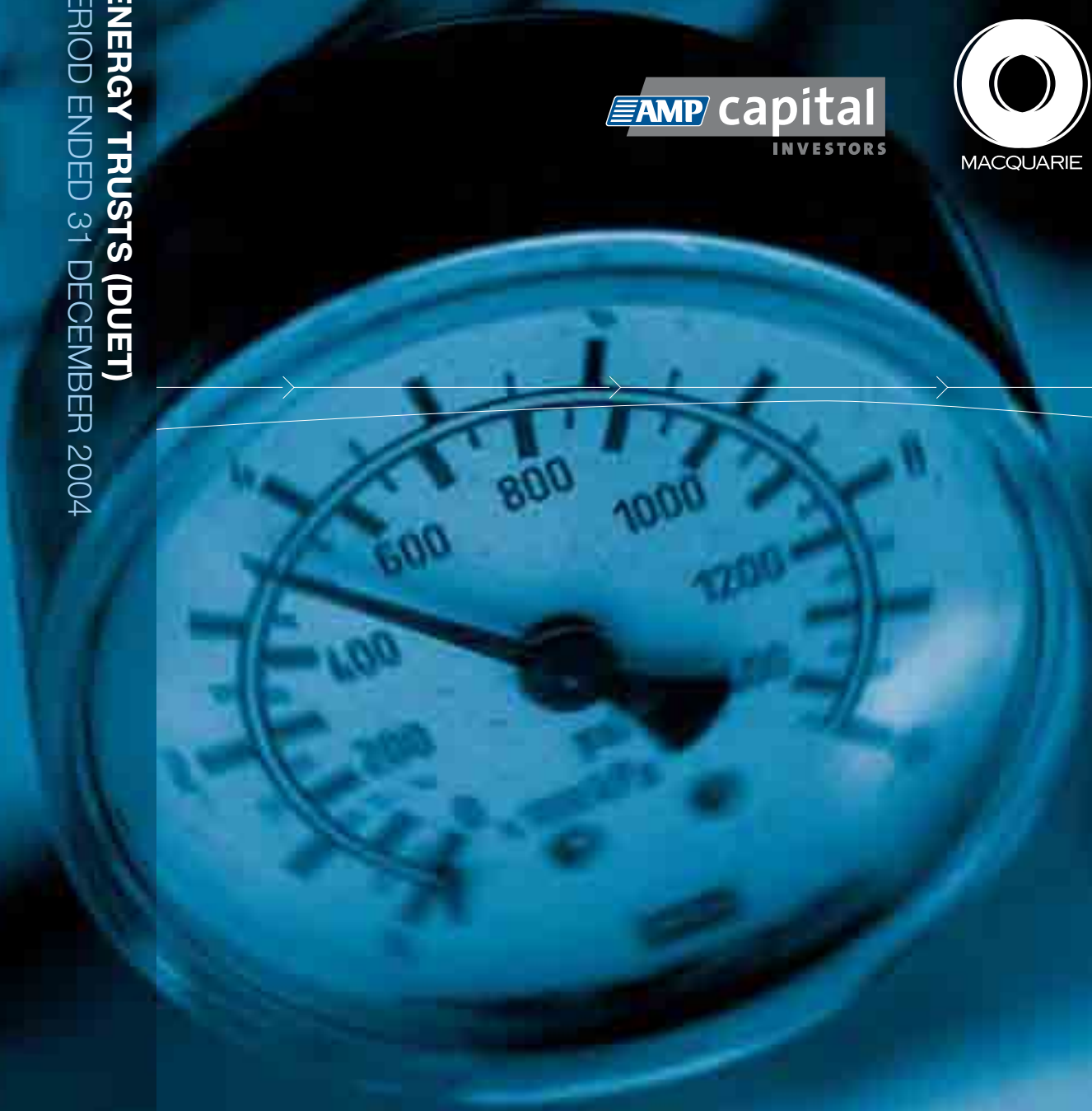




AMP capital
INVESTORS

DIVERSIFIED UTILITY AND ENERGY TRUSTS (DUET)
INTERIM REPORT FOR THE PERIOD ENDED 31 DECEMBER 2004



CHAIRMAN'S LETTER

The six months to 31 December 2004 was a successful and extremely active period for the Diversified Utility and Energy Trusts (DUET).

DUET not only listed on the Australian Stock Exchange in August, it also joined with consortium partners Alinta Limited and Alcoa of Australia Limited to purchase the Dampier to Bunbury Natural Gas Pipeline (DBNGP) in October. DUET now holds a 60%¹ interest in DBNGP, with the other consortium partners each holding a 20% interest. The associated \$398 million entitlement offer was well supported by both institutional and retail investors.

The acquisition of DBNGP has further diversified DUET's asset base by adding a strategic gas transmission pipeline to DUET's portfolio of gas and electricity distribution networks. This diversification will further support DUET's ability to pay stable and predictable distributions to unitholders.

Highlights of the financial results for the period include:

DUET Group	2004
Revenue	\$348.0m
Operating expenses	(\$120.9m)
EBITDA (earnings before interest, tax, depreciation and amortisation)	\$227.1m
EBIT (earnings before interest and tax)	\$159.4m
Net result after tax	\$25.1m
DUET Group earnings per stapled unit	10.0c
Interim distribution per stapled unit	13.5c

ASSET COMPANY OPERATION

United Energy Distribution and Multinet Group Holdings both continued to perform strongly from financial and operational perspectives. The key areas of customer connections, gas and energy distributed, and reliability of supply all performed solidly during the period.

In regards to DBNGP, the transition of corporate and operational services to the new consortium owned manager and Alinta Network Services has been a main focus for the DUET management team, and is progressing well.

DISTRIBUTIONS

In December, DUET announced an interim distribution of 13.5 cents per stapled unit, which you would have received early in March. The board has forecast a total 2005 distribution of 21.7 cents per stapled unit.

The final distribution is scheduled to be confirmed in June 2005.

NATIONAL REGULATORY FRAMEWORK

Currently in Australia, the regulation of electricity and gas distribution, and retailing for electricity and natural gas, is undertaken across separate jurisdictional systems. It is widely accepted that inefficiencies in this model increase costs for both industry participants and consumers. In December 2003, the Council of Australian Governments' Ministerial Council on Energy agreed to develop a national framework to regulate distribution and retailing (other than retail pricing) of electricity and natural gas as part of the reform of energy markets.

DUET supports this initiative, and will actively participate in the development of the national regulatory framework, as it presents a valuable opportunity to continue the regulatory evolution towards a stable but more light-handed framework in which customers and investors can both benefit from a focus on service and innovation, and from greater efficiency.

OUTLOOK

DUET remains on track to achieve its forecast results for the 2005 financial year, including a total forecast distribution of 21.7 cents per stapled unit. We will continue to work with our asset companies to maximise operational efficiencies. We are also committed to continuing to grow a diversified portfolio of energy utility assets which have strong strategic positions and generate revenue streams that underpin the payment of stable and predictable distributions.

On behalf of the boards of the DUET responsible entities, I look forward to your ongoing support.



PHILIP GARLING
Chairman

AMPCI MACQUARIE INFRASTRUCTURE MANAGEMENT
NO.1 LIMITED

AMPCI MACQUARIE INFRASTRUCTURE MANAGEMENT
NO.2 LIMITED

¹ As a member of the DBNGP Consortium, DUET has acquired a 60% interest in the DBNGP Trust (representing an initial 89% economic interest in distributable profits reducing to 60% as Alinta Limited and Alcoa of Australia Limited pay up their partly paid equity).

FINANCIAL HIGHLIGHTS

DUET GROUP

FINANCIAL PERFORMANCE SUMMARY FOR THE SIX MONTHS TO 31 DECEMBER 2004

Total revenue	\$348.0m
Operating expenses	(\$120.9m)
EBITDA	\$227.1m
Depreciation and amortisation	(\$67.7m)
EBIT	\$159.4m
Borrowing costs	(\$120.5m)
Net results before tax	\$38.9m
Income tax expense	(\$8.5m)
Outside equity interests	(\$5.4m)
Net result after tax	\$25.1m
Earnings per stapled unit	10.0c

FINANCIAL POSITION SUMMARY

AS AT 31 DECEMBER 2004

Cash assets	\$137.0m
Other current assets	\$139.1m
Property, plant and equipment	\$3,137.6m
Intangible assets	\$2,015.2m
Other non current assets	\$200.3m
Total assets	\$5,629.2m
Current liabilities ¹	\$191.3m
Interest bearing liabilities	\$4,156.6m
Other non current liabilities	\$333.2m
Total liabilities	\$4,681.1m
Net assets	\$948.1m
Contributed equity	\$885.2m
Undistributed (deficit)	(\$35.8m)
Outside equity interest	\$98.7m
Total equity	\$948.1m

¹ Excludes current interest bearing liabilities of \$515.0m which have been included in interest bearing liabilities

CASHFLOW SUMMARY

FOR THE SIX MONTHS TO 31 DECEMBER 2004

Net cashflows from operating	\$244.0m
Acquisition cashflows	(\$1,845.8m)
Payments for property, plant and equipment	(\$72.3m)
Proceeds from sale of assets	\$0.8m
Net cashflow from investing	(\$1,917.3m)
Acquisition and capital raising cashflows	\$602.7m
Borrowings	\$1,413.4m
Repayment of borrowings	(\$48.0m)
Borrowing costs paid	(\$185.8m)
Dividends and distributions paid	(\$27.0m)
Net cashflows from financing	\$1,755.3m
Net increase in cash assets	\$81.9m

KEY EVENTS FOR 2005

DATE	EVENT
Mid-June 2005*	Final distribution announced
30 June 2005	Financial year end and record date for final distribution
31 August 2005*	Final results announced
2 September 2005	Final distribution paid
4 November 2005*	Annual General meeting

* Subject to final confirmation

DAMPIER TO BUNBURY NATURAL GAS PIPELINE (60% HOLDING)

RESULTS

Financial close of the DBNGP acquisition was achieved on 27 October 2004, therefore the results presented for DBNGP in this report cover the period of operations from 28 October to 31 December 2004.

DBNGP has reported strong results, with revenue of \$42.5 million and EBITDA of \$30.4 million. For the period 28 October to 31 December 2004, DBNGP contributed \$10.3 million to the DUET parent entity revenue.

OPERATIONAL OVERVIEW

DBNGP is a 1,597 kilometre gas transmission pipeline in Western Australia which connects the gas fields of the North West Shelf to industrial, commercial, and residential customers in Perth and the surrounding region. Following the finalisation of the DBNGP acquisition, the consortium partners have been working towards the transition of corporate and operational services from the existing provider to Alinta Network Services and DBNGP Holdings, the new consortium owned management vehicle. An important initiative in this process has been to finalise the structure, functions and roles within the DBNGP Holdings management team.

Although DBNGP is currently at capacity, there is demand for greater natural gas supply from customers currently using the pipeline. To satisfy this demand DUET, along with

DBNGP's other shareholders, has planned a project of over \$400 million to expand the pipeline by at least 100TJ over the next four years. The project is underway with contracts signed for the provision of engineering services to scope the first stages of the expansion. An order to purchase two gas turbines for the project has been lodged, and a third compressor for Compressor Station Number 10 is scheduled to be commissioned by early 2006. The expansion of DBNGP will ensure that it can take full advantage of the ongoing demand for natural gas in Western Australia.

DBNGP has entered into long term gas transportation contracts until 2016 with the major gas shippers on the pipeline. These contracts represent approximately 95% of DBNGP's current capacity. However, it is still a requirement under the Western Australian gas regulatory regime that five-yearly access arrangements are lodged with the Economic Regulatory Authority (ERA). During the period, DBNGP's management prepared and subsequently lodged an access arrangement with the ERA.

UNITED ENERGY DISTRIBUTION (66% HOLDING)

RESULTS

United Energy Distribution (UED) has reported strong results this period, with revenue of \$172.5 million, and EBITDA of \$129.0 million. During the period, UED contributed \$27.6 million to the DUET parent entity revenue.

OPERATIONAL OVERVIEW

The UED electricity distribution network covers some 1,450 square kilometres and serving Melbourne's south-east and the Mornington Peninsula. UED continued to perform solidly, reporting improvement in the key areas of energy distributed, customer connections, peak demand, and reliability of supply. For the regulatory year 1 January 2004 to 31 December 2004:

- energy distributed was 7,509 GWh – an increase of 2.0% on the prior regulatory year
- total customer connections stood at 602,659 – an increase of 1.0% on the prior regulatory year
- network peak demand was 1,646 MW – an increase of 5.9% on the prior regulatory year
- in both supply reliability measures, system average outage frequency and system average outage duration, UED performed comfortably within the benchmarks set by the Victorian regulator.

During the period, UED lodged its proposed access arrangement under the Victorian Electricity Distribution Price Review. UED's access arrangement sets out its price and service offering for the 1 January 2006 to 31 December 2010 regulatory period. UED's proposal seeks to align the interests of both investors and customers to further build on the quality service UED provides to the wider community.

DUET'S PORTFOLIO COMPRISES A DIVERSIFIED MIX OF ENERGY UTILITY ASSETS

DUET IS FOCUSED ON DELIVERING LONG TERM, SUSTAINABLE DISTRIBUTIONS TO ITS UNIT HOLDERS

A draft decision on UED's proposal from the Victorian regulator, the Essential Services Commission (ESC), is scheduled for release in June 2005, with a final decision expected in August 2005.

In July 2004, the ESC released its final decision for the introduction of interval meters. Interval meters allow for the measurement of electricity consumption for each half-hour in the day, as opposed to the current system of one or two readings of accumulated consumption over each three month period. Interval meters also allow clearer price information to be sent to customers, including the changing cost of electricity at different times of the day and year. UED is in the process of completing the final costing and roll-out program for interval metering, which is scheduled to commence from 2006.

MULTINET GROUP HOLDINGS (79.9% HOLDING)

RESULTS

Multinet has reported strong results this period, with revenue of \$86.9 million and EBITDA of \$67.2 million. During the period, Multinet contributed \$23.3 million to the DUET parent entity revenue.

OPERATIONAL OVERVIEW

The Multinet gas distribution network, covering some 1,603 square kilometres and serving the inner and outer east and south-east suburbs

of Melbourne, continued to perform solidly, reporting improvement in the key areas of gas distributed, customer connections and reliability of supply. For the regulatory year 1 January 2004 to 31 December 2004:

- energy distributed was 60,588 TJ – an increase of 2.0% on the prior regulatory year
- total customer connections stood at 641,607 – an increase of 1.0% on the prior regulatory year
- in both supply reliability measures, gas consumer minutes off supply (unplanned) and gas system average interruption frequency index, Multinet's solid performance was ahead of historical levels.

In November, Multinet was selected by the Victorian State Government to deliver natural gas to nine townships in the Yarra Valley region. The Yarra Valley is a rapidly developing region on Melbourne's eastern fringe, and Multinet's extension into this area represents a logical growth of its existing gas distribution network. Construction of new distribution networks, including 150 kilometres of supply and distribution mains, passing 6,000 potential new customers, will begin in the first half of 2005 and continue for approximately three years. The \$24.5 million project is part of the Victorian State Government's \$70 million Natural Gas Extension Program.

A major upgrade of selected low pressure pipes in Multinet's network

commenced in 2003 and continued during the period. "Project Pipeworks" is planned to run until 2008, and will result in the replacement of more than 500 kilometres of mains (polyethylene pipe replacing existing cast iron and steel pipe), and approximately 24,500 consumer service connections/renewals. The project is part of Multinet's long term strategic focus on the refurbishment of its low-pressure network. Benefits include improved supply for end customers, improved safety, reduced gas losses, and a reduced network risk profile.

ALINTAGAS NETWORKS (25.9% HOLDING)

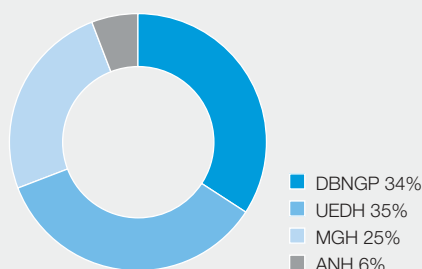
RESULTS

AlintaGas Networks owns and operates four gas distribution networks in Western Australia, which together supply gas to approximately 58% of Western Australian households.

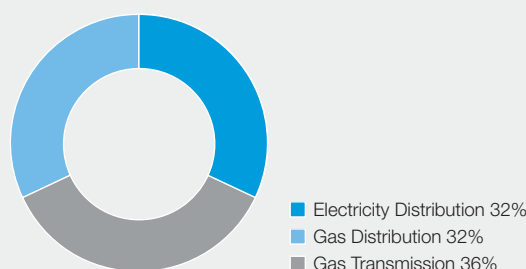
AlintaGas Networks, being controlled by Alinta Limited, has a financial year ending 31 December. For the 12 months ended 31 December 2004, AlintaGas Networks reported EBITDA of \$87.7 million, and continued to perform well, specifically in terms of new customer connections and mains extensions.

During the period, AlintaGas Networks contributed \$7.8 million to the DUET parent entity revenue.

DUET ASSET MIX BY VALUE ¹



DUET'S ENERGY MIX ¹



¹ As at 31 December 2004

A copy of the DUET interim financial report for the six months to 31 December 2004 is available on the DUET website at www.duet.net.au

If you would like a hard copy, please contact us via email from our website, or telephone DUET Investor Relations on 1800 005 049.

RESPONSIBLE ENTITIES

Diversified Utility and Energy Trusts (DUET) comprises Diversified Utility and Energy Trust No. 1 ARSN 109 363 037 (DUET1) and Diversified Utility and Energy Trust No. 2 ARSN 109 363 135 (DUET2).

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 of DUET2.

RE1 and RE2 are jointly owned by AMP Capital Holdings Limited ABN 69 078 651 966, a wholly owned subsidiary of AMP Limited, and Macquarie Bank Limited ABN 46 008 583 542.

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Paul Moy
Emma Stein

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SECRETARY OF RE1 AND RE2

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COMPLAINTS HANDLING

A formal complaints handling procedure is in place for DUET. RE1 and RE2 are members of the Financial Industry Complaints Scheme. Complaints should in the first instance be directed to RE1 and RE2. If you have any enquiries or complaints, please contact:

THE INVESTOR RELATIONS MANAGER

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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 or contact our Investor Relations Manager on 1800 005 049.

DISCLAIMER

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 omission is accepted by RE1, RE2, AMP Capital Holdings Limited, Macquarie Bank Limited or their respective officers or any member of the AMP Group or the Macquarie Bank Group.

This interim report is general advice and does not take into account the particular investment objectives financial situation or 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.

Investments in DUET are not deposits with or other liabilities of

Macquarie Bank Limited or AMP Capital Holdings Limited, or any entity in the Macquarie Bank Group or AMP Group and are subject to investment risk, including possible delays in repayment and loss of income and capital invested.

Neither RE1 nor RE2, nor any member of the Macquarie Bank Group, or the AMP Group guarantees the performance of DUET, the repayment of capital or the payment of a particular rate of return on DUET stapled securities.