



Australian Pipeline Ltd
ACN 091 344 704

Australian Pipeline Trust
ARSN 091 678 778

APT Investment Trust
ARSN 115 585 441

APT Pipelines Ltd
ACN 009 666 700

ASX ANNOUNCEMENT

26 August 2015

APT Pipelines Limited (ASX: AQH)

Annual Report

The following announcement is attached for release to the market:

- APT Pipelines Limited Annual Financial Report

Mark Knapman
Company Secretary
APT Pipelines 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 Power Station.

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



APT Pipelines Limited

ABN 89 009 666 700

Annual Report

For the financial year ended

30 June 2015

The Directors of APT Pipelines Limited ("APTPL") submit their report and the annual financial report of APTPL and its controlled entities for the financial year ended 30 June 2015.

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 4 to 6.

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

PRINCIPAL ACTIVITIES

The principal activities of APTPL during the course of the financial year were investment in controlled entities and acting as the borrowing entity for APA Group, that comprises Australian Pipeline Trust and APT Investment Trust and their controlled entities ("APA"). The principal activities of APA 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 APTPL 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 APTPL, the results of those operations or the state of affairs of the entity in future years.

REVIEW OF OPERATIONS

During the financial year APTPL completed the following financings:

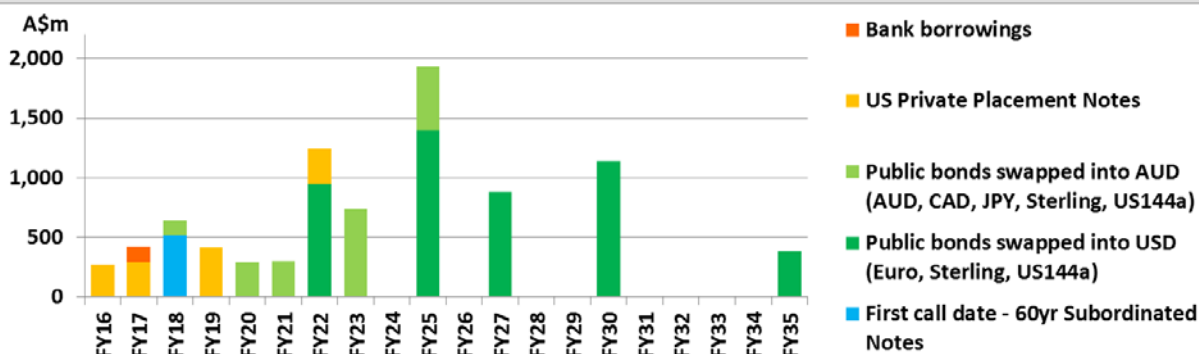
- in December 2014, APTPL established a US\$4.1 billion two-year syndicated bridge facility to provide certainty of funding for the Wallumbilla Gladstone Pipeline acquisition. US\$4.1 billion of the facility was cancelled in March 2015, following APA's successful issuance of bonds in the international debt capital markets (detailed below). The balance of US\$100 million is a syndicated revolving credit facility that remains available to APTPL to provide flexibility in respect of working capital needs;
- in March 2015, APTPL 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 APTPL will retain the funds in US dollars at an average all-in weighted average fixed rate of approximately 4.2% per annum; and

- in March 2015, APTPL 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, APTPL's debt portfolio has a broad spread of maturities extending out to FY2035, with an average maturity of drawn debt of 8.5 years¹. APTPL's gearing² 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.

APA debt maturity profile and diversity of funding sources



At 30 June 2015, APTPL 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, APTPL established a new \$830 million syndicated bank facility, replacing the existing \$1.1 billion syndicated facility. This has reduced APTPL'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
- \$207.5 million maturing in September 2020.

APTPL 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 USD denominated revenues to be received over the next 20 years from the foundation contracts on the Wallumbilla Gladstone Pipeline are considered to be a "designated hedge" of the US\$3.7 billion of debt raised in March 2015 and therefore have been kept in USD. Net USD cashflow after servicing

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.

the USD interest costs that are not, is a "designated relationship" and will be hedged on a rolling basis for an appropriate period of time, in line with APA's treasury policy.

APTPL 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.

1. Borrowings and finance costs

As at 30 June 2015, APTPL had borrowings of \$8,643 million¹ (\$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 (received by APTPL on behalf of APA) 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%).

APTPL's interest cover ratio³ 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.

2. Credit ratings

APTPL 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.

3. Dividends

Unfranked dividends of \$123.3 million were paid to the sole shareholder, Australian Pipeline Trust, during the financial year (2014: \$229.8 million).

On 26 August 2015, the Directors declared and paid a final dividend of \$2.4 million payable to the sole shareholder.

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.

³ For the calculation of interest cover, significant items are excluded from the EBITDA used.

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 <i>Independent Chairman</i> 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 <i>Chief Executive Officer and Managing Director</i> 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 <i>Independent Director</i> 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 <i>Independent Director</i> 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.

APT Pipelines Limited and its Controlled Entities
Directors' Report for the year ended 30 June 2015

Russell Higgins AO BEC FAICD <i>Independent Director</i> 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 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 <i>Independent Director</i> 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 <i>Independent Director</i> 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 <i>Company Secretary</i> 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	Since September 2010
	Transfield Services Limited	February 2008 to February 2015
	Bank of Queensland Limited	December 2008 to January 2015
John Fletcher	-	-
Russell Higgins AO	Telstra Corporation Limited	Since September 2009
	Argo Investments Limited	Since September 2011
	Leighton Holdings Limited	June 2013 to May 2014
	Ricegrowers Limited	December 2005 to August 2012
Patricia McKenzie	-	-
Robert Wright	Super Retail Group Limited	Since May 2004
	APA Ethane Limited ⁽¹⁾	Since July 2008
	SAI Global Limited	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. The following table sets out the number of meetings attended by each Director while they were a Director or a committee member:

Directors	Board	
	A	B
Leonard Bleasel AM ⁽¹⁾	14	14
Michael McCormack	14	14
Steven Crane	14	14
John Fletcher	14	14
Russell Higgins AO	14	14
Patricia McKenzie	14	14
Robert Wright	14	14

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.

(1) The Chairman attended all committee meetings ex officio.

4. Directors' Securityholdings

The Directors hold stapled securities that comprise a unit in Australian Pipeline Trust, the sole shareholder in APTPL, stapled to a unit in APT Investment Trust ("APA securities") and traded on the Australian Securities Exchange under the code "APA".

The aggregate number of APA securities held directly, indirectly or beneficially by Directors or their Director related entities at the 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

Leonard Bleasel AM holds 10,000 APA subordinated notes, issued by APTPL.

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

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

INDEMNIFICATION OF OFFICERS AND EXTERNAL AUDITOR

During the financial year, Australian Pipeline Limited, the responsible entity of Australian Pipeline Trust and APT Investment Trust, that together comprise APA Group, paid a premium in respect of a contract insuring the Directors and officers of Australian Pipeline Limited and any APA Group entity (including APTPL) 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 APA Group, indemnifies each person who is or has been a Director or Company Secretary of Australian Pipeline Limited or any APA Group entity (including APTPL) 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, APTPL indemnifies each person who is or has been a Director, Company Secretary or executive officer of APTPL.

APTPL has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or external auditor of APTPL or any related body corporate of APTPL against a liability incurred as such an officer or auditor.

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 83.

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 28 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 APTPL, acting as an advocate for APTPL 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.

ROUNDING OF AMOUNTS

APTPL 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 APTPL 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

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's 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, 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

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1. What this report covers

This report details the remuneration arrangements for non-executive directors and 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).

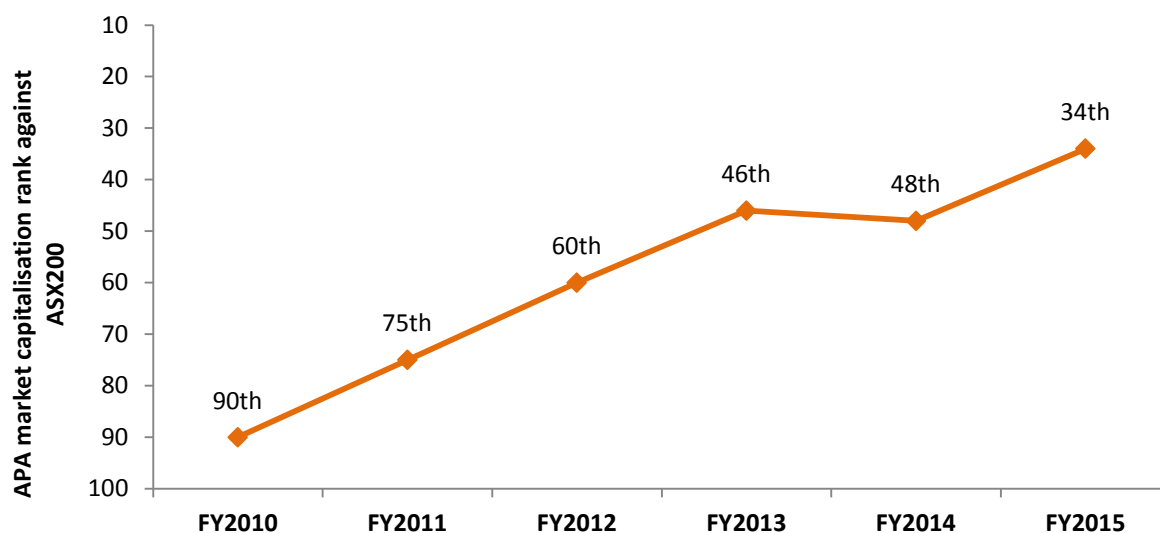
Name	Role	Duration of appointment
(I) Non-executive directors		
Leonard Bleasel AM	Chairman of APA Group	Full year
Steven Crane	Member of Audit and Risk Management Committee and Remuneration Committee	Full year
John Fletcher	Chairman of Remuneration Committee and member of Audit and Risk Management Committee	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

Name	Role	Duration of appointment
(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. The APA group has delivered strong shareholding returns, sound financial performance and significant organisational growth year on year. This, together with the Boards desire to attract and retain a first class management team, has driven commensurate growth in remuneration levels in APA.



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.

Executive Director and Senior Executives	Awarded in FY2015					Awarded in FY2014
	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
Total	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 the 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 on 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

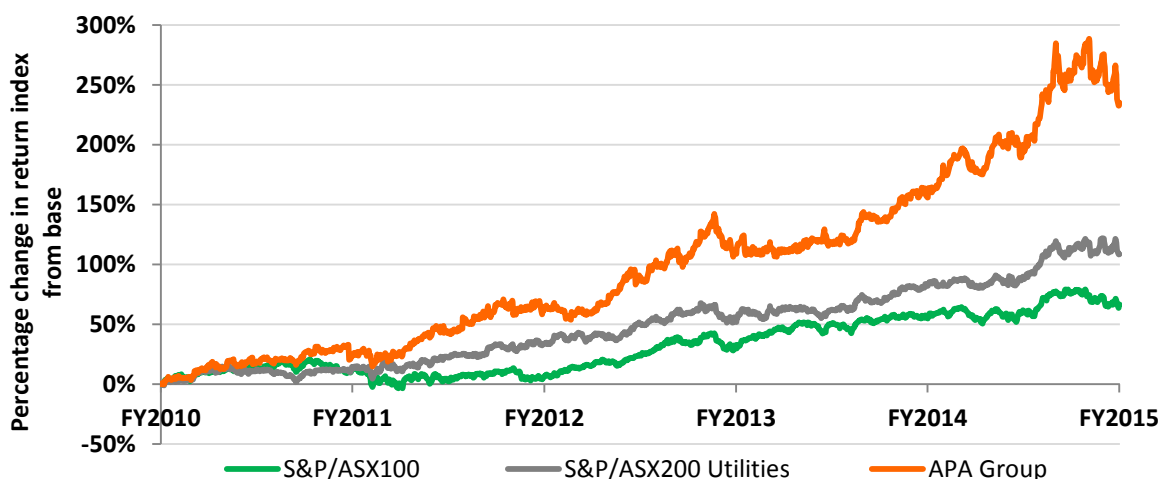
The following table provides a summary of APA's financial performance over the last five financial years. Included below are financial metrics related to incentive plan performance measures and additional disclosures reflecting APA's earnings and how this impacts securityholder returns.

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.



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.

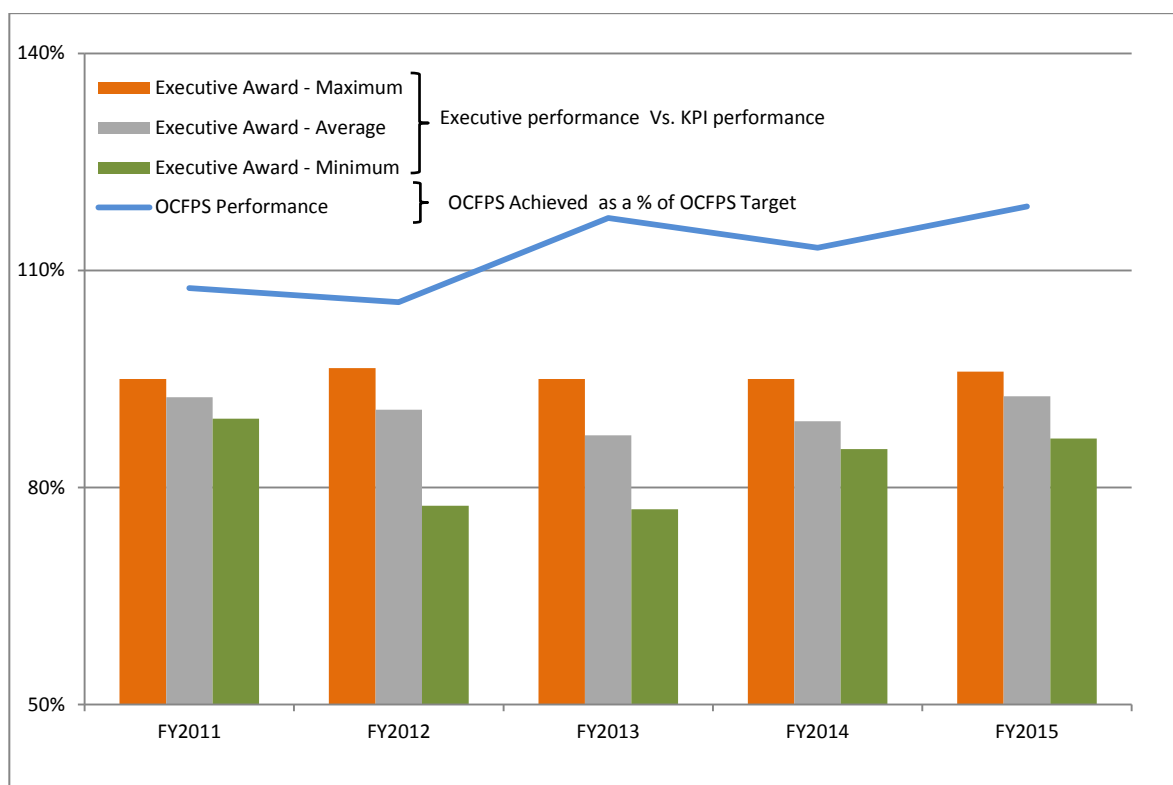
Executives are awarded an STI only if OCFPS is above the threshold level of performance set by the Board. OCFPS therefore acts as a gateway for awards under the STI plan. OCFPS is also the mechanism through which the aggregate amount available for STI payments is limited, ensuring strong alignment between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

Executives	STI earned		STI forfeited	
	%	\$	%	\$
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.

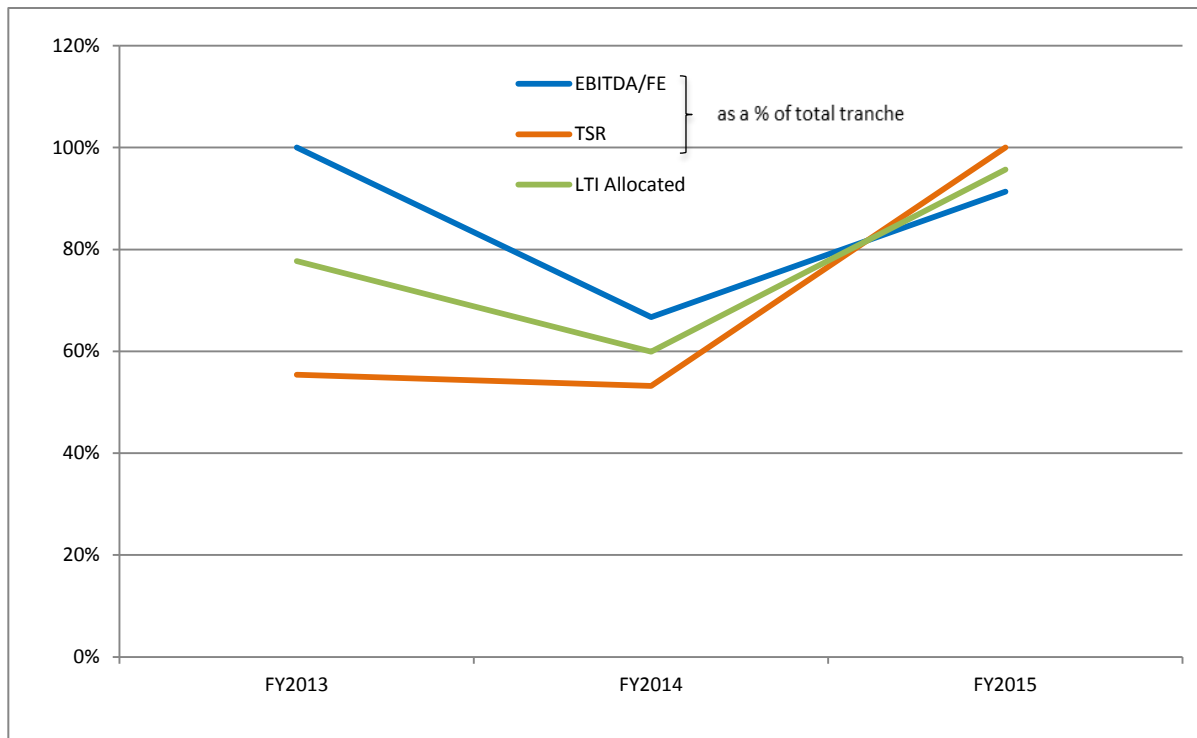
Both measures are weighted equally and are linked to building securityholder wealth. Relative TSR provides the most direct measure of securityholder return and reflects an investor's choice to invest in APA or direct competitors. Share price growth is underpinned by earnings growth and EBITDA/FE is based 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



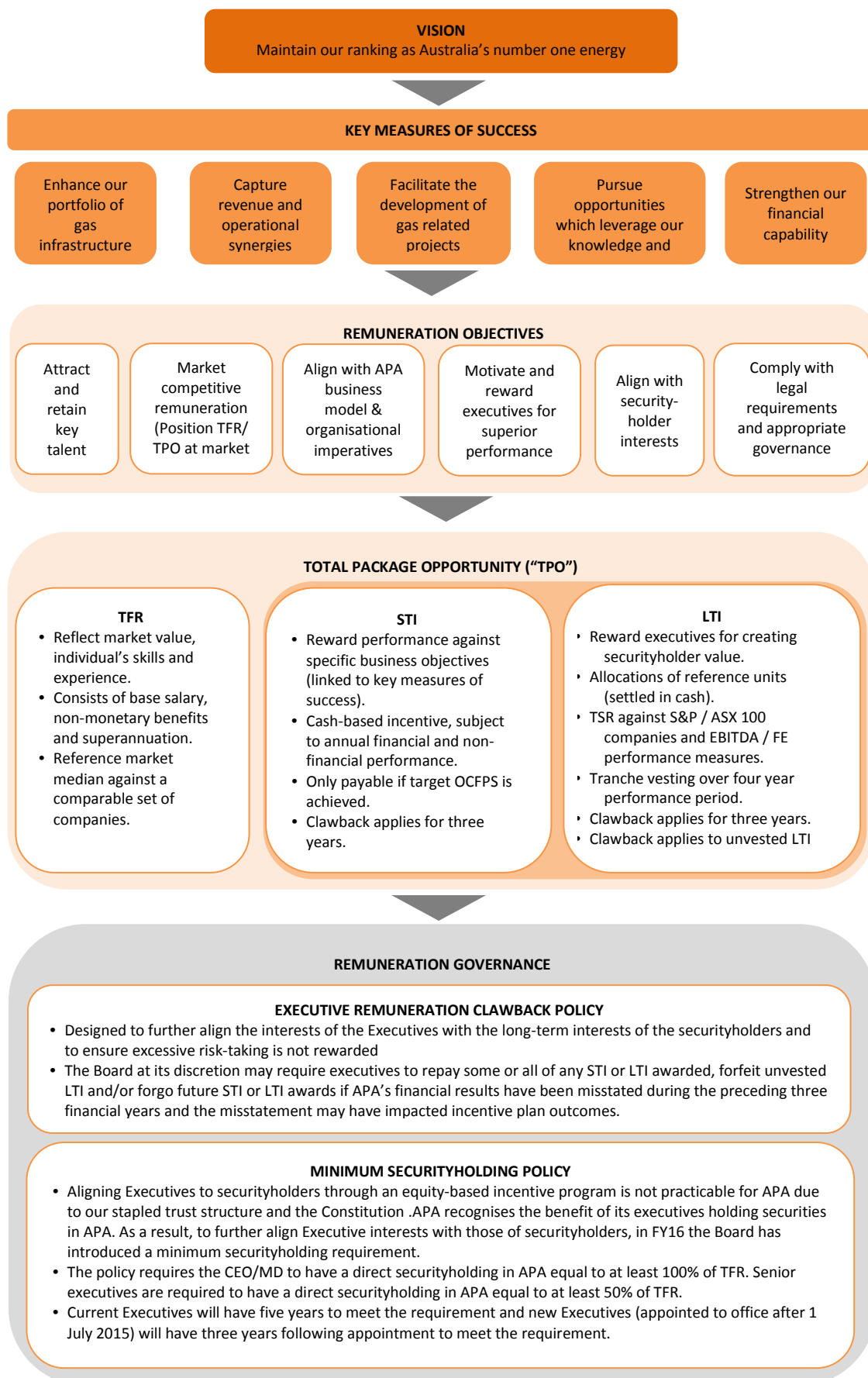
LTI outcomes during FY2015

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

Executives	LTI allocated	LTI forfeited
	\$	\$
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

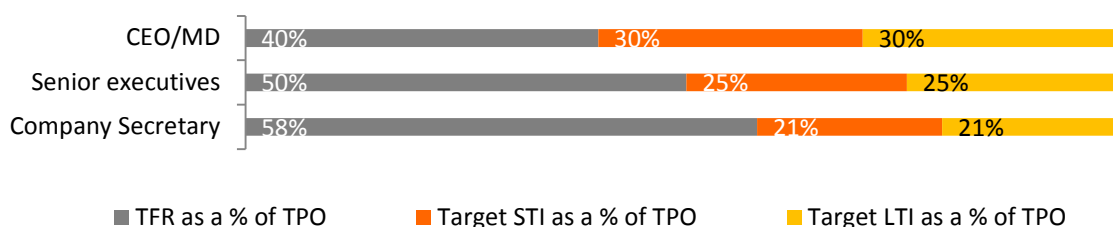


3.2 Changes to the executive remuneration framework during FY2015

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.

STI plan element	Description								
STI opportunity	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 border="1"> <thead> <tr> <th>Participant</th><th>Target STI as a % of TPO</th></tr> </thead> <tbody> <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> </tbody> </table>	Participant	Target STI as a % of TPO	CEO/MD	30%	Senior executives	25%	Company Secretary	21%
Participant	Target STI as a % of TPO								
CEO/MD	30%								
Senior executives	25%								
Company Secretary	21%								
Performance gateway	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").								
Plan funding	Provided the OCFPS threshold is met, the STI opportunity available may be modified based on the level of OCFPS performance achieved.								

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STI plan element	Description
Performance measures	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: – <i>Financial measures</i>: cost control, revenue and cash generation and capital expenditure management. – <i>Non-financial measures</i>: health, safety and environment targets, project delivery and reinforcement of our ethical and values-based culture.
Timing and delivery	All STI awards are paid in cash, usually in September of the new financial year, following the completion of the audit of annual accounts.
Clawback	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.
Cessation of employment	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).
Change of control	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).

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 41 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 41. Maximum LTI is 150% of target opportunity. <table border="1"> <thead> <tr> <th>Participant</th><th>Target LTI as a % of TPO</th></tr> </thead> <tbody> <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> </tbody> </table>	Participant	Target LTI as a % of TPO	CEO/MD	30%	Senior executives	25%	Company Secretary	21%
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.								

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LTI plan element	Description
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 a 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 on 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.
- 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.

Fees	Effective 1 January 2015		Effective 1 January 2014	
	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.

Year ended 30 June	Short-term employment benefits	Post-employment benefits	Total \$
	Salary/fees \$	Superannuation \$	
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

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Year ended 30 June	Short-term employment benefits	Post-employment benefits	Total \$
	Salary/fees \$	Superannuation \$	
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.

Year ended 30 June	Short-Term Employment Benefits			Post- Employment	LTI Plans	Other Payments ⁽²⁾	Total \$
	Salary/Fees \$	STI \$	Non- Monetary \$	Superannuation \$	Security- Based Payments ⁽¹⁾ \$		
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:

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⁾	Reference units allocated that have not yet vested or been paid and the financial years in which they will vest ⁽³⁾			
							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

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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⁾	Reference units allocated that have not yet vested or been paid and the financial years in which they will vest ⁽³⁾			
							FY2016 ⁽³⁾	FY2017	FY2018	FY2019
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

APT Pipelines Limited and its Controlled Entities
Remuneration Report for the year ended 30 June 2015

Year ended 30 June	Opening Balance at 1 July 2014	Securities Acquired	Securities Disposed	Closing Balance at 30 June 2015
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.

APT Pipelines Limited

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	1,536,642	1,328,941
Share of net profits of associates and joint ventures using the equity method	5	12,557	11,428
		1,549,199	1,340,369
Asset operation and management expenses		(65,508)	(65,754)
Depreciation and amortisation expense	6	(208,200)	(156,228)
Other operating costs - pass-through	6	(434,382)	(403,477)
Finance costs	6	(367,648)	(337,702)
Employee benefit expense	6	(176,174)	(168,615)
Other expenses		(24,233)	(9,854)
Profit before tax		273,054	198,739
Income tax (expense)/benefit	7	(81,944)	88,659
Profit for the year		191,110	287,398
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 to profit and loss		(5,506)	(2,039)
		12,848	4,757
Items that may be reclassified subsequently to profit or loss:			
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		(9,247)	(8,103)
Income tax relating to items that may be reclassified subsequently		77,052	26,967
		(179,790)	(62,923)
Other comprehensive income for the year (net of tax)		(166,942)	(58,166)
Total comprehensive income for the year		24,168	229,232
Profit attributable to:			
Equityholders of the parent		167,925	264,384
Non-controlling - other		23,185	23,014
		191,110	287,398
Total comprehensive income attributable to:			
Equityholders of the parent		983	206,218
Non-controlling - other		23,185	23,014
		24,168	229,232

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

APT Pipelines Limited
Consolidated Statement of Financial Position
As at 30 June 2015

	Note	2015 \$000	2014 \$000
Current assets			
Cash and cash equivalents	18	411,839	6,793
Trade and other receivables	9	254,800	156,308
Receivables from related parties	9	135,942	156,725
Other financial assets	21	24,789	16,575
Inventories		21,290	17,349
Other		8,314	5,996
Total current assets		856,974	359,746
Non-current assets			
Trade and other receivables	9	92,470	147,835
Other financial assets	21	472,223	87,979
Investments accounted for using the equity method	24	257,425	210,401
Property, plant and equipment	11	8,355,193	5,574,481
Goodwill	12	1,140,500	1,150,500
Other intangible assets	12	3,556,246	170,804
Other	15	33,069	21,237
Total non-current assets		13,907,126	7,363,237
Total assets		14,764,100	7,722,983
Current liabilities			
Trade and other payables	10	398,300	185,977
Payables to related parties	10	2,907,055	894,661
Borrowings	19	165,023	639
Other financial liabilities	21	145,815	90,574
Provisions	14	85,452	81,003
Unearned revenue		7,477	15,975
Total current liabilities		3,709,122	1,268,829
Non-current liabilities			
Trade and other payables	10	3,261	3,599
Payables to related parties	10	876,911	440,633
Borrowings	19	9,151,448	4,718,904
Other financial liabilities	21	44,793	216,936
Deferred tax liabilities	7	451,522	439,028
Provisions	14	60,410	47,442
Unearned revenue		16,801	15,438
Total non-current liabilities		10,605,146	5,881,980
Total liabilities		14,314,268	7,150,809
Net assets		449,832	572,174

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

APT Pipelines Limited
Consolidated Statement of Financial Position (continued)
As at 30 June 2015

	Note	2015 \$000	2014 \$000
<u>Equity</u>			
APT Pipelines Limited equity:			
Issued capital	22	117,330	117,330
Reserves		(306,055)	(126,265)
Retained earnings		519,252	461,805
Equity attributable to equityholders of the parent		330,527	452,870
Non-controlling interest	23	119,305	119,304
Total equity		449,832	572,174

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

APT Pipelines Limited
Consolidated Statement of Changes in Equity
For the financial year ended 30 June 2015

	APT Pipelines Limited					Non-controlling interest				
	Issued Capital \$000	Asset Revaluation Reserve \$000	Hedging Reserve \$000	Retained earnings \$000	Attributable to owner of the parent \$000	Issued Capital \$000	Other Reserves \$000	Retained earnings \$000	Non- Controlling Interest \$000	Total \$000
Balance at 1 July 2013	117,330	8,669	(72,011)	422,505	476,493	119,257	1	45	119,303	595,796
Profit for the year	-	-	-	264,384	264,384	-	-	23,014	23,014	287,398
Other comprehensive income	-	-	(89,890)	6,796	(83,094)	-	-	-	-	(83,094)
Income tax relating to components of other comprehensive income	-	-	26,967	(2,039)	24,928	-	-	-	-	24,928
Total comprehensive income for the year	-	-	(62,923)	269,141	206,218	-	-	23,014	23,014	229,232
Payment of dividends (Note 8)	-	-	-	(229,841)	(229,841)	-	-	(23,013)	(23,013)	(252,854)
Balance at 30 June 2014	117,330	8,669	(134,934)	461,805	452,870	119,257	1	46	119,304	572,174
Balance at 1 July 2014	117,330	8,669	(134,934)	461,805	452,870	119,257	1	46	119,304	572,174
Profit for the year	-	-	-	167,925	167,925	-	-	23,185	23,185	191,110
Other comprehensive income	-	-	(256,842)	18,354	(238,488)	-	-	-	-	(238,488)
Income tax relating to components of other comprehensive income	-	-	77,052	(5,506)	71,546	-	-	-	-	71,546
Total comprehensive income for the year	-	-	(179,790)	180,773	983	-	-	23,185	23,185	24,168
Payment of dividends (Note 8)	-	-	-	(123,326)	(123,326)	-	-	(23,184)	(23,184)	(146,510)
Balance at 30 June 2015	117,330	8,669	(314,724)	519,252	330,527	119,257	1	47	119,305	449,832

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

APT Pipelines Limited
Consolidated Statement of Cash Flows
For the financial year ended 30 June 2015

	Note	2015 \$000	2014 \$000
<u>Cash flows from operating activities</u>			
Receipts from customers		1,584,738	1,461,695
Payments to suppliers and employees		(828,349)	(767,786)
Receipts of/(payments for) Hastings Funds Management fees	3	17,201	(8,201)
Dividends received		21,748	19,135
Proceeds from repayment of finance leases		4,621	4,693
Interest received		30,229	5,905
Interest and other costs of finance paid		(312,559)	(338,599)
Income tax refund		-	141
Net cash provided by operating activities		517,629	376,983
<u>Cash flows from investing activities</u>			
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 other assets		(18,612)	-
Payments for controlled entities net of cash acquired		-	(24)
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	-
Net cash used in investing activities		(6,273,766)	(571,298)
<u>Cash flows from financing activities</u>			
Proceeds from borrowings		5,279,188	1,585,833
Repayments of borrowings		(1,429,500)	(1,208,915)
Payment of debt issue costs		(32,398)	(10,178)
Proceeds from early settlement of derivatives		19,515	-
Dividends paid to:			
Equityholders of APT Pipelines Limited	8	(123,326)	(229,841)
Equityholders of the non-controlling interest		(23,184)	(23,013)
Advances to related parties		2,470,909	6,425
Net cash provided by financing activities		6,161,204	120,311
Net increase/(decrease) in cash and cash equivalents		405,067	(74,004)
Cash and cash equivalents at beginning of financial year		6,793	80,797
Unrealised exchange losses on cash held		(21)	-
Cash and cash equivalents at end of financial year		411,839	6,793

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

APT Pipelines Limited
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		191,110	287,398
Loss on disposal of property, plant and equipment		3,337	115
Profit on sale of finance lease asset		(8,683)	-
Impairment of goodwill	3	10,000	-
Share of net profits of joint ventures and associates using the equity method		(12,557)	(11,428)
Dividends/distributions received from equity accounted investments		21,748	19,135
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		(49,872)	5,928
Inventories		(3,936)	(4,623)
Other assets		(15,368)	6,458
Trade and other payables		64,988	5,962
Provisions		14,725	885
Other liabilities		9,995	(11,558)
Income tax balances		81,944	(88,659)
Net cash provided by operating activities		517,629	376,983

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.

APT Pipelines Limited

Notes to the consolidated financial statements

For the financial year ended 30 June 2015

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. 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 the Consolidated Entity.

Basis of Preparation



1. About this report
2. General information
3. Significant items and events

Financial Performance



4. Segment information
5. Revenue
6. Expenses
7. Income tax
8. Dividends

Operating Assets and Liabilities



9. Receivables
10. Payables
11. Property, plant and equipment
12. Goodwill and intangibles
13. Impairment of non-financial assets
14. Provisions
15. Other non-current assets
16. Employee superannuation plans
17. Leases

Capital Management



18. Cash and cash equivalents
19. Borrowings
20. Financial risk management
21. Other financial Instruments
22. Issued capital

Group Structure



23. Non-controlling interests
24. Joint arrangements and associates
25. Subsidiaries

Other



26. Commitments and contingencies
27. Director and senior executive remuneration
28. Remuneration of external auditor
29. Related party transactions
30. Parent entity information
31. Adoption of new and revised Accounting Standards
32. Events occurring after reporting date

APT Pipelines Limited

Notes to the consolidated financial statements

For the financial year ended 30 June 2015

Basis of Preparation

2. General information

APT Pipelines Limited ("APTPL") is a subsidiary of Australian Pipeline Trust ("APT") which is a stapled entity of the APA Group ("APA"). APA is listed on the Australian Securities Exchange (trading under the code 'APA'), registered in Australia and operating in Australia.

The financial report represents the consolidated financial statements of APTPL, its respective subsidiaries and their share of joint arrangements, associates and joint ventures (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.

The Consolidated Entity'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

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 the Consolidated Entity is that current liabilities exceed current assets by \$2,852.1 million (June 2014: \$909.1 million). Excluding current related party loan balances held with Australian Pipeline Trust, the Consolidated Entity's current liabilities exceed current assets by \$81.0 million (June 2014: \$171.1 million) primarily as a result of \$145.8 million (AUD equivalent) of cash flow hedge liabilities, current borrowings of \$165.0 million and accrued transaction costs of \$137.2 million.

The Consolidated Entity has access to sufficient available committed, un-drawn bank facilities of \$1,175.0 million as at 30 June 2015 (June 2014: \$835.5 million).

The Directors continually monitor the Consolidated Entity'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 the Company 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.

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Basis of Preparation

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		
Recovery of fees paid to HDF by Hastings Funds Management Limited ^(a)	17,201	-
Reassessment of goodwill ^(b)	(10,000)	-
Total significant items impacting EBITDA	7,201	-
Income tax related to significant items above	(1,417)	-
Income tax benefit on tax cost base step up ^(c)	-	144,060
Profit from significant items after income tax	5,784	144,060

(a) In November 2014, the Consolidated Entity 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).

(b) Reassessment of the goodwill carrying value in the asset management business to reflect future growth opportunities.

(c) The Consolidated Entity 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

The Consolidated Entity 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 issued 278,556,562 new stapled securities at a total value of \$1,807.9 million, net of transaction costs. APA on lent these funds to APTPL to partially fund the acquisition.

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.

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Financial Performance

4. Segment information

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

The Consolidated Entity 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 the majority of the Consolidated Entity's energy investments for appropriate fees; and
- **Energy investments**, which includes the Consolidated Entity'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.

The Consolidated Entity 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

	Energy infrastructure	Asset management	Energy investments	Other	Consolidated
	\$000	\$000	\$000	\$000	\$000
2015					
Segment revenue ^(a)					
External sales revenue	984,184	85,056	-	-	1,069,240
Equity accounted net profits	-	-	12,557	-	12,557
Pass-through revenue	13,514	420,868	-	-	434,382
Finance lease and investment interest income	2,896	-	5,869	-	8,765
Total segment revenue	1,000,594	505,924	18,426	-	1,524,944
Other interest income					24,255
Consolidated revenue					1,549,199
Segment result					
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	838,004	39,448	-	-	877,452
Share of net profits of joint ventures and associates	-	-	12,557	-	12,557
Finance lease and investment interest income	2,896	-	5,869	-	8,765
Corporate costs	-	-	-	(74,129)	(74,129)
Total EBITDA	840,900	39,448	18,426	(74,129)	824,645
Depreciation and amortisation	(195,635)	(12,565)	-	-	(208,200)
Earnings before interest and tax ("EBIT")	645,265	26,883	18,426	(74,129)	616,445
Net finance costs ^(b)					(343,391)
Profit before tax					273,054
Income tax expense					(81,944)
Profit for the year					191,110

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

(b) 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.

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Financial Performance

4. Segment information (continued)

Reportable segments (continued)

	Energy infrastructure	Asset management	Energy investments	Consolidated
	\$000	\$000	\$000	\$000
2015				
Segment assets and liabilities				
Segment assets	13,146,345	239,798	86,138	13,472,281
Carrying value of investments using the equity method	-	-	257,425	257,425
Unallocated assets ^(a)				1,034,394
Total assets				14,764,100
Segment liabilities	500,180	71,521	-	571,701
Unallocated liabilities ^(b)				13,742,567
Total liabilities				14,314,268

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

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

	Energy infrastructure	Asset management	Energy investments	Other	Consolidated
	\$000	\$000	\$000	\$000	\$000
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
2014					
Segment revenue ^(a)					
External sales revenue	820,478	99,171	-	-	919,649
Equity accounted net profits	-	-	11,428	-	11,428
Pass-through revenue	8,925	394,552	-	-	403,477
Finance lease and investment interest income	3,591	-	1,144	-	4,735
Total segment revenue	832,994	493,723	12,572	-	1,339,289
Other interest income					1,080
Consolidated revenue					1,340,369

Segment result

Earnings before interest, tax, depreciation and amortisation ("EBITDA")	678,179	67,552	-	-	745,731
Share of net profits of joint ventures and associates	-	-	11,428	-	11,428
Finance lease and investment interest income	3,591	-	1,144	-	4,735
Corporate costs	-	-	-	(70,306)	(70,306)
Total EBITDA	681,770	67,552	12,572	(70,306)	691,588
Depreciation and amortisation	(151,610)	(4,618)	-	-	(156,228)
Earnings before interest and tax ("EBIT")	530,160	62,934	12,572	(70,306)	535,360
Net finance costs ^(b)					(336,621)
Profit before tax					198,739
Income tax benefit					88,659
Profit for the year					287,398

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

(b) 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.

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Financial Performance

4. Segment information (continued)

Reportable segments (continued)

	Energy infrastructure	Asset management	Energy investments	Consolidated
2014	\$000	\$000	\$000	\$000
Segment assets and liabilities				
Segment assets	6,877,452	248,972	128,488	7,254,912
Carrying value of investments using the equity method	-	-	210,401	210,401
Unallocated assets ^(a)				257,670
Total assets				7,722,983
Segment liabilities	273,643	75,792	-	349,435
Unallocated liabilities ^(b)				6,801,374
Total liabilities				7,150,809

(a) Unallocated assets consist of cash and cash equivalents, current tax assets, fair value of interest rate swaps, foreign exchange contracts and inter-company balances.

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

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 the Consolidated Entity's top three customers.

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Financial Performance

5. Revenue

An analysis of the Consolidated Entity's revenue for the year is as follows:

	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	24,255	1,080
Redeemable preference shares (GDI) interest income	5,869	1,144
Finance lease income	2,896	3,591
Finance income	33,020	5,815
Rental income	597	579
Total revenue	1,536,642	1,328,941
Share of net profits of joint ventures and associates using the equity method	12,557	11,428
	1,549,199	1,340,369

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue 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.

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

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
Interest on related party loans	18,635	10,917
Amortisation of deferred borrowing costs	14,978	9,245
Finance lease charges - related party	529	559
Other finance costs	14,641	9,031
	406,038	353,874
Less: amounts included in the cost of qualifying assets	(20,002)	(18,069)
	386,036	335,805
(Gain) / loss on derivatives	(19,643)	787
Unwinding of discount on non-current liabilities	1,255	1,110
Finance costs	367,648	337,702
Defined contribution plans	10,116	9,648
Defined benefit plans (Note 16)	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) The Consolidated Entity 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.

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Financial Performance

7. Income tax

The major components of tax expense are:

	2015 \$000	2014 \$000
Income statement (continuing operations)		
Current tax benefit in respect of the current year	6,537	204
Adjustments recognised in the current year in relation to current tax of prior years	913	(204)
Deferred tax (expense) / benefit relating to the origination and reversal of temporary differences	(89,394)	88,659
Total tax (expense)/benefit	(81,944)	88,659
Tax reconciliation (continuing operations)		
Profit before tax	273,054	198,739
Income tax expense calculated at 30%	(81,916)	(59,622)
Non deductible expenses	(13,167)	(2,479)
Non assessable income	10,698	6,904
Unfranked dividends from associates	1,528	-
	(82,857)	(55,197)
Tax benefit on tax cost base step up	-	144,060
Adjustment recognised in the current year in relation to the current tax of prior years	913	(204)
	(81,944)	88,659

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.

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Financial Performance

7. Income tax (continued)

Deferred tax balances

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

	Opening balance	Charged to income	Charged to equity	Transfer to head Entity	Closing balance
2015	\$000	\$000	\$000	\$000	\$000
Gross deferred tax liabilities					
Intangible assets	(3,437)	769	-	-	(2,668)
Property, plant and equipment	(486,632)	(99,475)	-	-	(586,107)
Defined benefit obligation	4,328	171	(5,506)	-	(1,007)
Deferred expenses	(49,680)	(1,991)	-	-	(51,671)
	(535,421)	(100,526)	(5,506)	-	(641,453)
Gross deferred tax assets					
Provisions	37,430	7,621	-	-	45,051
Cash flow hedges	52,515	193	74,765	-	127,473
Deferred revenue	2,500	4,295	-	-	6,795
Investments equity accounted	3,909	2,995	-	-	6,904
Other	39	1,382	2,287	-	3,708
Tax losses	-	(5,354)	-	5,354	-
	96,393	11,132	77,052	5,354	189,931
Net deferred tax liability	(439,028)	(89,394)	71,546	5,354	(451,522)
2014					
Gross deferred tax liabilities					
Intangible assets	(3,975)	538	-	-	(3,437)
Property, plant and equipment	(497,928)	11,296	-	-	(486,632)
Deferred expenses	(47,532)	(2,148)	-	-	(49,680)
	(549,435)	9,686	-	-	(539,749)
Gross deferred tax assets					
Provisions	36,353	1,077	-	-	37,430
Cash flow hedges	27,525	236	24,754	-	52,515
Defined benefit obligation	6,225	142	(2,039)	-	4,328
Deferred revenue	468	2,032	-	-	2,500
Investments equity accounted	576	1,119	2,214	-	3,909
Other	66	(27)	-	-	39
Tax losses	-	74,394	-	(74,394)	-
	71,213	78,973	24,929	(74,394)	100,721
Net deferred tax liability	(478,222)	88,659	24,929	(74,394)	(439,028)

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Financial Performance

7. Income tax (continued)

Deferred tax

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.

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

The parent of APT Pipelines Limited, Australian Pipeline Trust 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 Australian Pipeline Trust. Members of the tax-consolidated group are identified at Note 25.

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, Australian Pipeline Trust 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.

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Financial Performance

8. Dividends

	APT Pipelines Limited			
	2015 cents per security	2015 Total \$000	2014 cents per security	2014 Total \$000
Recognised amounts				
Final dividends paid on 20 August 2014				
(2014: 20 August 2013)				
Dividend ^(a)	198.5	123,326	197.3	122,583
Interim dividends paid on 25 February 2015				
(2014: 14 February 2014)				
Dividend ^(a)	-	-	172.6	107,258
Unrecognised amounts				
Final dividends payable on 26 August 2015				
(2014: 20 August 2014)				
Dividend ^(a)	3.79	2,356	198.5	123,326

(a) Profit dividends were unfranked (2014: unfranked).

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

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Operating Assets and Liabilities

9. Receivables

	2015 \$000	2014 \$000
Trade receivables	223,668	96,517
Allowance for doubtful debts	(4,411)	(1,790)
Trade receivables	219,257	94,727
Receivables from associates and other related parties	15,630	56,936
Finance lease receivables (Note 17)	4,005	4,575
Interest receivable	686	59
Other debtors	15,222	11
Trade and other receivables	254,800	156,308
Receivables from related parties	135,942	156,725
Current	390,742	313,033
Finance lease receivables (Note 17)	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.

10. Payables

Trade payables ^(a)	29,754	27,037
Other payables ^(b)	368,546	158,940
Trade and other payables	398,300	185,977
Payables to related parties ^(c)	2,907,055	894,661
Current	3,305,355	1,080,638
Trade and other payables	3,261	3,599
Payables to related parties	876,911	440,633
Non-current	880,172	444,232

(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 Wallumbilla Gladstone Pipeline (formerly QCLNG Pipeline), other expenditure accruals and external interest payable accruals.

(c) Payables to related parties mainly consists of the loan to APT. The current year balance reflects the proceeds received by APTPL on behalf of APT following the issuance of securities and from the disposal of Envestra during the year.

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 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.

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Operating Assets and Liabilities

11. 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

The Consolidated Entity 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.

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Operating Assets and Liabilities

12. 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:

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.

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

The Consolidated Entity 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, the Consolidated Entity 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.

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Operating Assets and Liabilities

13. Impairment of non-financial assets

The Consolidated Entity 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 the Consolidated Entity 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 the Consolidated Entity'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, the Consolidated Entity 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).

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Operating Assets and Liabilities

14. Provisions

	2015	2014
	\$000	\$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
Retirement benefit liability (Note 16)	4,425	14,426
Leave balances	8,844	8,589
Non-current	30,484	38,833

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, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably. Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rates expected to apply at the time of settlement. 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 to be made by the Consolidated Entity in respect of services provided by employees up to reporting date.

15. Other non-current assets

Line pack gas	20,200	16,152
Gas held in storage	5,085	5,085
Defined benefit asset (Note 16)	7,784	-
	33,069	21,237

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Operating Assets and Liabilities

16. Employee superannuation plans

All employees of the Consolidated Entity are entitled to benefits on retirement, disability or death from an industry sponsored fund, or an alternative fund of their choice. The Consolidated Entity 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 the Consolidated Entity and the Consolidated Entity'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:

	2015 \$000	2014 \$000
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
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 15)	7,784	-
Defined benefit liability - non-current (Note 14)	(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

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Operating Assets and Liabilities

16. Employee superannuation plans (continued)

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 the Consolidated Entity'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. For the current financial year the Consolidated Entity has adopted the discount rate based on the corporate bond yield curve as at 30 June 2015 published by Milliman. In consultation with the Institute of Actuaries of Australia, the Group of 100 engaged Milliman to perform an analysis of the corporate bond market in Australia. The Milliman report supported the view that the bond market has demonstrated sufficient depth and liquidity over recent years to support a change to corporate bond rates. The Consolidated Entity has chosen to use the high-quality Australian corporate bond index rates as the liability will better reflect the economic cost to a corporate of the future payments to employees. For defined benefit schemes, any reduction in the liability results from a change in an actuarial assumption, so any gain is recorded in 'other comprehensive income'.

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.

The Consolidated Entity expects \$2.4 million in contributions to be paid to the defined benefit plans during the year ending 30 June 2016.

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Operating Assets and Liabilities

17. 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 9)	4,005	4,575
Non-current receivables (Note 9)	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.

Finance lease payables - related party

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 payable ^(a)	14,007	15,174
Gross finance lease payables	14,007	15,174
Less: unearned finance lease payables	(3,386)	(3,914)
Present value of lease payables	10,621	11,260
Included in the financial statements as part of:		
Current borrowings (Note 19)	670	639
Non-current borrowings (Note 19)	9,951	10,621
	10,621	11,260

(a) Minimum future lease payments payable include the aggregate of all lease payments payable and any guaranteed residual.

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Operating Assets and Liabilities

17. Leases (continued)

The Consolidated Entity 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.

The Consolidated Entity 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.

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Capital Management

The Consolidated Entity's objectives when managing capital are to safeguard its ability to continue as a going concern while maximising the return to equityholders through the optimisation of the debt to equity structure.

The Consolidated Entity'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 the Consolidated Entity consists of cash and cash equivalents, borrowings and equity attributable to equityholders of the parent. The Consolidated Entity'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 the Consolidated Entity's assets, make distributions to equityholders 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.

The Consolidated Entity's capital risk management strategy remains unchanged from the previous period.

The Consolidated Entity'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. The Consolidated Entity 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, the Consolidated Entity balances its overall capital structure through equity issuances, new debt or the redemption of existing debt and through a disciplined distribution payment policy.

18. 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	190,752	5,738
Short-term deposits	221,087	1,055
	411,839	6,793

The Consolidated Entity had no restricted cash as at 30 June 2015 and 30 June 2014.

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Capital Management

19. Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being 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

	2015 \$000	2014 \$000
Guaranteed senior notes ^(a)	158,134	-
Other financial liabilities ^(b)	6,219	-
Finance lease liabilities (Note 17)	670	639
Current	165,023	639
Guaranteed senior notes ^(a)	8,481,768	1,014,500
Bank borrowings ^(c)	125,000	3,214,082
Subordinated notes ^(d)	515,000	515,000
Other financial liabilities ^(b)	70,630	-
Less: unamortised borrowing costs	(50,901)	(35,299)
Finance lease liabilities (Note 17)	9,951	10,621
Non-current	9,151,448	4,718,904

Financing facilities available

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 MTNs 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 20 for details of interest rates and maturity profiles.

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

(c) Relates to the non-current portion of long-term borrowings. Refer to Note 20 for interest rates and maturity profiles.

(d) Represents AUD denominated subordinated notes. Refer to Note 20 for details of interest rates and maturity profiles.

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Capital Management

20. 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 manages 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.

(a) Market risk

The Consolidated Entity's market risk exposure is primarily due to changes in market prices such as interest and foreign exchange rates. The Consolidated Entity enters into a variety of 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 the Consolidated Entity's exposure to foreign currency has originated this year with the acquisition of 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.

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Capital Management

20. Financial risk management (continued)

(a) Market risk (continued)

Foreign currency risk

The Consolidated Entity'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 Consolidated Entity's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Cash & cash equivalents	Receivables	Total borrowings	Cross currency swaps	Foreign exchange contract	Net foreign currency position
	\$000	\$000	\$000	\$000	\$000	\$000
2015						
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, the Consolidated Entity 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 the Consolidated Entity 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.

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Capital Management

20. Financial risk management (continued)

(a) Market risk (continued)

Foreign currency risk (continued)

Forward foreign exchange contracts (continued)

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

Cash flow hedges	Average exchange rate	Foreign currency US\$000	< 1 year \$000	Contract Value 1 - 2 years \$000	2 - 5 years \$000	Fair value \$000
2015						
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, the Consolidated Entity 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.

Cross currency swap contracts

The Consolidated Entity 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. The Consolidated Entity 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	Foreign currency	Exchange rate \$	Less than 1 year \$000	1 - 2 years \$000	2 - 5 years \$000	More than 5 years \$000
2015						
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)

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Capital Management

20. Financial risk management (continued)

(a) Market risk (continued)

Foreign currency risk (continued)

Cross currency swap contracts (continued)

Cash flow hedges	Foreign	Exchange	Less than			More than
	currency	rate	1 year	1 - 2 years	2 - 5 years	5 years
2014		\$	\$000	\$000	\$000	\$000
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

The Consolidated Entity 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: 10 percent decrease/increases, increase by \$1.8 million or decrease by \$1.5 million respectively). This is due to the changes in the value of forward exchange contracts that are in a hedging relationship with highly probable forecast transactions.

Interest rate risk

The Consolidated Entity's interest rate risk is derived predominately from borrowings subject to fixed and floating interest rates. This risk is managed by the Consolidated Entity 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.

The Consolidated Entity'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).

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Capital Management

20. Financial risk management (continued)

(a) Market risk (continued)

Foreign currency 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 the Consolidated Entity 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	2014	2015	2014	2015	2014
	% p.a.	% p.a.	\$000	\$000	\$000	\$000
Cash flow hedges						
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. The Consolidated Entity 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 the Consolidated Entity'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, the Consolidated Entity'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 the Consolidated Entity'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.

The Consolidated Entity's profit sensitivity to interest rate movements has decreased during the current period due to the overall decrease in the level of the Consolidated Entity'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.

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Capital Management

20. Financial risk management (continued)

(a) Market risk (continued)

Price risk

The Consolidated Entity is exposed to price risk arising from forward purchase contracts over listed equities. The forward purchase contracts are held to meet strategic or hedging objectives rather than for trading purposes. The Consolidated Entity does not actively trade any of these holdings.

Equity price sensitivity

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date. At the reporting date, if the prices of the Consolidated Entity's equity investments had been 5 percent p.a. higher or lower:

- there is nil effect from the forwards as the corresponding exposure will offset in full (2014: \$nil); and
- there is nil effect on equity as the Consolidated Entity holds no available-for-sale investments (2014: \$nil)

(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 counter parties 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 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.

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 the Consolidated Entity'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 the Consolidated Entity, has agreed to provide financial support, when and as required, to all wholly-owned controlled entities with either a deficit in equityholders' 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

The Consolidated Entity has a policy dealing with liquidity risk which requires an appropriate liquidity risk management framework for the management of the Consolidated Entity'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 the Consolidated Entity.

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Capital Management

20. Financial risk management (continued)

(c) Liquidity risk (continued)

Detailed below are the Consolidated Entity'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 the Consolidated Entity 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.

	Maturity	Average interest rate % p.a.	Less than 1 year \$000	1 - 5 years \$000	More than 5 years \$000
2015					
Unsecured financial liabilities:					
Trade and other payables		-	398,300	-	-
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 US\$					
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
			1,068,912	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

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Capital Management

20. Financial risk management (continued)

(c) Liquidity risk (continued)

	Maturity	Average interest rate % p.a.	Less than 1 year \$000	1 - 5 years \$000	More than 5 years \$000
2014					
Unsecured financial liabilities					
Trade and other payables		-	185,977	-	-
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
			560,845	3,064,924	5,793,180

(a) Rates shown are the coupon rate

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Capital Management

20. Financial risk management (continued)

Critical accounting judgements and key sources of estimation uncertainty - 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 on 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.

Fair value of the Consolidated Entity'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 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.

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Capital Management

20. Financial risk management (continued)

Fair value of financial instruments (continued)

Fair value hierarchy

2015	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Financial assets measured at fair value				
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
	-	470,699	-	470,699
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				
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
	-	81,119	-	81,119
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

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 the Consolidated Entity 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 notes	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.

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Capital Management

21. Other financial instruments

	Assets		Liabilities	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$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 assets carried at amortised cost:				
Redeemable preference share interest	285	285	-	-
Current	24,789	16,575	145,815	90,574
Financial items carried at amortised cost:				
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	472,223	87,979	44,793	216,936

Redeemable preference shares relate to the Consolidated Entity'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 entity vehicle, 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.

Recognition and measurement

Hedge accounting

The Consolidated Entity 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, the Consolidated Entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Consolidated Entity documents whether the hedging instrument that is used in the hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 20 contains details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are also 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 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.

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Capital Management

21. Other financial instruments (continued)

Recognition and measurement (continued)

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.

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.

22. Issued capital

	2015		2014	
	\$000		\$000	
Shares				
62,127,252 shares, fully paid (2014: 62,127,252 shares, fully paid) ^(a)		117,330		117,330
	2015 No. of shares 000	2015 \$000	2014 No. of shares 000	2014 \$000
Movements				
Balance at beginning of financial year	62,127	117,330	62,127	117,330
Balance at end of financial year	62,127	117,330	62,127	117,330

(a) Fully paid shares carry one vote per share and carry the right to distributions.

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 Company does not have a limited amount of authorised capital and issued shares do not have a par value.

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Group Structure

23. Non-controlling interests

	2015 \$000	2014 \$000
Issued capital		
Balance at beginning of financial year	119,257	119,257
	119,257	119,257
Reserves		
Balance at beginning of financial year	1	1
	1	1
Retained earnings		
Balance at beginning of financial year	46	45
Profit for the year	23,185	23,014
Distributions paid	(23,184)	(23,013)
Balance at end of financial year	47	46
	119,305	119,304

24. Joint arrangements and associates

The table below lists the Consolidated Entity's interest in joint ventures and associates. The Consolidated Entity 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
EII 2	Power generation (wind)	Australia	20.20	20.20
Associate:				
GDI (EII)	Gas distribution	Australia	20.00	20.00
			2015	2014
			\$000	\$000
Investment in joint ventures and associate using the equity method			257,425	210,401

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Group Structure

24. Joint arrangements and associates (continued)

Aggregated information in respect of the joint ventures and associate is set out below:

	2015 \$000	2014 \$000
Joint Ventures		
Aggregate carrying amount of investment	228,556	179,822
The Consolidated Entity's aggregated share of:		
Profit from continuing operations	10,287	9,224
Other comprehensive income	(9,786)	(8,133)
Total comprehensive income	501	1,091
Associate		
Aggregate carrying amount of investment	28,869	30,579
The Consolidated Entity's aggregated share of:		
Profit from continuing operations	2,642	2,204
Other comprehensive income	126	29
Total comprehensive income	2,768	2,233

Investment in associates

An associate is an entity over which the Consolidated Entity 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 the Consolidated Entity, including any goodwill on acquisition. In subsequent periods the carrying amount of the investment is adjusted to reflect the Consolidated Entity'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 the Consolidated Entity'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 the Consolidated Entity has made payments on behalf of the associate or joint venture.

Contingent liabilities and capital commitments

The Consolidated Entity's share of the contingent liabilities, capital commitments and other expenditure commitments of jointly controlled operations is disclosed in Note 26.

The Consolidated Entity is a venturer in the following joint operations and assets:

Name of venture	Principal activity	Output interest	
		2015 %	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, the Consolidated Entity acquired a direct interest in the Goldfields Gas Transmission jointly controlled operations as part of the SCP Gas Business acquisition.

(b) Pursuant to the joint venture agreement, the Consolidated Entity receives a 70.8% share of operating income and expenses.

Interest in joint arrangements

A joint arrangement is an arrangement of which 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. The Consolidated Entity 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

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Group Structure

24. Joint arrangements and associates (continued)

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, the Consolidated Entity recognises its share of assets and liabilities, revenue from the sale of its share of the output and its share of revenue generated from the sale of the output by the joint operation and its share of expenses. These are incorporated into the Consolidated Entity's financial statements under the appropriate headings.

25. Subsidiaries

Subsidiaries are entities controlled by the Consolidated Entity. Control exists where the Consolidated Entity 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 %	2014 %
Parent entity			
APT Pipelines Limited ^(a)			
Subsidiaries			
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

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Group Structure

25. Subsidiaries (continued)

Name of entity	Country of registration/ incorporation	Ownership interest	
		2015 %	2014 %
Subsidiaries (continued)			
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
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

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Group Structure

25. Subsidiaries (continued)

Name of entity	Country of registration/ incorporation	Ownership interest	
		2015 %	2014 %
Subsidiaries (continued)			
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
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	-

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Group Structure

25. Subsidiaries (continued)

- (a) The parent of APT Pipelines Limited, Australian Pipeline Trust 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 Australian Pipeline Trust.
- (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 effect in the 2015 year and therefore is no longer a party to the deed.

The consolidated income statement of the entities party to the deed of cross guarantee are:

	Cross Guarantee Group	
	2015	2014
	\$000	\$000
Continuing operations		
Revenue	1,534,642	1,328,818
Share of net profits of associates and jointly controlled entities accounted for using the equity method	4,659	5,127
	1,539,301	1,333,945
Asset operation and management expenses	(73,407)	(63,915)
Depreciation and amortisation expense	(208,200)	(156,228)
Other operating costs - pass-through	(434,382)	(403,477)
Finance costs	(439,409)	(407,174)
Employee benefit expense	(186,260)	(168,615)
Other expenses	(24,233)	(9,854)
Profit before tax	173,410	124,682
Income tax (expense) / benefit	(61,329)	105,023
Profit for the year	112,081	229,705
Other comprehensive income, net of income tax		
Items that will not be reclassified subsequently to profit or loss:		
Actuarial (loss)/gain on defined benefit plan	18,354	6,796
Income tax relating to (loss)/gain on defined benefit plan	(5,506)	(2,039)
	12,848	4,757
Items that may be reclassified subsequently to profit or loss:		
Transfer of gain on cash flow hedges to profit or loss	68,960	72,522
Loss on cash flow hedges taken to equity	(316,556)	(154,309)
Loss / (gain) on associate hedges taken to equity	(5,053)	(7,378)
Income tax relating to other comprehensive income components	77,066	26,750
	(175,583)	(62,415)
Other comprehensive expense in the year (net of tax)	(162,735)	(57,658)
Total comprehensive income for the year	(50,654)	172,047

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Group Structure

25. Subsidiaries (continued)

The consolidated statement of financial position of the entities party to the deed of cross guarantee are:

	Cross Guarantee Group	
	2015	2014
	\$000	\$000
Current assets		
Cash and cash equivalents	410,595	5,518
Trade and other receivables	944,587	907,640
Other financial assets	24,789	16,575
Inventories	21,286	17,349
Other	8,314	5,996
Total current assets	1,409,571	953,078
Non-current assets		
Receivables	107,321	147,835
Other financial assets	1,024,747	645,335
Investments accounted for using the equity method	150,831	96,917
Property, plant and equipment	8,352,104	5,571,641
Goodwill	1,140,131	1,150,131
Other intangible assets	3,556,244	170,804
Other	33,069	21,237
Total non-current assets	14,364,447	7,803,900
Total assets	15,774,018	8,756,978
Current liabilities		
Trade and other payables	4,945,205	2,665,925
Borrowings	165,023	639
Other financial liabilities	145,815	90,574
Provisions	85,452	81,003
Unearned revenue	7,477	15,975
Total current liabilities	5,348,972	2,854,116
Non-current liabilities		
Trade and other payables	654,165	241,409
Borrowings	9,151,448	4,718,904
Other financial liabilities	44,793	216,936
Deferred tax liabilities	448,804	438,853
Unearned revenue	60,349	47,382
Other	16,801	15,438
Total non-current liabilities	10,376,360	5,678,922
Total liabilities	15,725,332	8,533,038
Net assets	48,686	223,940
Equity		
Issued capital	117,330	117,329
Reserves	(300,346)	(123,489)
Retained earnings	231,702	230,100
Equity attributable to equityholders of the parent	48,686	223,940

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Other

26. Commitments and contingencies

	2015 \$000	2014 \$000
Capital expenditure commitments		
The Consolidated Entity - plant and equipment	94,169	87,835
The Consolidated Entity'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

The Consolidated Entity had no contingent assets as at 30 June 2015 and 30 June 2014.

27. 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:

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.

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Other

28. Remuneration of external auditor

	2015	2014
	\$	\$
Amounts received or due and receivable by Deloitte Touche Tohmatsu for:		
Auditing the financial report	659,500	700,000
Tax compliance and advice ^(a)	-	8,500
Other assurance services ^(a)	211,500	84,000
	871,000	792,500

(a) Services provided were in accordance with the external auditor independence policy. Other assurance services mainly comprise assurance services in relation to debt raisings.

29. Related party transactions

(a) Equity interest in related parties

Details of the percentage of ordinary securities held in subsidiaries are disclosed in Note 25 and the details of the percentage held in joint operations, joint ventures and associates are disclosed in Note 24.

(b) Responsible Entity – Australian Pipeline Limited

The Responsible Entity is wholly owned by APT Pipelines Limited.

(c) Transactions with related parties within the Consolidated Entity

Transactions between the entities that comprise the Consolidated Entity 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 Consolidated Entity charges interest on inter-entity loans from time to time.

All transactions between the entities that comprise the Consolidated Entity have been eliminated on consolidation. Refer to Note 25 for details of the entities that comprise the consolidated 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 the Consolidated Entity. No amounts were paid directly by the Consolidated Entity to the Directors of the Responsible Entity, except as disclosed at Note 27.

Australian Pipeline Limited, in its capacity as trustee and Responsible Entity of APT, has guaranteed the payment of principal, interest and other amounts as provided in the senior debt facilities of APT Pipelines Limited, the principle borrowing entity of APA Group.

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Other

29. Related party transactions (continued)

Transactions with associates and joint ventures

The following transactions occurred with the Consolidated Entity's associates and joint ventures on normal market terms and conditions:

	Dividends from related parties	Sales to related parties	Purchases from related parties	Amount owed by related parties	Amount owed to related parties
	\$000	\$000	\$000	\$000	\$000
2015					
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, the Consolidated Entity 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.

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Other

30. 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	529,679	20,962
Non-current assets	15,290,345	9,090,336
Total assets	15,820,024	9,111,298
Liabilities		
Current liabilities	453,558	173,528
Non-current liabilities	15,264,267	8,873,420
Total liabilities	15,717,825	9,046,948
Net assets	102,199	64,350
Equity		
Issued capital	117,330	117,330
Retained earnings	80,917	66,957
Reserves		
Hedging reserve	(96,047)	(119,937)
Total equity	102,200	64,350
Financial performance		
Profit for the year	137,286	230,068
Other comprehensive income	22,759	(57,251)
Total comprehensive income	160,045	172,817

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

Guarantee provided under the deed of cross guarantee ^(a)

(a) APT Pipelines Limited has entered into a deed of cross guarantee with a number of its wholly-owned subsidiaries. These subsidiaries are listed in full in Note 25.

Contingent liabilities of the parent entity

Refer to Note 26 for contingent liabilities. Bank guarantees are issued by parent entity.

APT Pipelines Limited

Notes to the consolidated financial statements (continued)

For the financial year ended 30 June 2015

Other

31. 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 AASB 15'	1 January 2017 ^(a)	30 June 2018 ^(a)

(a) The International Accounting Standards Board 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.

32. Events occurring after reporting date

On 7 July 2015, the Consolidated Entity 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 dividend of 3.79 cents per security (\$2.4 million). The dividend will be paid on 26 August 2015 to the sole equityholder, Australian Pipeline Limited as Responsible Entity and Trustee of Australian Pipeline Trust.

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.

APT Pipelines Limited

Declaration by the Directors of APT Pipelines 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 Pipelines Limited 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.
- (e) At the date of this declaration, APT Pipelines Limited is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company, which is party to the deed, guarantees to each creditor, payment in full of any debt in accordance with the deed of cross guarantee. In the Directors' opinion, there are reasonable grounds to believe that APT Pipelines Limited and the companies to which the ASIC Class Order applies, as detailed in Note 25 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Directors



Leonard Bleasel AM
Chairman



Robert Wright
Director

SYDNEY, 26 August 2015

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Directors
APT Pipelines Limited
HSBC Building
Level 19, 580 George Street
Sydney NSW 2000

26 August 2015

Dear Directors

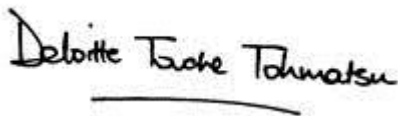
Auditors Independence Declaration to APT Pipelines Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of APT Pipelines Limited.

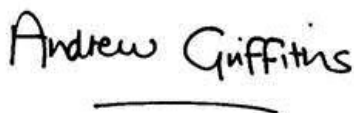
As lead audit partner for the audit of the financial statements of APT Pipelines Limited for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (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



A V Griffiths
Partner
Chartered Accountants

Independent Auditor's Report to the Members of APT Pipelines Limited

Report on the Financial Report

We have audited the accompanying financial report of APT Pipelines Limited, 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 company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 29 to 82.

Directors' Responsibility for the Financial Report

The directors of APT Pipelines 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 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.

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 APT Pipelines 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:

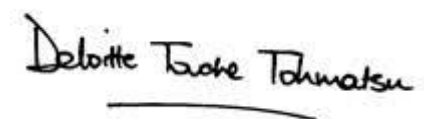
- (a) the financial report of APT Pipelines Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian 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

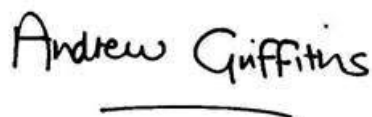
We have audited the Remuneration Report included in pages 9 to 28 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our 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 APT Pipelines Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.



DELOITTE TOUCHE TOHMATSU



A V Griffiths
Partner
Chartered Accountants
Sydney, 26 August 2015