b>	<b>138,646</b>

(i) The investment in subsidiary reflects GasNet Australia Investments Trust's ("GAIT") investment in 100% of the B Class units in GasNet A Trust. The B Class units give GAIT rights to the income and capital of GasNet A Trust, but hold no voting rights. As such, GAIT neither controls nor has a significant influence over GasNet A Trust. GasNet Australia Trust, a related party wholly owned by APA 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 of entities.

(ii) Available for sale investments reflect an investment in loan notes issued by Envestra Limited. During the period, Envestra repaid \$5,677,000 of the loan notes as part of its interim distribution. APTIT, in turn, reinvested \$693,000 into Envestra's loan notes under its Dividend Reinvestment Plan.

**APT Investment Trust**  
**Notes to the Financial Statements (continued)**  
For the half year ended 31 December 2007

**9. ACQUISITION OF ASSETS / BUSINESSES**

<b>Assets acquired:</b>	<b>Principal Activity</b>	<b>Date of acquisition</b>	<b>Proportion of securities acquired %</b>	<b>Cost of Acquisition \$000</b>
<b>During the half year ended 31 December 2007</b>				
Envestra Loan Notes	Financing	2 July 2007	17.2	17,605
Murrin Murrin Lateral finance lease	Gas transmission	2 July 2007	n/a	15,084
				<u>32,689</u>

<b>Name of business acquired:</b>	<b>Principal Activity</b>	<b>Date of acquisition</b>	<b>Proportion of securities acquired %</b>	<b>Cost of Acquisition \$000</b>
<b>During the half year ended 31 December 2006</b>				
GasNet Australia Investments Trust	Financing	1 October 2006	88	<u>186,882</u>

**10. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

At 31 December 2007, there are no material contingent liabilities or contingent assets (2006: nil).

**11. SUBSEQUENT EVENTS**

On 26 February 2008, the Directors declared an interim distribution for the 2008 financial year, of 4.7 cents per security (\$21,542,000). The distribution represents a 2.0 cps interest income distribution and a 2.7 cps capital distribution. The distribution will be paid on 28 March 2008.

**APT Investment Trust**  
**Declaration by the Directors of Australian Pipeline Limited**  
For the half year ended 31 December 2007

The Directors declare that:

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

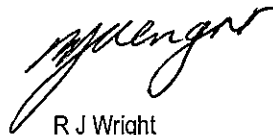
(b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors



L F Bleasel  
Chairman



R J Wright  
Director

SYDNEY, 26 February 2008

26 February 2008

The Board of Directors  
Australian Pipeline Limited  
As responsible entity for  
APT Investment Trust  
HSBC Building  
Level 19, 580 George Street  
Sydney NSW 2000

Dear Board Members


## 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 lead audit partner for the review of the financial statements of APT Investment Trust for the half year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review .

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Samantha Lewis  
Partner  
Chartered Accountants

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

We have reviewed the accompanying half-year financial report of APT Investment Trust, which comprises the balance sheet as at 31 December 2007, and the income statement, cash flow statement, statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the Trust and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 3 to 12.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the Trust are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of APT Investment Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### *Auditor's Independence Declaration*

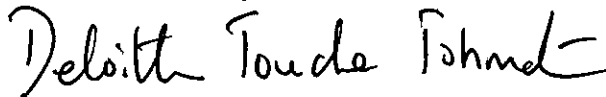
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

# Deloitte.

## *Conclusion*

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Samantha Lewis  
Partner  
Chartered Accountants  
Sydney, 26 February 2008