

5 March 2010

Dear security holder

**DUET GROUP (DUET) interim report**

I am pleased to include with this letter DUET's interim report for the 2010 financial year.

The interim report provides details on our activities during the period, an overview of the financial highlights and an update on our portfolio including details of key operational initiatives.

DUET's interim financial report can be accessed online at [www.duet.net.au](http://www.duet.net.au).

**Your security holder communications – elect for electronic delivery**

With increasing concern over the environmental impact of producing and printing corporate publications, we encourage you to elect to receive electronic copies of DUET's annual and any interim reports in future. By providing us with your email address, you will receive an email advising you when and how to access your reports online.

To opt out of receiving hard copy reports please visit [www.investorcentre.com/au](http://www.investorcentre.com/au). Once you have logged in (or registered if this will be your first visit to the site), please go to 'Update my details' and select 'Communication options'. You will then be able to elect to receive electronic communications, including electronic delivery of DUET's reports.

Opting out of receiving hard copy reports will provide benefits to the environment and reduce costs to DUET security holders.

We hope that you find the enclosed interim report informative. Thank you for your continuing support of DUET.

Yours sincerely



**Peter Barry**  
Chief Executive Officer  
DUET Group

# INTERIM REPORT

FOR THE PERIOD ENDED  
31 DECEMBER 2009



DUET's diversified portfolio of regulated utility assets performed solidly in the six months to 31 December 2009.

The A\$265 million entitlement offer conducted in the first half of 2009 provided DUET with the ability to fund growth opportunities with lower gearing than has been the case historically. In December 2009 we announced participation in an equity recapitalisation of Duquesne Light. Capital is also being applied to further invest in DBP, including the remaining equity contributions for the DBP Stage 5B expansion, and to invest in UED's smart meter project. Additional equity is to be invested in Multinet. DUET believes that the best way to enhance value for our security holders is to continue to invest in our portfolio of assets.

#### Financial highlights

On a proportionately consolidated basis, which represents DUET's share of the earnings of each of our asset companies, the results in the first half were stable:

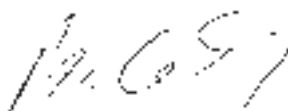
- EBITDA increased 2.7% on pro forma prior corresponding period (pcp) to A\$304.9 million; and
- Revenue increased 3.3% on pro forma pcp to A\$516.0 million.

DUET's proportionately consolidated earnings per stapled security of 13.3 cents for the six months to 31 December 2009 provided 133% coverage of our interim distribution of 10 cents per stapled security paid on 16 February 2010.

#### Distributions

In December 2009 DUET announced an interim distribution of 10 cents per stapled security, which was in line with FY2010 guidance of 20 cents per stapled security.

On behalf of the Boards and management of DUET Group, I thank you for your support.



#### Philip Garling

Chairman

AMPCI Macquarie Infrastructure Management No.1 Limited  
AMPCI Macquarie Infrastructure Management No.2 Limited  
DUET Investment Holdings Limited

# CHAIRMAN'S LETTER

|  | Six months to<br>December 2009 | Pro forma six months to<br>December 2008 |
|--|--------------------------------|--|
| Proportionately consolidated revenue             | A\$516m                        | A\$500m                                  |
| Proportionately consolidated EBITDA              | A\$305m                        | A\$297m                                  |
| Proportionate gearing (net debt to total assets) | 66.6%                          | 68.4%                                    |
| Proportionate earnings per stapled security      | 13.3c                          | 15.5c                                    |
| Interim distribution per stapled security        | 10.0c                          | 14.125c                                  |

# FINANCIAL HIGHLIGHTS

### Asset performance

I am pleased to report a stable performance from DUET's portfolio of utility assets. DUET's Australian asset companies continued to perform in line with our expectations, with solid EBITDA performance across the portfolio. Duquesne Light (Duquesne), our Pittsburgh-based electricity distribution and transmission business, was affected by reduced demand from some industrial and commercial customers due to subdued economic conditions in Pittsburgh, and by reduced residential demand due to milder weather. This reduction in demand, together with higher labour-related costs and a non-cash site restoration actuarial charge, impacted Duquesne's proportionate EBITDA, which was down 9% for the period.

### Capital management

Our A\$265 million entitlement offer in 2009 positioned us well for ongoing investments in our assets, including the following projects:

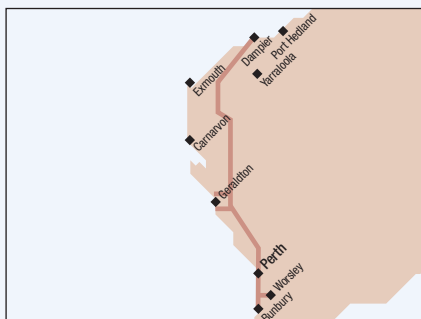
### Duquesne Light Holdings Inc equity investment

On 11 December 2009 DUET announced that it had committed to participate in its pro rata equity share of a total US\$271.1 million equity investment by the ownership consortium in Duquesne, and to a further US\$91.6 million investment by the consortium during the period to 31 December 2010. DUET's initial pro rata share is US\$78.3 million, with US\$26.5 million due for the subsequent investment during the period to 31 December 2010.

The equity investment will be applied to offset the impact of the defined benefit pension plan deficit on the credit rating agency metrics of Duquesne, and provide further equity funding for transmission and distribution network growth capital expenditures.

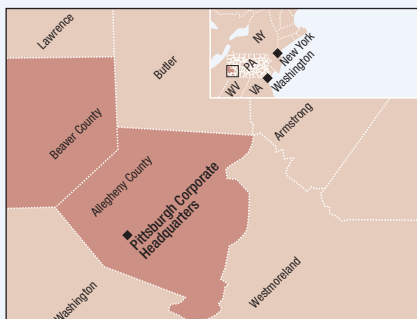
Duquesne reported a defined benefit pension plan deficit of US\$266 million as at 31 December 2009 (DUET's share US\$77 million). Duquesne expects that it will progressively recover its prevailing pension deficit through future tariff increases.

# CEO'S REPORT



### Dampier Bunbury Pipeline

|                                       |              |
|---------------------------------------|--------------|
| Length of pipeline:                   |              |
| Main line                             | 1,539 km     |
| Loop line                             | 1,045 km     |
| Laterals                              | 299 km       |
| Maximum allowable operating pressure: |              |
| Main line                             | 8.4 Mpa      |
| Laterals                              | 6.9 Mpa      |
| No. of compressors                    | 26           |
| Capacity (average TJ/day)             | 1,018        |
| Next regulatory reset date            | January 2011 |



### Duquesne Light

|                              |                       |
|------------------------------|-----------------------|
| Length of network:           |                       |
| Transmission lines           | 1,077 circuit-km      |
| Distribution lines and cable | 30,127 circuit-km     |
| Area of network              | 2,116 km <sup>2</sup> |
| Connections                  | approx. 589,000       |
| 31 December 2009 load        | 6,672 GWh             |
| Next regulatory reset date   | n/a                   |



### Multinet Group Holdings

|                            |                       |
|----------------------------|-----------------------|
| Length of network          | 10,009 km             |
| Area of network            | 1,940 km <sup>2</sup> |
| Connections                | 663,330               |
| 31 December 2009 load      | 31.9 PJ               |
| Next regulatory reset date | January 2013          |

### Dampier Bunbury Pipeline (DBP) Stage 5B

The DBP Stage 5B expansion project, a A\$690 million expansion project which will increase the pipeline firm full haul capacity by approximately 14%, was announced in June 2008. Like the previous DBP expansion projects, Stage 5B is on budget and to plan. As of 31 December 2009 the looping works on the pipeline were 84% complete, and the compressor stations works were 80% complete. Commissioning of the expansion is scheduled for the first half of calendar year 2010, for gas deliveries through 2010.

Expansions of the pipeline since acquisition by the current ownership consortium have increased firm full haul capacity by approximately 38%. Therefore, today we are providing a third more firm full haul gas transportation capacity to our shippers than we were in 2004. From that 38% increase in firm full haul capacity, DBP has seen a 57% increase in revenue and a 91% increase in EBITDA.

### United Energy smart meter project

The smart meter project, announced in November 2008, will lead to the installation of 650,000 smart meters in UED's network, at a cost of approximately A\$345 million over the five-year roll-out period. The first smart meters were installed in September 2009, and around 12,600 meters were installed in people's homes and businesses in UED's service area at 31 December 2009. Data systems are scheduled to go live in mid 2010.

This project is expected to deliver attractive returns to UED and DUET, and the regulatory parameters have been set to January 2014, meaning we have certainty over the treatment of this project from a regulatory perspective.

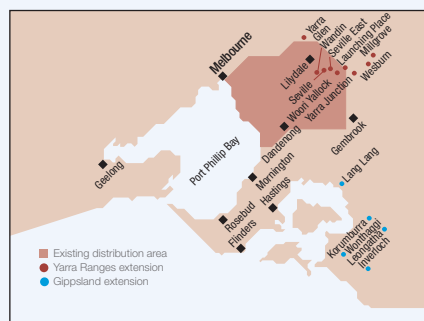
### Outlook

DUET's diversified portfolio of utility assets continues to provide opportunities for growth, particularly with the specific projects outlined driving future returns for DUET security holders.

The first half result demonstrates the continued stability of our diversified portfolio. Our focus remains on improving operational performance and completing our expansion projects.

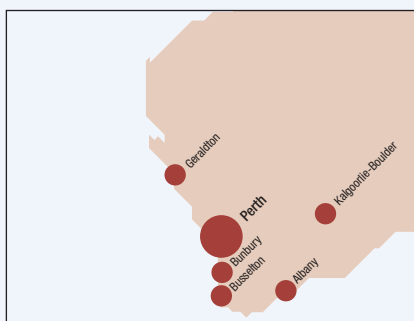


**Peter Barry**  
Chief Executive Officer  
DUET Group



### United Energy Distribution

|                            |                       |
|----------------------------|-----------------------|
| Length of network          | 12,729 km             |
| Area of network            | 1,450 km <sup>2</sup> |
| Connections                | 627,746               |
| 31 December 2009 load      | 4,062 GWh             |
| Next regulatory reset date | January 2011          |

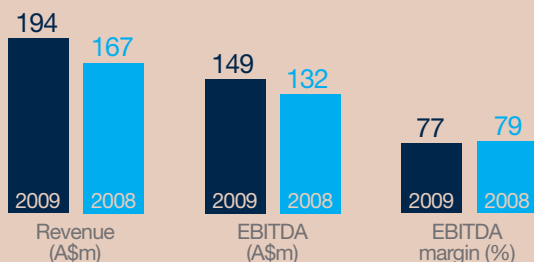


### WA Gas Networks

|                            |                       |
|----------------------------|-----------------------|
| Length of network          | 12,828 km             |
| Area of network            | 3,800 km <sup>2</sup> |
| Connections                | 618,834               |
| 31 December 2009 load      | 15.1 PJ               |
| Next regulatory reset date | January 2011*         |

\* Date tariff adjustments become effective.

## Dampier Bunbury Pipeline



### Revenue

DBP achieved revenues of A\$194 million, 16% higher than pcp

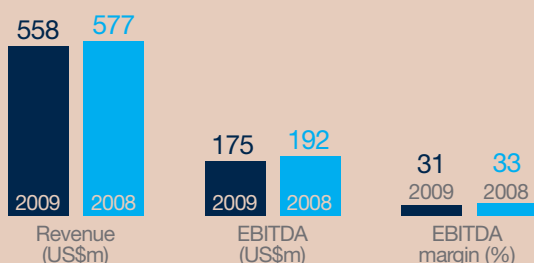
### EBITDA

DBP recorded EBITDA of A\$149 million, 13% higher than pcp

### EBITDA margin

DBP recorded an EBITDA margin of 77%, 2% lower than pcp

## Duquesne Light



### Revenue

Duquesne Light achieved revenues of US\$558 million, 3% lower than pcp

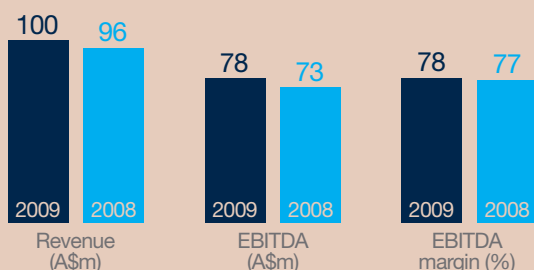
### EBITDA

Duquesne Light recorded EBITDA of US\$175 million, 9% lower than pcp

### EBITDA margin

Duquesne Light recorded an EBITDA margin of 31%, 2% lower than pcp

## Multinet Group Holdings



### Revenue

Multinet achieved revenues of A\$100 million, 5% higher than pcp

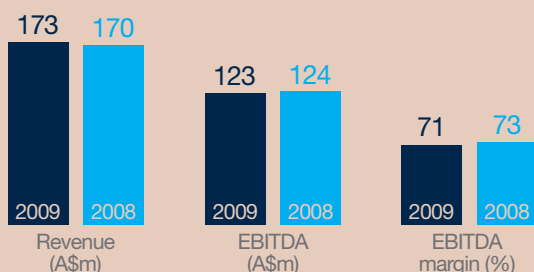
### EBITDA

Multinet recorded EBITDA of A\$78 million, 6% higher than pcp

### EBITDA margin

Multinet recorded an EBITDA margin of 78%, 1% higher than pcp

## United Energy Distribution



### Revenue

UED achieved revenues of A\$173 million, 2% higher than pcp

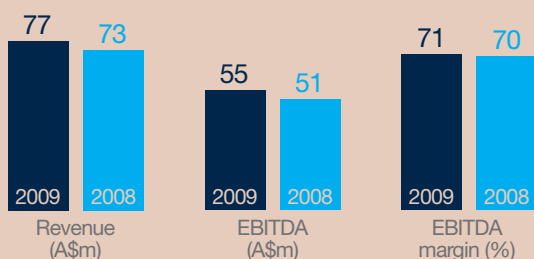
### EBITDA

UED recorded EBITDA of A\$123 million, 1% lower than pcp

### EBITDA margin

UED recorded an EBITDA margin of 71%, 2% lower than pcp

## WA Gas Networks



### Revenue

WAGN achieved revenues of A\$77 million, 6% higher than pcp

### EBITDA

WAGN recorded EBITDA of A\$55 million, 7% higher than pcp

### EBITDA margin

WAGN recorded an EBITDA margin of 71%, 1% higher than pcp

# ASSET FINANCIAL HEADLINES\*

\* For the half year ended 31 December 2009, based on 100% of each asset company. For the prior corresponding period, the results are pro forma.

DUET Group comprises Diversified Utility and Energy Trust No.1 ARSN 109 363 037 (DUET1), Diversified Utility and Energy Trust No.2 ARSN 109 363 135 (DUET2), Diversified Utility and Energy Trust No.3 ARSN 124 997 986 (DUET3) and DUET Investment Holdings Limited ABN 22 120 456 573 (DIHL).

AMPCI Macquarie Infrastructure Management No.1 Limited ABN 99 108 013 672 (RE1) is the responsible entity of DUET1 and AMPCI Macquarie Infrastructure Management No.2 Limited ABN 15 108 014 062 (RE2) is the responsible entity for DUET2 and DUET3. RE1 is the manager of DIHL. RE1 and RE2 are jointly owned by AMP Capital Holdings Limited ABN 69 078 651 966 (AMPCH), a wholly owned subsidiary of AMP Limited, and Macquarie Capital Group Limited ABN 54 096 705 109 (Macquarie Capital).

### Stapling

In accordance with its requirements in respect of stapled securities, the ASX reserves the right (but without limiting its absolute discretion) to remove DUET1, DUET2, DUET3 and DIHL, or all four, from the official list of the ASX if, while the stapling arrangements apply, the securities in DUET1, DUET2, DUET3 or DIHL cease to be stapled together or one equity securities are issued by DUET1, DUET2, DUET3 or DIHL to equivalent securities in the other entities, other than the A, B and C special shares or redeemable preference shares (as those terms are defined in the DIHL constitution).

### Performance disclaimer

None of the entities noted in this document is an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia) and their obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (MBL) or AMP Bank Limited ABN 15 081 596 009 (AMP Bank). MBL provides a limited A\$2.5 million guarantee to the Australian Securities and Investments Commission in respect of the Corporations Act obligations of each of RE1 and RE2 as responsible entities of managed investment schemes. MBL and AMP Bank do not otherwise guarantee or provide assurance in respect of the obligations of RE1 or RE2 or any other entity noted in this document. Investments in DUET are subject to investment risk, including possible delays in repayment and loss of income and capital invested.

### Advice warning

The information in this interim report is given in good faith and derived from sources believed to be accurate at this date, but no warranty of accuracy or reliability is given and no responsibility arising in any other way, including by reason of negligence for errors or omissions is accepted by RE1, RE2, DIHL or their respective officers.

This report is not an offer or invitation for subscription or purchase of, or a recommendation of securities. It does not take into account the investment objectives, financial situation and particular needs of the investor. Before making an investment in DUET, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances, and consult an investment adviser if necessary.

### Financial report

The DUET consolidated interim report has been prepared to enable RE1 and RE2 as responsible entities, and DIHL, to comply with their obligations under the Corporations Act and to ensure compliance with the ASX Listing Rules and satisfy the requirements of the Australian accounting standards in relation to stapled structures. The responsibility for preparation of the interim financial report and any financial information contained in this interim report rests solely with RE1, RE2 and DIHL.

### Complaint handling

A formal complaint handling procedure is in place for DUET. RE1 and RE2 are members of the Financial Ombudsman Service.

Complaints should in the first instance be directed to RE1 and RE2. If you have any enquiries or complaints, please contact:

Investor Relations Manager, DUET  
Mezzanine Level  
No.1 Martin Place  
Sydney NSW 2000

or

PO Box 4294  
Sydney NSW 1164  
Telephone: (612) 8232 4491 or 1800 005 049  
Facsimile: (612) 8232 4713

### DUET's ongoing commitment to your privacy

We understand the importance you place on your privacy and are committed to protecting and maintaining the confidentiality of the personal information you provide to us.

DUET has adopted a privacy policy. For further information, visit the DUET website at [www.duet.net.au](http://www.duet.net.au) or contact DUET Investor Relations on 1800 005 049 or from outside Australia on (612) 8232 4491.

## DISCLAIMER

### DUET Group

#### Responsible Entity

AMPCI Macquarie Infrastructure Management No.1 Limited (ABN 99 108 013 672) (AFSL 269286) (RE1) as responsible entity of Diversified Utility and Energy Trust No.1 (DUET1)

and

AMPCI Macquarie Infrastructure Management No.2 Limited (ABN 15 108 014 062) (AFSL 269287) (RE2) as responsible entity of Diversified Utility and Energy Trust No.2 (DUET2) and as responsible entity of Diversified Utility and Energy Trust No.3 (DUET3)

and

DUET Investment Holdings Limited (DIHL)

Mezzanine Level

No.1 Martin Place  
Sydney NSW 2000

or

PO Box 4294  
Sydney NSW 1164  
Telephone: (612) 8232 4491 or 1800 005 049  
Facsimile: (612) 8232 4713  
Website: [www.duet.net.au](http://www.duet.net.au)

#### Registry

Computershare Investor Services Pty Limited  
GPO Box 7115  
Sydney NSW 2001  
or  
Level 3, 60 Carrington Street  
Sydney NSW 2000  
Telephone: (612) 9415 4189 or 1800 009 874  
Facsimile: (612) 8235 8220

#### Directors

##### RE1

##### Executive

Philip Garling (Chairman) – appointed by AMPCH  
John Roberts (Director) – appointed by Macquarie (alternate Frank Kwok)

##### Independent

Hon. Michael Lee (Director)  
Doug Halley (Director)  
Emma Stein (Director)

##### RE2

##### Executive

Philip Garling (Chairman) – appointed by AMPCH  
John Roberts (Director) – appointed by Macquarie (alternate Frank Kwok)

##### Independent

Ron Finlay (Director)  
Eric Goodwin (Director)  
Duncan Sutherland (Director)

##### DIHL

##### Executive

Philip Garling (Chairman) – appointed by AMPCH  
John Roberts (Director) – appointed by Macquarie (alternate Frank Kwok)

##### Independent

Doug Halley (Director)  
Emma Stein (Director)  
Ron Finlay (Director)

##### Secretaries of RE1, RE2 and DIHL

Christine Williams  
Leanne Pickering

## CORPORATE DIRECTORY