

APT Investment Trust

**Interim Financial Report
31 December 2006**

APT Investment Trust

Directors' Report For the Half Year Ended 31 December 2006

The Directors of Australian Pipeline Limited ("APL" or "Responsible Entity") submit herewith the interim financial report of APT Investment Trust ("APTIT" or "Trust") for the half year ended 31 December 2006. 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 G H Bennett (chairman)

Mr R M Gersbach (retired as of 30 October 2006 as an AGL appointed Non-Executive Director, appointed Independent Non-Executive Director on 6 November 2006).

Mr R A Higgins, AO

Mr M Muhammad

Mr R J Wright

Ms Wan Shamilah Saidi (alternate for Mr M Muhammad)

Mr M J McCormack (Managing Director – appointed as of 1 July 2006)

Ms J F McAloon (retired as of 28 August 2006)

Secretary

Mr A J V James LLB

Principal Activities

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

Review and Results of Operations

During the current period, APL's Offer, in its capacity as responsible entity of APTIT and Australian Pipeline Trust ("APA"), to acquire GasNet securities was successful. APTIT and APA achieved effective control of GasNet on 4 October 2006 with completion of the compulsory acquisition process occurring on 18 December 2006.

APTIT reported a \$nil net profit after tax for the half year ended 31 December 2006, with \$nil total revenues. APTIT owns approximately 88% of GasNet Australia Investments Trust ("GAIT") which, in turn, has a loan receivable to a related party and an investment in GasNet A Trust, which it does not consolidate as it does not control that entity. GAIT has not reported any profits during the period, and no interest revenue has been accrued on APTIT's advance to a related party, as the advance was made at the end of the period.

Significant Changes in State of Affairs

On 30 June 2005, APL established APTIT with nil capital, and on 12 August 2005, APTIT became a registered managed investment scheme with APL as responsible entity. APTIT did not operate in the previous corresponding period.

On 13 September 2006, APL as responsible entity for APTIT and APA released its Bidder's Statement to acquire GasNet securities.

On 16 November 2006, APL as responsible entity for APTIT and APA issued its Product Disclosure Statement in relation to the renounceable rights issue by APA and issue of units in APTIT. Consequently 428,513,845 units in APTIT were issued for total consideration of \$302,000,000 and were subsequently stapled to the APA units to form a single economic group, known as APA Group.

APT Investment Trust

Directors' Report For the Half Year Ended 31 December 2006

Distributions

On 27 February 2007, the Directors declared an interim distribution for the 2007 financial year of 3.0 cents per unit (\$12,855,000). The distribution represents a 1.5 cent unfranked income distribution and a 1.5 cent capital distribution. The distribution will be paid on 30 March 2007.

Events Occurring after Reporting Date

Since the end of the period, the Directors are not aware of any other matter or circumstance not otherwise dealt with in the interim 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 2006.

Directors' Holdings of Units

The aggregate number of units held directly, indirectly or beneficially by Directors or their director-related entities at the date of this financial report is 123,604 (30 June 2006: nil).

Responsible Entity's Holdings of Units

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

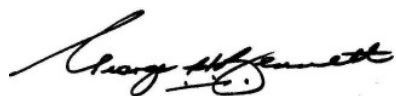
Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

Rounding of Amounts in the Directors' Report and Financial Report

APTIT is a registered scheme of a kind referred to in Class Order 98/0100, as amended, issued by the Australian Securities & Investments Commission relating to the "rounding off" of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

This report is made in accordance with a resolution of the Directors.



G H Bennett
Chairman



R J Wright
Director

Sydney
27 February 2007

The Directors
Australian Pipeline Limited
As responsible entity for
APT Investment Trust
Level 5, Airport Central Tower
241 O'Riordan Street
Mascot NSW 2020

27 February 2007

Dear Directors

Independence Declaration

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 financial period ended 31 December 2006, 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

DELOITTE TOUCHE TOHMATSU

R Smith

Rod Smith
Partner

Condensed Consolidated Income Statement for the Half Year Ended 31 December 2006

	Notes	31 Dec 2006 \$'000	31 Dec 2005 \$'000
Continuing operations			
Revenue		-	-
Expenses		-	-
Profit before tax		-	-
Income tax expense		-	-
Profit for the period		-	-
Attributable to:			
Equity holders of the parent		-	-
Minority interest		-	-
		-	-
Earnings per unit			
Basic earnings per unit (cents)	3	-	-
Dilutive earnings per unit (cents)	3	-	-

Condensed Consolidated Balance Sheet As at 31 December 2006

	Notes	31 Dec 2006 \$'000	30 June 2006 \$'000
Assets			
Non-Current Assets			
Receivables	5	181,808	-
Other financial assets	6	142,242	-
Total Non-Current Assets		324,050	-
Total Assets		324,050	-
Net Assets		324,050	-
Equity			
Issued capital	2	302,000	-
Retained profits		-	-
Parent entity interest		302,000	-
Minority interest		22,050	-
Total Equity		324,050	-

**Condensed Consolidated Statement of Changes in Equity
For the Half Year Ended 31 December 2006**

	Contributed Equity \$'000	Retained Profits \$'000	Minority Interest \$'000	Total \$'000
Balance at 1 July 2006	-	-	-	-
Profit for the period	-	-	-	-
Issue of equity	302,000	-	-	302,000
Minority interest on acquisition	-	-	22,050	22,050
Balance at 31 December 2006	302,000	-	22,050	324,050

	Contributed Equity \$'000	Retained Profits \$'000	Minority Interest \$'000	Total \$'000
Balance at 1 July 2005	-	-	-	-
Profit for the period	-	-	-	-
Issue of equity	-	-	-	-
Minority interest on acquisition	-	-	-	-
Balance at 31 December 2005	-	-	-	-

Condensed Consolidated Cash Flow Statement For the Half Year Ended 31 December 2006

	31 Dec 2006	31 Dec 2005
	\$'000	\$'000
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	(162,000)	-
Advances to related parties	(140,000)	-
Net cash used in investing activities	<u>(302,000)</u>	<u>-</u>
 Cash flows from financing activities		
Proceeds from issue of units	302,000	-
Net cash from financing activities	<u>302,000</u>	<u>-</u>
 Net increase in cash and cash equivalents	-	-
 Cash and cash equivalents at beginning of the period	-	-
 Cash and cash equivalents at end of the period	<u><u>-</u></u>	<u><u>-</u></u>

Notes to the Condensed Consolidated Financial Statements For the Half Year Ended 31 December 2006

Note	Contents
1	Summary of Accounting Policies
2	Issued capital
3	Earnings per unit
4	Details of entities over which control has been gained or lost
5	Non-Current Receivables
6	Other Non-Current Financial Assets
7	Contingent Liabilities and Contingent Assets
8	Subsequent events

Notes to the Condensed Consolidated Financial Statements (continued) For the Half Year Ended 31 December 2006

1. Significant Accounting Policies

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.

Basis of Preparation

The condensed 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.

Adoption of new and revised Accounting Standards

In the current year, the Trust has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2006. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the Trust's accounting policies.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Entity and the revenue can be reliably measured. Revenue is recognised when invoiced or on an accrual basis. Trust distribution income and dividend income is recognised in profit before income tax when receivable.

Investments

Interest in unlisted securities is recognised at cost, being the fair value of consideration given and including acquisition charges associated with the investment.

Notes to the Condensed Consolidated Financial Statements (continued)
For the Half Year Ended 31 December 2006

	31 Dec 2006	30 June 2006
	\$'000	\$'000
2. Issued capital		
Units, fully paid	302,000	-
	<u>302,000</u>	<u>-</u>
	No. of units	\$'000
At 30 June 2006	-	-
Issue of units (i)	428,513,845	302,000
At 31 December 2006	<u>428,513,845</u>	<u>302,000</u>

(i) In December 2006, the Australian Pipeline Trust was restructured. As part of this restructure, the Australian Pipeline Trust made a return of capital of \$302,000,000 to its unitholders, who then simultaneously used this cash to subscribe for units in

	31 Dec 2006	31 Dec 2005
3. Earnings per unit		
Basic earnings per unit (cents)	-	-
Diluted earnings per unit (cents)	-	-
	<u>-</u>	<u>-</u>
Weighted average number of securities on issue used in the calculation of basic earnings per unit	11,644,398	-
	<u>11,644,398</u>	<u>-</u>

4. Details of entities over which control has been gained or lost

Acquisition of GasNet Australia Investments Trust

During the period, APTIT acquired 88% of the securities of GasNet Australia Investments Trust ("GAIT") for cash consideration totalling \$162,000,000. GAIT operated as an investment and financing entity within the GasNet Australia Group. This transaction has

The net assets acquired in the business combination, and the goodwill arising, are as follows:

	Acquiree's carrying amount before business combination \$'000	Fair value adjustments \$'000	Fair value \$'000
Net assets acquired:			
Receivables	41,808	-	41,808
Other financial assets - investment in subsidiary	156,676	(14,434)	142,242
	<u>198,484</u>	<u>(14,434)</u>	<u>184,050</u>
Goodwill arising on acquisition			-
Minority interest on acquisition			(22,050)
Total consideration, satisfied by cash			<u>162,000</u>

The initial accounting for the acquisition of GAIT has only been provisionally determined at reporting date.

Notes to the Condensed Consolidated Financial Statements (continued)
For the Half Year Ended 31 December 2006

5. Non-Current Receivables

	31 Dec 2006	30 June 2006
	\$'000	\$'000
Receivable from related party	41,808	-
Advance to related party	140,000	-
	181,808	-

6. Other Non-Current Financial Assets

	31 Dec 2006	30 June 2006
	\$'000	\$'000
Investment in subsidiary - at cost	142,242	-
	142,242	-

The investment in subsidiary reflects GAIT's 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 the GasNet A Trust, but hold no voting rights. As such, GAIT neither controls nor has a

7. Contingent Liabilities and Contingent Assets

At 31 December 2006, there are no material contingent liabilities or contingent assets (30 June 2006 : Nil).

8. Subsequent Events

On 27 February 2007, the Directors declared an interim distribution for the 2007 financial year of 3.0 cents per unit (\$12,855,000). The distribution represents a 1.5 cents unfranked income distribution and a 1.5 cents capital distribution. The distribu

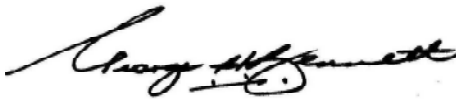
Statement by the Directors of the Responsible Entity

In the opinion of the Directors of Australian Pipeline Limited, the responsible entity of the APT Investment Trust ("APTIT"), the financial statements of APTIT :

- (a) comply with Accounting Standards, the Corporations Act 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of APTIT's financial position as at 31 December 2006 and of its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date.

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.

This declaration is made in accordance with a resolution of the Directors.



G H Bennett
Chairman



R J Wright
Director

Sydney
27 February 2007

Independent Auditors' Review Report to the unitholders of APT Investment Trust

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of APT Investment Trust, which comprises the balance sheet as at 31 December 2006, 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 both APT Investment Trust (the trust) and the entities it controlled at the end of the half-year or from time to time during the half-year on pages 4 to 12.

Directors' Responsibility for the Half-Year Financial Report

The directors of Australian Pipeline Limited 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 designing, implementing 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 financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of APT Investment Trust's financial position as at 31 December 2006 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.



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 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

R. Smith

Rod Smith
Partner
Chartered Accountants
Sydney, 27 February 2007