

Media Release

2nd March, 2001

DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2000
INCORPORATING THE COMMENTARY BY DIRECTORS AND DISTRIBUTION
ANNOUNCEMENT MADE TO THE AUSTRALIAN STOCK EXCHANGE LIMITED
2 MARCH 2001

POSITIONED TO EXCEED PROSPECTUS FORECAST FOR FULL YEAR.

The Directors' report on Australian Pipeline Trust consolidated entity for the half year ended 31 December 2000 in accordance with Section 306 of the Corporations Law.

CHAIRMAN'S REPORT

APA is pleased to report its interim profit after tax for the period ended 31 December 2000 of \$16.5 million, representing the first full six months of operation since listing in June last year. APA has achieved a good first half result.

Directors noted that in addition to the impact of seasonality, the reporting period was favourably impacted by a non-recurring revenue of \$1.3 million, being the result of the timing of the commencement of the Gas Transportation Deed (GTD) relative to the float date.

The Distribution in respect of the quarter ended 31 December, 2000 will be 5 cents per unit. The income component, (2.5 cents) will be franked to the extent of 0.95 cents (38%) per unit. A summary of the half-year results is set out below:-

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RESULTS IN SUMMARY		
		\$000
Sales Revenue including SCP distribution		118,100
Total Revenue		124,724
Earnings Before Interest, Tax, Depreciation and Amortisation		65,100
Earnings Before Interest and Tax		52,100
Pre tax profit		28,750
Less: Tax		(12,242)
Profit after tax		16,508
Less: Minority Interests		(123)
Operating Profit after Tax		16,385
Earnings per unit		6.7 cents
Net Asset Backing per unit (after capital distributions)		\$1.87
Operating Cash Flow		44,044
Interest Cover Ratio		2.16
Gearing ratio		60.3%
Total Distribution paid/payable in respect of first 6 months per unit	Income Distribution	5 cents
	Capital Distribution	5 cents

COMMENT

The impact of higher transport revenue across all our major pipelines combined with savings in operating expenses contributed to the results.

Revenues reflected increased throughput and the non-recurring effect of the timing of the GTD commencement. Total revenue of \$124.7 million is inclusive of interest income of \$6.5 million.

Borrowings were reduced by \$14.7 million. Investing activities resulted in cash outflow of \$23.5 million mainly due to capital expenditure on the Peat Lateral project and final payment to AGL for the Trust assets.

Gearing ratio at 31 December, 2000 was 60.19% and the unused facility available for drawdown was \$125 million.

HIGHLIGHTS TO DATE

All major pipelines are performing at or in excess of budget.

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HIGHLIGHTS (CONTINUED)

Commissioning of Peat Lateral in Queensland

Construction and commissioning of the 110km Peat Lateral was completed in late January 2001. The pipeline has a capacity of 19 terajoules per day and will bring significant quantities of coal seam methane into the Brisbane market. This source of CSM is the largest delivered into the Roma Brisbane Pipeline (RBP) and is destined to be used as fuel for power generation at BP's Bulwer Island Clean Fuels Project. The capacity of the pipeline was increased from the original plan to assist in transporting the increased volumes required for the CS Energy contract.

Long term contract with CS Energy in Queensland

In late June 2000, a 15 year gas transportation agreement was entered into with CS Energy Limited to transport gas to a planned 385MW gas-fired, combined cycle electricity generation plant at Swanbank, near Brisbane.

The transmission pipeline work will cost in excess of \$48 million and includes:

- completion of the looping of the Roma Brisbane Pipeline (RBP) between Wallumbilla and Swanbank;
- construction of approximately 15 kilometres of new lateral pipeline; and
- upgrading of compressor facilities.

Agreement to construct lateral to the Midwest Pipeline in Western Australia

A gas transportation agreement was signed in August 2000, which will result in the construction of a 15km lateral off the Midwest pipeline in Western Australia at a cost of approximately \$2.8 million. Construction is scheduled to be completed prior to the end of the financial year and will directly connect to a gas-fired power station supplying electricity near Mt Magnet.

Offtake on Moomba to Sydney Pipeline in New South Wales

In January a connection was made from the Young to Wagga section of the Pipeline system to enable natural gas to be delivered to Tumut via a recently constructed pipeline.

Purchase of Minority Interest in the Roma to Brisbane Pipeline in Queensland

The remaining 15% interest in the Roma to Brisbane pipeline was purchased from our joint venture partner, Interstate RBP Pipelines Pty Limited, in February 2001.

REGULATORY DECISIONS

The ACCC Moomba to Sydney Pipeline Draft Decision was announced in December 2000. The capital base for the pipeline was set at \$502 million, pre tax real return of 7.0% on weighted average cost of capital, and a return on equity of 13.2%. The Final Decision is expected mid to late 2001. The Final Decision will not have a material impact on APA, as revenue for the pipeline is underpinned until 2007 by the GTD with AGL Wholesale Gas Limited.

The review process associated with the Central West Access Arrangements concluded in October 2000. The Final Decision was incorporated into a 10 year access arrangement period using a pre tax real return of 7.78% and a post tax return on equity of 15.38% The result was in line with prospectus forecast.



DISTRIBUTION

Second Quarter Distribution Details

The distribution of 5 cents per unit for the quarter ended 31 December 2000 will be made up as follows:

Income distribution per unit	2.5 cents
Capital distribution per unit	<u>2.5 cents</u>
Total distribution per unit	5.0 cents

The income distribution will be franked to the extent of 0.95 cents per unit, (38% of 2.5 cents).

For unitholders who hold their investments on capital account, the capital distribution component will be treated as a return of capital. The repayment of capital will reduce the unitholders' cost base (or indexed base) for capital gains tax purposes.

The distribution levels are consistent with the forecasts included in the Offer Document dated 5 May 2000. It is anticipated that the distributions in respect of the year ended 30 June 2001 will amount to 20.5 cents per unit as per the Offer Document. Remaining franking credits will be applied against the third quarter distribution, however, as foreshadowed in the Prospectus, it is unlikely that APA will be paying tax in the financial year 2002, with a resulting reduction in franking credits being available for distribution.

Distribution in respect of the Half Year

	Period ended	Actual	Proposed
(cents per unit)	30 Jun '00	Q1 2001	Q2 2001
Total Distribution	1.0	5.0	5.0
- Income Distribution	0.4	2.5	2.5
Incl. Franked component	0.15	0.95	0.95
- Capital Distribution	0.6	2.5	2.5
Date of Distribution	21 Dec '00	21 Dec '00	28 Mar '01

The Trust's share register will be examined at the close of processing of transfers on 12 March 2001 to determine unitholders' entitlement to the distribution.

The date for payment of the distributions is 28 March 2001.

OUTLOOK

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The Directors remain very positive about APA's outlook and its ability to generate good growth for unitholders in the longer term and are confident that the results will exceed the prospectus forecast for the year ended 30 June 2001. The Directors look forward to APA participating in the exciting emerging opportunities presented by the energy sector.

DIRECTORS IN OFFICE

The names of Directors of the Responsible Entity who held office during or since the end of the half year are:-

	First Appointed
George Henry Bennett	11 February 2000
Thomas Cummings Ford	11 February 2000
Leslie James Fisk	11 February 2000
John Allister Fletcher	11 February 2000
Muri Muhammad	8 March 2000
Robert Joseph Wright	11 February 2000

ROUNDING OF AMOUNTS TO NEAREST \$0.1 MILLION

Australian Pipeline Trust is a body of the kind referred to in Australian Securities Commission Instrument 98/100 issued 10 July 1998. In accordance with that class order amounts in this report have been rounded off to the nearest tenth of million dollars

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Board this 2nd day of March 2001.

George H Bennett
Chairman

About Australian Pipeline Trust

The Australian Pipeline Trust is the major ASX listed natural gas Pipeline Company in Australia with interests in over 7,000km of pipeline infrastructure. The Trust has a varied and quality customer base including AGL, Cooper Eromanga Basin Producers, MIM, Normandy, Origin Energy, BHP Minerals, Pasminco, Incitec and WMC. AGL holds a 30% stake in the Trust and is contracted to provide technical and marketing services to the Trust.

For more information please contact the Chief Executive Officer, Jim McDonald
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