

DUET GROUP

FINANCIAL REPORT FOR YEAR ENDED 30 JUNE 2009



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

Financial Report

for year ended 30 June 2009

AMPCI Macquarie Infrastructure Management No.1 Limited (ABN 99 108 013 672) (RE1) (AFSL 269286) is the responsible entity for Diversified Utility and Energy Trust No.1 (DUET) (ARSN 109 363 037) (ABN 83 495 791 796) and the manager of DUET Investment Holdings Limited (DIHL) (ABN 22 120 456 573) and AMPCI Macquarie Infrastructure Management No.2 Limited (ABN 15 108 014 062) (RE2) (AFSL 269287) is the responsible entity for Diversified Utility and Energy Trust No.2 (DUET2) (ARSN 109 363 135) (ABN 85 482 841 876) and Diversified Utility and Energy Trust No. 3 (DUET3) (ARSN 124 997 986) (ABN 42 998 980 995) (in combination referred to as "DUET" or "the DUET Group"). RE1 and RE2 are joint ventures between AMP Capital Holdings Limited, a wholly owned subsidiary of AMP Limited (AMP), and Macquarie Capital Group Limited, a wholly owned subsidiary of Macquarie Group Limited (MGL).

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 \$2.5 million guarantee to the Australian Securities and Investments Commission in respect of 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.

Neither RE1, RE2, members of MGL nor members of AMP guarantee the performance of the DUET Group or repayment of capital or income.

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.

RE1 as responsible entity for DUET1 and manager of DIHL, and RE2 as responsible entity of DUET2 and DUET3 are entitled to fees for so acting. RE1, RE2, AMP and MGL and their related corporations, together with their officers and directors, may hold stapled securities in DUET from time to time.

Financial Report

for year ended 30 June 2009

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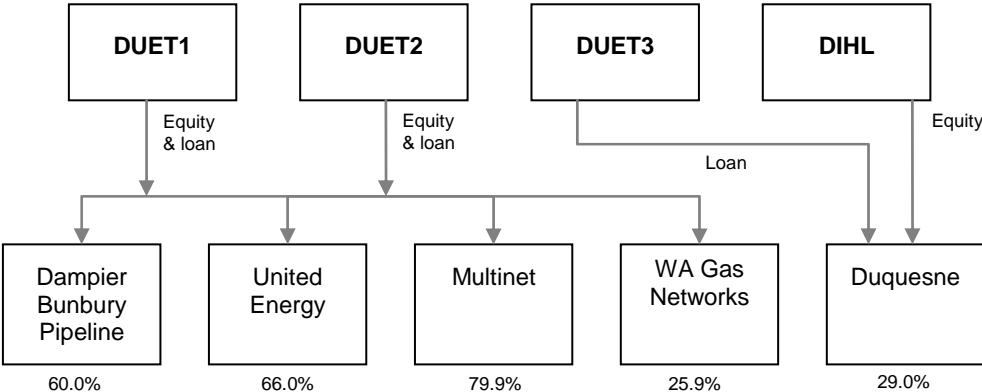
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Explanation of the Financial Report for year ended 30 June 2009

Explanation of the Financial Report

At 30 June 2009, DUET Group comprises Diversified Utility and Energy Trust No.1 (DUET1), Diversified Utility and Energy Trust No.2 (DUET2), Diversified Utility and Energy Trust No.3 (DUET3) and DUET Investment Holdings Limited (DIHL) and their subsidiaries (together, DUET). These four stapled entities DUET1, DUET2, DUET3 and DIHL trade as one listed security, DUET Group, on the Australian Securities Exchange (ASX Code: DUE).

A summary of the Group structure as at 30 June 2009 is illustrated below.



DUET holds a controlling interest in the Dampier Bunbury Natural Gas Pipeline Trust and its controlled entities (DBP or Dampier Bunbury Pipeline), United Energy Distribution Holdings Limited and its controlled entities (UEDH or United Energy) and Multinet Group Holdings Limited and its controlled entities (MGH or Multinet). Accordingly the results, assets and liabilities of these entities are consolidated into the DUET Group Financial Report. DUET holds non-controlling interests in WA Network Holdings Pty Limited (WAGN or WA Gas Networks) and DQE Holdings LLC (DQE or Duquesne) and therefore these investments are equity accounted into the DUET Group Financial Report. This means DUET’s share of profits and losses of WAGN and DQE are recognised in one line in the Income Statement.

Under Australian Accounting Standards, DUET1 has been deemed the parent entity of DUET2, DUET3 and DIHL for accounting purposes. Therefore, the DUET1 consolidated Financial Statements include all entities forming DUET.

Financial Statements for DUET2, DUET3 and DIHL for the year ended 30 June 2009 have also been presented in this report jointly as permitted by ASIC class orders 05/642 and 06/441.

The financial report for DUET Group, presented in the first column in the attached financial report, serves as a summary of the financial performance and position of DUET as a whole, while the four other columns in the financial report provide the individual entity financial reports of DUET1, DUET2, DUET3 and DIHL.

As the securities held by investors are stapled securities in DUET, the Financial Report for the DUET Group provides the most concise information regarding the performance of investors’ funds, with further information on the components of the investment presented in the remaining columns.

Directors' Report

for year ended 30 June 2009

Directors' Reports – DUET1, DUET2, DUET3 and DIHL

AMPCI Macquarie Infrastructure Management No.1 Limited (RE1) acts as responsible entity for Diversified Utility and Energy Trust No.1 (DUET1) and manager of DUET Investment Holdings Limited (DIHL).

AMPCI Macquarie Infrastructure Management No.2 Limited (RE2) acts as responsible entity for Diversified Utility and Energy Trust No.2 (DUET2) and Diversified Utility and Energy Trust No.3 (DUET3).

UIG 1013: Consolidated Financial Reports in relation to Pre-Date-of Transition Stapling Arrangements requires one of the stapled entities of a stapled structure to be identified as the parent entity for the purpose of preparing a consolidated financial report. In accordance with this requirement, DUET1 has been identified as the parent of the consolidated Group comprising DUET1, DUET2, DUET3, DIHL and the entities they control, together acting as DUET or DUET Group.

RE1 and RE2 are joint ventures between AMP Capital Holdings Limited (AMPCH), a wholly owned subsidiary of AMP Limited, and Macquarie Capital Group Limited (MCGL), a wholly owned subsidiary of Macquarie Group Limited (MGL).

The directors of RE1 submit the following report for DUET1 for the year ended 30 June 2009.

The directors of RE2 submit the following report for DUET2 and DUET3 for the year ended 30 June 2009.

The directors of DIHL submit the following report for DIHL for the year ended 30 June 2009.

The units of DUET1, DUET2 and DUET3 together with the ordinary shares in DIHL are issued as stapled securities in DUET.

Principal Activities

The principal activity of DUET1, DUET2, DUET3 and DIHL is investment in energy utility assets. The investment policy of DUET Group is to invest funds in accordance with the provisions of the Trust Constitutions and the governing documents of the individual entities within DUET Group.

Directors Names (and period of service)

The following persons held office as directors of RE1 during the year and up to the date of this report:

- Philip Garling (Chairman)
- John Roberts
- The Hon. Michael Lee
- Emma Stein
- Douglas Halley
- Dr Greg Roder (alternate for Philip Garling)
- Shemara Wikramanayake (alternate for John Roberts – resigned 18 July 2008)
- Gregory Osborne (alternate for John Roberts – appointed 18 July 2008, resigned 27 February 2009)
- Francis Kwok (alternate for John Roberts - appointed 2 March 2009)

Directors' Report

for year ended 30 June 2009

Directors' names (and period of service) (continued)

The following persons held office as directors of RE2 during the year and up to the date of this report:

- Philip Garling (Chairman)
- John Roberts
- Ron Finlay
- Eric Goodwin
- Duncan Sutherland
- Dr Greg Roder (alternate for Philip Garling)
- Shemara Wikramanayake (alternate for John Roberts – resigned 18 July 2008)
- Gregory Osborne (alternate for John Roberts – appointed 18 July 2008, resigned 27 February 2009)
- Francis Kwok (alternate for John Roberts - appointed 2 March 2009)

The following persons held office as directors of DIHL during the year and up to the date of this report:

- Philip Garling (Chairman)
- John Roberts
- Ron Finlay
- Douglas Halley
- Emma Stein
- Dr Greg Roder (alternate for Philip Garling)
- Shemara Wikramanayake (alternate for John Roberts – resigned 18 July 2008)
- Gregory Osborne (alternate for John Roberts – appointed 18 July 2008, resigned 27 February 2009)
- Francis Kwok (alternate for John Roberts - appointed 2 March 2009)

Distributions and Dividends

The distribution for the year ended 30 June 2009 was 24.125 cents per stapled security (2008: 27.00 cents per stapled security).

An interim distribution for the year ended 30 June 2009 of 14.125 cents per stapled security was paid on 17 February 2009 (2008: 13.50 cents per stapled security). This consisted of 4.888 cents per unit from DUET1 (2008: 4.550 cents per unit), 6.511 cents per unit from DUET2 (2008: 6.350 cents per unit) and 2.726 cents per unit from DUET3 (2008: 2.600).

A final distribution of 10.00 cents per stapled security was paid on 14 August 2009 (2008: 13.50 cents per stapled security). This consisted of 3.157 cents per unit from DUET1 (2008: 5.01 cents per unit), 4.907 cents per unit from DUET2 (2008: 5.99 cents per unit) and 1.936 cents per unit from DUET3 (2008: 2.50 cents per unit).

Directors' Report for year ended 30 June 2009

Review and Results of Operations

The performances of the DUET Group and entities comprising DUET for the year ended 30 June 2009 was as follows:

	DUET Group 1 Jul 08 - 30 Jun 09	DUET1 1 Jul 08 - 30 Jun 09	DUET2 1 Jul 08 - 30 Jun 09	DUET3 1 Jul 08 - 30 Jun 09	DIHL 1 Jul 08 - 30 Jun 09
Revenue and other income from continuing operations	1,042,938	95,767	89,405	69,292	21,884
(Loss)/profit for the year	(49,957)	49,611	53,805	38,247	(127,704)
(Loss)/profit attributable to security holders	(62,281)	49,611	53,805	38,247	(127,704)
Earnings used in calculation of basic and diluted earnings per stapled security/unit/share	27,177	49,611	53,805	38,247	(127,704)
Basic earnings per stapled security/unit/share	4.03c	7.36c	7.97c	5.67c	(18.94)c
Diluted earnings per stapled security/unit/share	4.03c	7.36c	7.97c	5.41c	(18.94)c

	DUET Group 1 Jul 07 - 30 Jun 08	DUET1 1 Jul 07 - 30 Jun 08	DUET2 1 Jul 07 - 30 Jun 08	DUET3 1 Jul 07 - 30 Jun 08	DIHL 1 Jul 07 - 30 Jun 08
Revenue and other income from continuing operations	971,828	77,243	87,069	42,523	4,187
Profit for the year	74,581	15,681	25,575	6,409	27,011
Profit attributable to security holders	51,838	15,681	25,575	6,409	27,011
Earnings used in calculation of basic and diluted earnings per stapled security/unit/share	18,418	15,681	25,575	6,409	27,011
Basic earnings per stapled security/unit/share	3.05c	2.60c	4.24c	1.06c	4.48c
Diluted earnings per stapled security/unit/share	3.05c	2.60c	4.24c	0.82c	3.46c

The DUET Group loss for the year to 30 June 2009 of \$50.0m is primarily a result of non cash changes in the fair value of derivatives during the year. The mark to market and actuarial losses total \$176.5m and have been consolidated or equity accounted into the DUET Group result.

Significant movements include the following:

- a) Consolidated: Unrealised non-cash mark to market losses on derivatives at:
 - DUET corporate-level of \$32.1m (2008: \$13.3m); and
 - Multinet of \$18m (2008: a gain of \$1.6m).
- b) Equity accounted share of Duquesne's unrealised:
 - non-cash mark to market losses (net of tax) of \$71.2m (2008: a gain of \$27m) on energy hedging derivatives;
 - actuarial loss on defined benefit plan of \$55.2m (2008: \$15.6m).

Directors' Report

for year ended 30 June 2009

Dampier Bunbury Pipeline

During the year under review, DBP transmitted 289.8 PJ (2008: 295.1 PJ) of gas.

The expansion program of the Dampier to Bunbury Natural Gas Pipeline (DBNGP) continued to be a major focus during the year under review and underpinned increases in revenue and earnings. With the substantial completion of the Stage 5A expansion project in April 2008, DBP has seen revenue growth of approximately 15.3% in the 12 months to 30 June 2009.

Since DUET acquired its 60% interest in DBP in October 2004, two substantial capacity expansions have been completed. In December 2006 the \$433 million Stage 4 expansion project was completed on time and on budget and in November 2008 the \$660 million Stage 5A expansion project was completed on time and under budget. DBP has also announced the \$700 million Stage 5B expansion project. When completed, the DBNGP will be approximately 80% duplicated over its entire length and over 90% duplicated between Dampier and Perth.

DBP has executed debt and equity agreements, shipper contracts and placed the pipe order for the Stage 5B expansion project.

United Energy

During the year under review, United Energy distributed 7,928 GWh (2008: 7,925 GWh) of electricity. United Energy performed solidly this year as a result of the continued strong demand for electricity. United Energy continues to progress the smart meter project in Victoria. This project announced on 9 December 2008 will involve replacing over 650,000 meters, deploying a new communications network, installing new supporting IT systems and redesigning business processes to accommodate the new meters. United Energy aims to complete the installation program by 2013.

United Energy has a regulatory obligation to disclose related party transactions and the costs incurred by related parties in delivering services to it in 2007 and 2008. The regulatory accounts submitted for 2007 were qualified on the basis that costs were not supplied in relation to all disclosed related party transactions.

Multinet

During the year under review, Multinet distributed 58.5 PJ (2008: 58.4 PJ) of gas.

Multinet has continued to perform in line with expectations. In March 2008, Victoria's Essential Services Commission (ESC) delivered its final regulatory determination for Multinet for the period 1 January 2008 to 31 December 2012. The decision provides regulatory certainty for Multinet until 2012. This is the last decision to be handed down by the ESC, with subsequent decisions falling under the jurisdiction of the national Australian Energy Regulator (AER). The formation of the AER is expected by industry participants to lead to greater consistency and predictability in future regulatory decisions, replacing a number of state-based regulatory bodies.

Multinet has been an active participant in the Victorian State Government's natural gas extension program through two important expansion projects. The Yarra Ranges and South Gippsland expansion projects are now complete.

Multinet has a regulatory obligation to disclose related party transactions and the costs incurred by related parties in delivering services to it in 2004, 2005, 2006, 2007 and 2008. The regulatory accounts submitted for these years (excluding 2008, which have not been completed) have been qualified on the basis that costs have not been supplied in relation to all disclosed related party transactions.

Directors' Report

for year ended 30 June 2009

WA Gas Networks

Continued population growth in and around Perth has underpinned the expansion of WAGN's gas distribution network.

Duquesne

The US Federal Energy Regulatory Commission (FERC) is currently providing attractive incentives for investment in transmission infrastructure through the regulated tariff structure both within Duquesne's distribution area and potentially between states. Duquesne is strategically located between the generation-rich states of Ohio, Indiana and Kentucky and the high electricity usage states of New York and District of Columbia which provide significant opportunities to Duquesne for further growth.

Significant Changes in State of Affairs

Institutional Placement and Entitlement Offer

DUET completed an equity raising of 204.1 million securities at \$1.30 per security, comprising an Institutional Placement completed on 21 April 2009 and a 1 for 6.25 Accelerated Non-renounceable Entitlement Offer completed on 1 May 2009. Proceeds from the equity raising of \$265.4 million (before costs of the offer) were used to further strengthen DUET's balance sheet, continue to reduce gearing and provide increased flexibility for funding future growth capital expenditure.

Redemption of POWERS / \$685 million Corporate Bank Facility

On 1 September 2008, DUET redeemed and cancelled the Preferred to Ordinary with Exchange and Reset Securities (POWERS), DUET's hybrid funding instrument.

The source of funding for the redemption was a \$685 million corporate bank facility that reached financial close on 28 August 2008. The \$685 million facility consists of a \$585 million and a \$100 million standby facility.

US\$300 million cross-currency interest rate swap executed

In August 2008, DUET Group executed a US\$300 million cross-currency interest rate swap (Swap) with certain members of its banking syndicate. The Swap was effective from 29 August 2008 and is used to hedge DUET Group's US dollar-denominated investment in Duquesne.

Duquesne defined benefit plans

Due to the continued volatility in equity markets and the fall in rates of return on investments, the Duquesne defined benefit plans reported a net plan deficit of US\$218 million as at 30 June 2009. This is consistent with the annual actuarial valuation as at 31 December 2008.

Under US legislation, the Pension Protection Act of 2006 requires funding deficits to be met by the sponsoring company over a defined period. In Duquesne's case, based on current legislation, this is expected to be over a 7 year period commencing in the 2010 calendar year. As this deficit relates to a regulated entity, Duquesne management are of the opinion that the funding required under the Act will meet the criteria and be recoverable through a regulated tariff rate reset.

Directors' Report

for year ended 30 June 2009

Transfer of operations and maintenance staff to Dampier Bunbury Pipeline

DBP announced on 9 February 2009 that it had reached final agreement with WestNet Energy for the resumption of asset management functions for the Dampier to Bunbury Natural Gas Pipeline (DBNGP) by DBP. These functions (including pipeline operations, engineering, maintenance and the majority of corporate support functions) were previously carried out by WestNet Energy and WestNet Infrastructure Group under an Operating Services Agreement (OSA).

With the exception of the anticipated operating efficiencies, there will be no material change to DBP's cost base as a result of the changes.

Performance fee reinvested in DUET Group Securities

On 8 July 2008, RE1 and RE2 elected to apply the performance fee of \$54.2 million earned by them for the six month period to 30 June 2008 to subscribe for DUET Group securities. The securities were issued in the name of entities nominated by the shareholders of RE1 and RE2. Pursuant to the DUET Trust Constitutions and DIHL Management Services Agreement, 17,021,662 new stapled securities were issued at a price of \$3.1835 per stapled security, being the weighted average trading price (VWAP) of DUET Group securities during the last 20 trading days of the six month period to 30 June 2008.

Refinancing of DBP's Stage 4A Debt Facility

During the year DPB refinanced the \$480 million Stage 4A debt facility with financial close occurring on 3 June 2009. The re-financing was achieved by way of a new Syndicated Facility Agreement with 3 and 5 year tranches.

Events Occurring After Balance Sheet Date

Final distribution paid

A final distribution of 10.00 cents per stapled security was paid by DUET on 14 August 2009 (2008: 13.50 cents). This consists of a distribution of 3.157 cents per unit from DUET1 (2008: 5.01 cents), 4.907 cents per unit from DUET2 (2008: 5.99 cents) and 1.936 cents per unit from DUET3 (2008: 2.50 cents).

DUET Group securities issued under DRP

Security holders participating in DUET's Distribution and Dividend Reinvestment Plan (DRP) reinvested \$18,935,563 of the distribution paid on 14 August 2009 in 12,077,760 DUET Group securities at a price of \$1.567812.

Refinancing of Multinet's \$135 million Medium Term Notes

As announced on 25 March 2009, Multinet received commitments to refinance these notes that matured after 30 June 2009. The refinancing achieved financial close on 29 July 2009.

Directors' Report

for year ended 30 June 2009

Winding up of POWERS Trust

Following the redemption of POWERS units on 1 September 2008, the POWERS Trust was wound up on 30 July 2009.

No other circumstances have arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of DUET Group, the results of those operations in future financial years, or the state of affairs of DUET Group in years subsequent to the year ended 30 June 2009.

Likely Developments and Expected Results of Operations

In July 2008, the Carbon Pollution Reduction Scheme Green Paper was released. The paper proposes the introduction of a cap and trade emissions trading scheme with the objective of meeting Australia's emissions reduction targets in the most flexible and cost effective way. It would appear that some of DUET's assets may incur obligations under the scheme for emissions permits. DUET is currently reviewing the proposed scheme to confirm that all costs incurred can be passed through to consumers, as per the general intent of the scheme.

Further information on likely developments relating to the operations of DUET1, DUET2, DUET3 (together, the Trusts) and DIHL (Company) in future years and the expected results of those operations has not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Trusts and Company of DUET Group.

Indemnification and Insurance of Officers and Auditors

During the year, RE1, RE2 and the Company paid a premium to insure their respective officers. As long as these officers act in accordance with the Constitution and the law, they will remain indemnified out of the assets of the Trusts and Company of DUET Group against any losses incurred while acting on behalf of the Trusts, Company and DUET Group. The auditors of DUET Group are in no way indemnified out of the assets of the Trust, Company or DUET Group.

Fees Paid to the RE1 and RE2 and their Associates

Fees paid to RE1 and RE2 and their associates out of DUET1, DUET2, DUET3, DIHL and DUET Group's property are disclosed in note 30 to the Financial Statements.

Directors' Report

for year ended 30 June 2009

Interests in DUET Group Securities Issued During the Financial Year

The movement during the year in securities on issue of DUET Group is set out below:

	DUET Group 1 Jul 08 - 30 Jun 09 '000	DUET1 1 Jul 08 - 30 Jun 09 '000	DUET2 1 Jul 08 - 30 Jun 09 '000	DUET3 1 Jul 08 - 30 Jun 09 '000	DIHL 1 Jul 08 - 30 Jun 09 '000
Securities on issue at the beginning of the year	609,459	609,459	609,459	609,459	609,459
Securities issued during the year	237,627	237,627	237,627	237,627	237,627
Securities on issue at the end of the year	847,086	847,086	847,086	847,086	847,086

	DUET Group 1 Jul 07 - 30 Jun 08 '000	DUET1 1 Jul 07 - 30 Jun 08 '000	DUET2 1 Jul 07 - 30 Jun 08 '000	DUET3 1 Jul 07 - 30 Jun 08 '000	DIHL 1 Jul 07 - 30 Jun 08 '000
Securities on issue at the beginning of the year	568,328	568,328	568,328	568,328	568,328
Securities issued during the year	41,131	41,131	41,131	41,131	41,131
Securities on issue at the end of the year	609,459	609,459	609,459	609,459	609,459

Value of Assets

	DUET Group 1 Jul 08 - 30 Jun 09 \$'000	DUET1 1 Jul 08 - 30 Jun 09 \$'000	DUET2 1 Jul 08 - 30 Jun 09 \$'000	DUET3 1 Jul 08 - 30 Jun 09 \$'000	DIHL 1 Jul 08 - 30 Jun 09 \$'000
Value of assets at 30 June 09	7,950,662	907,515	1,034,150	585,658	238,172

	DUET Group 1 Jul 07 - 30 Jun 08 \$'000	DUET1 1 Jul 07 - 30 Jun 08 \$'000	DUET2 1 Jul 07 - 30 Jun 08 \$'000	DUET3 1 Jul 07 - 30 Jun 08 \$'000	DIHL 1 Jul 07 - 30 Jun 08 \$'000
Value of assets at 30 June 08	7,608,770	812,468	950,989	243,068	175,165

The value of DUET Group, DUET1, DUET2, DUET3 and DIHL assets is derived using the basis set out in Note 1 to the Financial Statements.

Directors' Report

for year ended 30 June 2009

Directors' Holdings of Stapled Securities

The aggregate number of DUET Group stapled securities and POWERS units held directly, indirectly or beneficially by directors at the date of this financial report are:

Director	DUET Group stapled securities 2009	DUET Group stapled securities 2008	POWERS securities 2008 ⁽¹⁾
Philip Garling	72,750	62,715	1,800
John Roberts	3,544,833	1,813,521	-
The Hon Michael Lee	10,315	5,481	-
Emma Stein	43,506	32,960	-
Douglas Halley	95,000	54,208	-
Dr Greg Roder	-	-	-
Ron Finlay	14,455	12,462	-
Eric Goodwin	36,145	27,418	-
Duncan Sutherland	212,757	80,000	-
Francis Kwok	-	-	-

(1) POWERS securities were redeemed on 1 September 2008

Certain employees of MGL and AMPCH associated with the management of DUET hold stapled securities in DUET Group at the date of this report. Refer to Note 30 to the Financial Statements for further details.

RE1's and RE2's Holdings of Stapled Securities

Neither RE1 or RE2 hold any stapled securities in DUET Group at the date of this financial report (30 June 2008: nil).

Directors' Report

for year ended 30 June 2009

Additional Specific DIHL Disclosures

Information on Directors

	Experience and Directorships	Special Responsibilities
DIHL		
Philip Garling	<p>Experience: Philip is the AMPCH appointed director of the Responsible Entities and DIHL, and is the chairman of each of these companies. Philip is responsible for the overall infrastructure business of AMP Capital Investors (AMPCI). He has over 20 years experience in infrastructure development and investment, and was previously CEO of Tenix Infrastructure.</p> <p>Philip was also a long-term senior executive with Lend Lease Corporation, culminating in his role as CEO of Lend Lease Capital Services, the development capital and infrastructure investment and development arm of Lend Lease. He also spent two years in Singapore implementing the company's Asian infrastructure strategy.</p> <p>Philip is a director of several infrastructure companies in which AMPCI is an investor. Philip holds the Advanced Diploma from the Australian Institute of Company Directors.</p> <p>Other current Directorships: nil</p> <p>Former Directorships in last three years: No listed entities.</p>	Chairman
Ron Finlay	<p>Experience: Ron is a lawyer and chief executive of Finlay Consulting with over 34 years' experience in property, construction, development and infrastructure projects including as project manager or facilitator of major infrastructure projects in Australia and overseas for both public and private sector organisations (such as the Basslink Project, Parramatta Civic Place). Ron is currently and has been for four years chair of the New South Wales Transport Infrastructure Development Corporation which has over A\$9 billion of transport projects under management. He also acts as an independent Chairman on a number of Government and private sector Project Control Groups and Dispute Resolution Boards for major projects.</p> <p>Ron has also served or currently serves on various public and private sector boards including the (former) Darling Harbour Authority, the Central Sydney Planning Committee, Incoll Management and the Moraitis Group.</p> <p>Other current Directorships: New South Wales Transport Infrastructure Development Corporation.</p> <p>Former Directorships in last three years: No listed entities.</p>	Member of the Audit and Risk Committee
Douglas Halley	<p>Experience: Doug has held senior financial and general management positions for over 30 years and has strong skills in treasury, finance, business development, negotiation, investor relations, restructuring, corporate strategy and large scale acquisitions and divestments.</p> <p>His experience has been gained in executive positions at national or Asia Pacific level with Philips Electrical, Hill Samuel Australia, Rothschild Australia, Goodman Fielder, John Fairfax Holdings, Television Media Services, IBM Global Services and Thomson Reuters. Since 2007 Doug has been focusing on advisory and non-executive board activities.</p> <p>He currently holds the following non-executive positions in listed, private and not for profit organisations: Director and member of Audit and Risk Committee of Mikoh Corporation Ltd Director, (and Chair of Audit & risk Committee) of DUET, Chairman of Aurora Community Television, Chairman of Print & Digital Publishing Pty Ltd ("Time Out"), and Chairman of Advisory Board of Australian Enterprise Holdings Pty Ltd.</p> <p>Other current Directorships: MIKOH Corporation Ltd (since 12 January 1988).</p> <p>Former Directorships in last three years: No listed entities.</p>	Member of the Audit and Risk Committee

Directors' Report

for year ended 30 June 2009

John Roberts

Experience: John joined Macquarie in 1991 and is based in the Sydney, Australia Head Office. He is both Joint Head of the Macquarie Capital Advisers division and directly responsible for the Macquarie Capital Funds group.

The Macquarie Capital Funds group manages third party institutional and retail listed and unlisted equity, invested across a broad range of asset classes including infrastructure, private equity, communications and real estate.

Previous roles within Macquarie have included leading the Macquarie Capital Funds group in London and being responsible for Macquarie Capital's activities in Europe, as well as being head of Macquarie's London office.

John is a director of a number of listed and unlisted entities globally that manage infrastructure investments.

John has a law degree from the University of Canterbury, New Zealand.

Other current directorships: Airport Nova Developments Pty Limited, AMPCI Macquarie Infrastructure Management No 1 Limited, AMPCI Macquarie Infrastructure Management No 2 Limited, Birmingham Airport Holdings Ltd, Macquarie Media Holdings Limited, Macquarie Advanced Investment Partners G.P. Ltd., Macquarie Airports Limited, Macquarie Capital Funds Limited, Macquarie Capital Group Limited, Macquarie Capital Loans Management Limited, Macquarie Diversified Asset Advisory Pty Limited, Macquarie Global Opportunities Partners GP Ltd, Macquarie Global Opportunities Partners Investment Ltd, Macquarie Global Opportunities Partners Investment Pty Ltd, Macquarie Infrastructure Company LLC, Macquarie Infrastructure Funds Management Pty Limited, Macquarie Infrastructure Management (Asia) Pty Limited, Macquarie Infrastructure Management (Asia) Pty Limited - Singapore Branch, Macquarie International Advisory Services Pty Limited, Macquarie International Infrastructure Fund Limited, Macquarie Investment Management (Bermuda) Limited, Macquarie LAH Pty Limited, Macquarie Management Company (ISF) 3 Limited, Macquarie Media Fund Management Pty Limited, Macquarie Media International Limited, Macquarie Media Management Limited, Macquarie Mexico Infrastructure 1, S.A.P.I. DE C.V, Macquarie Mexico Infrastructure 2, S.A.P.I. DE C.V, Macquarie Mexico Infrastructure Management, S.A. DE C.V, Macquarie Middle East Management Limited, Macquarie Renewables Holdings Pty Limited, Macquarie Renewables Management Limited, Macquarie Specialised Asset Management 2 Limited, Macquarie Specialised Asset Management Limited, MAIP Holdings Limited, MAIP No. 1 Limited, MAIP No. 2 Limited, MAIP No. 3 Limited, MAIP No. 4 Limited, MAIP No. 5 Limited, New World Gaming Partners Holdings British Columbia Ltd., Retirement Villages Australia Limited, Retirement Villages Group Management Pty Limited, Retirement Villages Group R.E. Limited, Southern Cross Airports Corporation Holdings Limited, Southern Cross Airports Corporation Pty Limited, Sydney Airport Corporation Limited, Sydney Airport Finance Company Pty Limited, Sydney Airport RPS Company Pty Limited

Former directorships in last 3 years: Hills Motorway Management Limited, Connecteast Management Limited, Macquarie Capital Alliance Management Limited, Macquarie Airports Limited, Sydney Roads Management Limited and other MBL group companies.

Directors' Report

for year ended 30 June 2009

Emma Stein	<p>Experience: Emma's operational utilities experience includes energy retailing and asset management, international business operations, strategy development and implementation, acquisition integration and divestment.</p> <p>Emma is a non-executive director of Clough. Formerly, she was a non-executive director of ARC Energy and of Merlin Petroleum Limited (Australian oil and gas exploration and production companies). She is chair of the audit committee for Clough. Prior to leaving the UK in 2003, Emma was the UK managing director for French utility Gaz De France's energy retailing operations. She was also a non-executive director for Cofathec Heatsave Ltd and an executive UK board director for Gaz de France Energy.</p> <p>Emma is a member of the strategy and resources board committee of the University of Western Sydney, a NSW Ambassador for the Guides and NSW President for NAPCAN, the National Association for the Prevention of Child Abuse and Neglect.</p> <p>Other current Directorships: No listed entities. Former Directorships in last three years: No listed entities.</p>	Member of the Audit and Risk Committee
Dr Greg Roder Alternate Director to Philip Garling	<p>Experience: Greg's experience comes from technical and executive roles in the Oil and Gas sector with Esso Australia Ltd and Bridge Oil Ltd /Parker & Parsley (USA). He has experience in the electricity sector gained as a previous CEO of Energy Developments Ltd, plus Investment Banking and Financial Markets experience from positions with Macquarie Bank and Standard Bank of South Africa.</p> <p>Other current directorships: No listed entities. Former Directorships in last 3 years: None.</p>	
Francis Kwok Alternate Director to John Roberts (appointed 2 March 2009)	<p>Experience: Frank joined the Macquarie Group in Sydney in 1997. He is based in Sydney and is the Global Chief Operating Officer of Macquarie Capital Funds. Frank was previously the Chief Financial Officer of Macquarie Airports. Frank has a Bachelor of Economics (Hons) and Bachelor of Laws (Hons) from the University of Sydney.</p> <p>Other current Directorships: AMPCI Macquarie Infrastructure Management No 1 Limited, AMPCI Macquarie Infrastructure Management No 2 Limited, AS Holdco Pty Limited, GIF2-MFIT United Pty Limited, Macquarie Advanced Investment Company Pty Limited, Macquarie Advanced Investment International Ltd, Macquarie Advanced Investment Limited, Macquarie Advanced Investment Management Limited, Macquarie Canadian Luxembourg S.A.R.L., Macquarie Capital Alliance International (2) Limited, Macquarie Capital Alliance International (3) Limited, Macquarie Capital Alliance International Limited, Macquarie Capital Alliance Management Limited, Macquarie Capital Alliance Pty Limited, Macquarie Capital Funds Limited, Macquarie Capital International Holdings Pty Limited, Macquarie Capital Loans Management Limited, Macquarie Diversified Asset Advisory Pty Limited, Macquarie India Infrastructure Management Holdings Pte. Limited, Macquarie Leisureworld Luxembourg Sarl, Macquarie Management Company (Isf) 3 Limited, Macquarie Media Fund Management Pty Limited, Macquarie Middle East Management Limited, Macquarie Renewables Management Limited, Macquarie Services Singapore Pte Limited, Macquarie Services Singapore Pte Limited (Non Hong Kong Company), MAIP International Holdings Limited, MAIP Investments Limited</p> <p>Former Directorships in last three years: Global Infrastructure (Sydney Holdings) Pty Limited, Macquarie Airports (Sydney Holdings) Pty Limited, Macquarie Airports Holdings Pty Limited, MAT2 Holdings Pty Limited, Middle Park Village Limited, Palm Grove Village Limited Ltd, The Oaks Village Limited, Woodlands Retirement Village (2006) Limited.</p>	

Directors' Report for year ended 30 June 2009

DIHL's Company Secretaries

The Company Secretaries of DIHL are Ms C Williams and Ms L Pickering. Ms Williams was appointed to the position of Company Secretary in 2004. She has been the legal and compliance head of the Macquarie Capital Funds division since 1998, prior to which she performed a company secretarial/general counsel role at Bankers Trust. Ms Pickering was appointed company secretary of DIHL in 2006. She has been the legal manager of DUET since 2006 and also for a number of other funds having joined Macquarie in 2005. Both Ms C Williams and Ms L Pickering are practising solicitors.

Meetings of DIHL's Directors

The number of meetings each member of the DIHL board of directors and each member of the audit and risk committee was eligible to attend and actually attended during the year ended 30 June 2009 is summarised as follows:

Director	Meetings of Directors		Meetings of Audit and Risk Committee	
	Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend
Philip Garling (Chairman)	12	13	-	-
John Roberts	12	13	-	-
Ron Finlay *	12	13	3	3
Douglas Halley *	13	13	3	3
Emma Stein *	12	13	3	3
Dr Greg Roder	1	1	-	-
Francis Kwok	1	1	-	-

* Members of the Audit and Risk Committee

DIHL Remuneration Report

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration;
- Service agreements;
- Loans to directors; and
- Share options granted to directors.

Principles used to determine the nature and amount of remuneration

The remuneration paid to directors who are not employees of AMPCH and MGL is determined with reference to current market rates for directorships of similar entities. The level of remuneration is not related to the performance of DUET. Refer to (note 30 (a)) non-executive remuneration of directors and key management personnel for further information.

Where possible, the remuneration of directors who are also employees of MGL or AMPCH has been determined based on an appropriate allocation of the directors' time and contribution across their areas of responsibility with DIHL and other MGL or AMPCH businesses.

Directors' Report

for year ended 30 June 2009

Non-executive directors

The DIHL Constitution provides that directors (other than the managing or executive directors) are entitled to remuneration in aggregate not exceeding \$400,000 per annum. For the year to 30 June 2009, independent directors, being Douglas Halley, Emma Stein and Ron Finlay, were entitled to a director's fee of \$35,000 (2008:\$35,000) per annum. This was paid in cash during the period. Emma Stein received an additional \$10,000 for participation on a due diligence committee during the year. No remuneration is paid by DIHL to any MGL or AMPCH employed director on the DIHL board.

DIHL does not have any employees. Consequently there is no disclosure by DIHL of the remuneration of company executives.

DIHL's independent directors are not entitled to receive DUET Group securities or retirement benefits as part of their remuneration package.

Executives

DIHL does not have any employees. All such persons are employed by MGL or AMPCH and are seconded to RE1 and RE2 under resource agreements between them and an entity within the MGL or AMPCH groups.

Service agreements

Remuneration for the directors are formalised in service agreements. Upon termination of the service agreements, directors are not entitled to any payments, other than directors' fees payable up until the date of termination. Terminations are governed by the Constitution of DIHL.

Loans to directors

There were no loans to directors.

Share options granted to directors

No options over unissued ordinary shares of DIHL existed at 30 June 2009.

DIHL Non-Audit Services

DIHL may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or DUET Group are important.

Details of the amounts paid or payable to the auditor (Ernst & Young) for audit and non-audit services provided during the year are set out in note 4 of the Financial Report.

The board of directors has considered the position and, in accordance with the advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out in note 4 of the financial report, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement APES110, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Directors' Report for year ended 30 June 2009

Environmental Regulations

DUET1, DUET2, DUET3 & DIHL are not subject to any environmental regulations. The operations of the underlying assets in which the DUET Group invests are subject to environmental regulations particular to the countries in which they are located.

Dampier Bunbury Pipeline

Both the DBP Licence and DBP Access Licence place requirements on DBP as operator of the DBNGP. Environmental obligations are identified and managed through DBP's Environmental Management Plan, which sets out procedures for necessary restoration work associated with operations and construction.

The directors are not aware of any material breaches to the environmental regulations discussed above.

United Energy

United Energy is subject to significant environmental regulation under the Environmental Protection Act (EPA) 1970 (Vic). United Energy adheres to environmental management principles using compliance with ISO 14001 for proactive planning, sustainable development and self assessment for continuous improvement. United Energy did not receive any notices from the EPA for violation of the Act during the year.

Multinet

Multinet is subject to significant environmental regulation under the Environmental Protection Act 1970 (Vic). Multinet adheres to environmental management principles using compliance with ISO 14001 for proactive planning, sustainable development and self assessment for continuous improvement. Multinet did not receive any notices from the Environmental Protection Agency for violation of the Act from 2004 to the date of signing this report.

Application of Class Order

The financial reports for DUET Group, DUET1, DUET2, DUET3 and DIHL are jointly presented in one report, as permitted by ASIC Class Order 05/642 and 06/441.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 18.

Rounding of Amounts in the Directors' Report and the Financial Report

DUET Group, DUET1, DUET2, DUET3 and DIHL are of a kind referred to in Class Order 98/0100, issued by ASIC, relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Directors' Report for year ended 30 June 2009

Signed in accordance with a resolution of directors of AMPCI Macquarie Infrastructure Management No.1 Limited.



Philip Garling

Director
AMPCI Macquarie Infrastructure Management
No.1 Limited
Sydney
20 August 2009



John Roberts

Director
AMPCI Macquarie Infrastructure Management
No.1 Limited
Sydney
20 August 2009

Signed in accordance with a resolution of directors of AMPCI Macquarie Infrastructure Management No.2 Limited.



Philip Garling

Director
AMPCI Macquarie Infrastructure Management
No.2 Limited
Sydney
20 August 2009



John Roberts

Director
AMPCI Macquarie Infrastructure Management
No.2 Limited
Sydney
20 August 2009

Signed in accordance with a resolution of directors of DUET Investment Holdings Limited.



Philip Garling

Director
DUET Investment Holdings Limited
Sydney
20 August 2009



John Roberts

Director
DUET Investment Holdings Limited
Sydney
20 August 2009

Auditor's Independence Declaration to the Directors of the Responsible Entities of Diversified Utility and Energy Trust No.1, Diversified Utility and Energy Trust No.2, Diversified Utility and Energy Trust No.3 and the Directors of DUET Investment Holdings Limited

In relation to our audit of the financial report of Diversified Utility and Energy Trust No.1, Diversified Utility and Energy Trust No.2, Diversified Utility and Energy Trust No.3 and DUET Investment Holdings Limited for the year ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A stylized, handwritten signature of the Ernst & Young firm.

Ernst & Young

A handwritten signature of Kester C Brown.

Kester C Brown
Partner

Melbourne
20 August 2009

Financial Report

for year ended 30 June 2009

Income Statements

	Note	DUET Group 1 Jul 08 - 30 Jun 09 \$'000	DUET1 1 Jul 08 - 30 Jun 09 \$'000	DUET2 1 Jul 08 - 30 Jun 09 \$'000	DUET3 1 Jul 08 - 30 Jun 09 \$'000	DIHL 1 Jul 08 - 30 Jun 09 \$'000	DUET Group 1 Jul 07 - 30 Jun 08 \$'000	DUET1 1 Jul 07 - 30 Jun 08 \$'000	DUET2 1 Jul 07 - 30 Jun 08 \$'000	DUET3 1 Jul 07 - 30 Jun 08 \$'000	DIHL 1 Jul 07 - 30 Jun 08 \$'000
Revenue from continuing operations	2	1,011,942	92,035	85,673	48,401	7,903	957,118	77,243	87,069	30,742	1,258
Other Income	2	30,996	3,732	3,732	20,891	13,981	14,710	-	-	11,781	2,929
Total Revenue and other income from continuing operations		1,042,938	95,767	89,405	69,292	21,884	971,828	77,243	87,069	42,523	4,187
Share of net profit/(loss) of associates accounted for using the equity method	12	(123,954)	-	319	-	(128,646)	40,158	7,607	7,607	-	35,452
Operating expenses	2	(293,358)	-	-	-	-	(291,873)	-	-	-	-
Depreciation and amortisation expense	2	(168,776)	-	-	-	-	(159,633)	-	-	-	-
Finance costs	2	(373,106)	(34,912)	(25,896)	(14,101)	(6,985)	(348,517)	(44,684)	(35,629)	(711)	(347)
Other expenses	2	(132,340)	(11,244)	(10,023)	(15,394)	(13,519)	(124,956)	(24,485)	(33,472)	(35,401)	(11,731)
Total expenses from continuing operations		(967,580)	(46,156)	(35,919)	(29,495)	(20,504)	(924,979)	(69,169)	(69,101)	(36,112)	(12,078)
Profit/(loss) before income tax expense		(48,596)	49,611	53,805	39,797	(127,266)	87,007	15,681	25,575	6,411	27,561
Income tax expense	3	(1,361)	-	-	(1,550)	(438)	(12,426)	-	-	(2)	(550)
Profit/(loss) for the year		(49,957)	49,611	53,805	38,247	(127,704)	74,581	15,681	25,575	6,409	27,011
Profit/(loss) is attributable to:											
DUET1 and DUET2 unitholders		27,177	49,611	53,805	-	-	18,418	15,681	25,575	-	-
DIHL shareholders and DUET3 unitholders as minority interests		(89,458)	-	-	38,247	(127,704)	33,420	-	-	6,409	27,011
Stapled Securityholders		(62,281)	49,611	53,805	38,247	(127,704)	51,838	15,681	25,575	6,409	27,011
Other minority interests		12,324	-	-	-	-	22,743	-	-	-	-
Basic earnings per stapled security/share/unit	28	4.03c	7.36c	7.97c	5.67c	(18.94)c	3.05c	2.60c	4.24c	1.06c	4.48c
Diluted earnings per stapled security/share/unit	28	4.03c	7.36c	7.97c	5.41c	(18.94)c	3.05c	2.60c	4.24c	0.82c	3.46c

The above Income Statements should be read in conjunction with the accompanying notes.

Financial Report

as at 30 June 2009

Balance Sheets

	Note	DUET Group 30 Jun 09 \$'000	DUET1 30 Jun 09 \$'000	DUET2 30 Jun 09 \$'000	DUET3 30 Jun 09 \$'000	DIHL 30 Jun 09 \$'000	DUET Group 30 Jun 08 \$'000	DUET1 30 Jun 08 \$'000	DUET2 30 Jun 08 \$'000	DUET3 30 Jun 08 \$'000	DIHL 30 Jun 08 \$'000
Current assets											
Cash and cash equivalents	6	588,687	98,121	167,510	44,797	78,070	305,118	55,809	82,232	6,994	30,015
Receivables	7	56,602	4,235	4,233	291,236	137,482	60,764	7,170	7,689	14,281	621
Inventories	8	11,732	-	-	-	-	11,683	-	-	-	-
Current tax receivable	9	2,387	-	-	-	-	850	-	-	-	-
Other assets	10	64,334	18	27	9	123	62,819	38	53	-	58
Derivative Financial Instruments	11	470	-	-	193	-	9,315	-	-	4,040	5,275
Total current assets		724,212	102,374	171,770	336,235	215,675	450,549	63,017	89,974	25,315	35,969
Non-current assets											
Receivables	7	329,247	651,000	754,574	249,423	-	289,836	626,105	737,669	210,012	-
Other financial assets – investments in unlisted securities		-	54,050	54,050	-	-	-	23,199	23,199	-	-
Investment in associated entities	12	46,892	96,359	50,024	-	22,497	162,920	100,147	100,147	-	135,059
Property, plant and equipment	13	4,835,859	-	-	-	-	4,498,556	-	-	-	-
Deferred tax assets	14	24,725	-	-	-	-	10,991	-	-	-	-
Intangible assets	15	1,972,296	-	-	-	-	1,970,587	-	-	-	-
Derivative Financial Instruments	11	17,431	3,732	3,732	-	-	225,331	-	-	7,741	4,137
Total non-current assets		7,226,450	805,141	862,380	249,423	22,497	7,158,221	749,451	861,015	217,753	139,196
Total assets		7,950,662	907,515	1,034,150	585,658	238,172	7,608,770	812,468	950,989	243,068	175,165
Current liabilities											
Distribution payable	16	84,709	26,740	41,564	16,405	-	82,277	30,534	36,507	15,236	-
Payables	17	175,558	7,899	8,555	829	639	246,384	32,236	39,831	7,093	9,075
Interest bearing liabilities	18	147,984	277,484	277,484	260,211	130,106	591,272	279,340	279,340	-	-
Provisions	19	7,540	-	-	-	-	750	-	-	-	-
Derivative Financial Instruments	11	13,637	-	-	-	-	4,014	-	-	-	-
Other liabilities	20	36,460	-	-	13,649	6,824	16,202	-	-	-	-
Total current liabilities		465,888	312,123	327,603	291,094	137,569	940,899	342,110	355,678	22,329	9,075

Financial Report

as at 30 June 2009

Balance Sheets (continued)

	Note	DUET Group 30 Jun 09 \$'000	DUET1 30 Jun 09 \$'000	DUET2 30 Jun 09 \$'000	DUET3 30 Jun 09 \$'000	DIHL 30 Jun 09 \$'000	DUET Group 30 Jun 08 \$'000	DUET1 30 Jun 08 \$'000	DUET2 30 Jun 08 \$'000	DUET3 30 Jun 08 \$'000	DIHL 30 Jun 08 \$'000
Non-current liabilities											
Interest bearing liabilities	18	5,161,459	112,853	-	1,289	-	4,278,335	112,853	-	1,289	-
Deferred tax liabilities	21	541,113	-	-	-	-	649,626	-	-	-	-
Derivative financial instruments	11	302,993	-	-	532	-	160,574	-	-	-	-
Provisions	19	18,586	-	-	-	-	17,307	-	-	-	-
Retirement benefit obligations	22	-	-	-	-	-	-	-	-	-	-
Other Liabilities	20	20,134	-	-	20,474	10,236	15,235	-	-	-	-
Total non-current liabilities		6,044,285	112,853	-	22,295	10,236	5,121,077	112,853	-	1,289	-
Total liabilities		6,510,173	424,976	327,603	313,389	147,805	6,061,976	454,963	355,678	23,618	9,075
Net assets		1,440,489	482,539	706,547	272,269	90,367	1,546,794	357,505	595,311	219,450	166,090
Equity											
Equity attributable to DUET1 and DUET2 unitholders											
Contributed equity	24	1,332,008	519,121	812,887	-	-	1,078,434	416,865	661,569	-	-
Reserves	25	(258,508)	(59,473)	(106,340)	-	-	(61,465)	(59,360)	(66,258)	-	-
Accumulated losses	26	(199,613)	22,891	-	-	-	(127,749)	-	-	-	-
Unitholders interest		873,887	482,539	706,547	-	-	889,220	357,505	595,311	-	-
Equity attributable to DIHL and DUET3											
Securityholders (as minority interest)											
Contributed equity	24	494,659	-	-	292,679	201,980	399,619	-	-	245,995	153,624
Reserves	25	(48,961)	-	-	(26,545)	(22,412)	(52,582)	-	-	(26,545)	(26,037)
Retained profits/ accumulated (losses)	26	(83,066)	-	-	6,135	(89,201)	38,503	-	-	-	38,503
DIHL and DUET3 securityholders interest		362,632	-	-	272,269	90,367	385,540	-	-	219,450	166,090
Other minority interest	23	203,970	-	-	-	-	272,034	-	-	-	-
Total equity		1,440,489	482,539	706,547	272,269	90,367	1,546,794	357,505	595,311	219,450	166,090

The above Balance Sheets should be read in conjunction with the accompanying notes.

Financial Report

for year ended 30 June 2009

Statements of Changes in Equity

Note	DUET Group	DUET1	DUET2	DUET3	DIHL	DUET Group	DUET1	DUET2	DUET3	DIHL
	1 Jul 08 - 30 Jun 09	1 Jul 08 - 30 Jun 09	1 Jul 08 - 30 Jun 09	1 Jul 08 - 30 Jun 09	1 Jul 07 - 30 Jun 09	1 Jul 07 - 30 Jun 08	1 Jul 07 - 30 Jun 08	1 Jul 07 - 30 Jun 08	1 Jul 07 - 30 Jun 08	1 Jul 07 - 30 Jun 08
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the financial year	1,546,794	357,505	595,311	219,450	166,090	1,489,115	351,519	579,910	226,679	137,902
Changes in the fair value of cashflow hedges, net of tax	(283,777)	-	-	-	-	61,046	7,343	7,343	-	-
Change in share of associates' reserve, net of tax	(3,694)	-	(41,955)	-	(706)	-	-	-	-	-
Changes in available for sale financial asset	-	30,851	30,851	-	-	-	-	-	-	-
Revaluation reserve	-	-	-	-	(23,564)	-	-	-	-	-
Change in foreign currency translation reserve	27,895	-	-	-	27,895	(14,350)	-	-	-	(14,350)
Net income recognised directly in equity	(259,576)	30,851	(11,104)	-	3,625	46,696	7,343	7,343	-	(14,350)
(Loss)/Profit for the year	(49,957)	49,611	53,805	38,247	(127,704)	74,581	15,681	25,575	6,409	27,011
Total recognised income and expense for the year	(309,533)	80,462	42,701	38,247	(124,079)	121,277	23,024	32,918	6,409	12,661
Transactions equity holders in their capacity as equity holders:										
Contributions of equity, net of transaction costs	348,614	102,256	151,318	46,684	48,356	130,753	40,843	57,157	17,226	15,527
Dividend paid and provided for to DUET equity holders	(172,579)	(57,684)	(82,783)	(32,112)	-	(163,419)	(57,881)	(74,674)	(30,864)	-
Dividends and distributions provided for or paid to minority interests	(49,033)	-	-	-	-	(51,601)	-	-	-	-
Contributions of equity by minority interests	76,226	-	-	-	-	20,669	-	-	-	-
Total equity at the end of the financial year	1,440,489	482,539	706,547	272,269	90,367	1,546,794	357,505	595,311	219,450	166,090
Total recognised income and expenses for the year is attributable to: DUET1 and DUET2 unitholders	(139,715)	80,462	42,701	-	-	58,961	23,024	32,918	-	-
DIHL shareholders and DUET3 unitholders	(85,834)	-	-	38,247	(124,081)	19,070	-	-	6,409	12,661
DUET securityholders	(225,549)	80,462	42,701	38,247	(124,081)	78,031	23,024	32,918	6,409	12,661
Minority interest	(83,984)	-	-	-	-	43,246	-	-	-	-
Total recognised income and expense for the year	(309,533)	80,462	42,701	38,247	(124,081)	121,277	23,024	32,918	6,409	12,661

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

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for year ended 30 June 2009

Statements of Cash Flows

	DUET Group 1 Jul 08 - 30 Jun 09	DUET1 1 Jul 08 - 30 Jun 09	DUET2 1 Jul 08 - 30 Jun 09	DUET3 1 Jul 08 - 30 Jun 09	DIHL 1 Jul 08 - 30 Jun 09	DUET Group 1 Jul 07 - 30 Jun 08	DUET1 1 Jul 07 - 30 Jun 08	DUET2 1 Jul 07 - 30 Jun 08	DUET3 1 Jul 07 - 30 Jun 08	DIHL 1 Jul 07 - 30 Jun 08
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities										
Receipts from customers (including GST)	1,052,110	16	16	10	5	988,420	147	125	3	65
Payments to suppliers and employees (including GST)	(364,243)	(5,561)	(6,365)	(1,842)	(5,460)	(387,116)	(2,217)	(2,529)	(1,224)	(287)
Income tax paid	(2,170)	-	-	(1,550)	(438)	(5,201)	-	-	(2)	(550)
Interest received from associates	41,432	71,026	79,951	40,543	3,117	26,114	71,243	79,308	17,762	1,197
Dividends received	18,947	20,027	20,027	-	13,777	30,703	26,262	26,262	-	25,921
Other interest received	16,882	2,513	3,755	710	2,082	18,730	3,406	5,230	900	497
Management and performance fee paid	(19,766)	(6,199)	(8,811)	(2,268)	(2,488)	(62,870)	(25,638)	(27,809)	(2,123)	(7,299)
Indirect tax net (paid) /received	(18,282)	2,173	2,875	880	988	(19,098)	2,107	2,348	322	637
Net cash flows from operating activities	29 724,910	83,995	91,448	36,483	11,583	589,682	75,310	82,935	15,638	20,181
Cash flows from investing activities										
Payments for purchase of property, plant and equipment	(519,242)	-	-	-	-	(571,925)	-	-	-	-
Payment for purchase of investment	-	(24,946)	(24,946)	-	-	-	(42,621)	(42,621)	-	-
Proceeds from sale of non-current assets	434	-	-	-	-	141	-	-	-	-
Net cash flows from investing activities	(518,808)	(24,946)	(24,946)	-	-	(571,784)	(42,621)	(42,621)	-	-

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for year ended 30 June 2009

Statements of Cash Flows (continued)

	DUET Group	DUET1	DUET2	DUET3	DIHL	DUET Group	DUET1	DUET2	DUET3	DIHL
	1 Jul 08	1 Jul 08	1 Jul 08	1 Jul 08	1 Jul 08	1 Jul 07	1 Jul 07	1 Jul 07	1 Jul 07	1 Jul 07
	- 30 Jun 09	- 30 Jun 09	- 30 Jun 09	- 30 Jun 09	- 30 Jun 09	- 30 Jun 08	- 30 Jun 08	30 Jun 08	- 30 Jun 08	- 30 Jun 08
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from financing activities										
Proceeds from issue of stapled securities	265,357	75,972	115,046	36,944	37,394	100,685	30,202	42,360	12,360	15,527
Payments for capital raising costs	(10,154)	(2,907)	(4,402)	(1,414)	(1,431)	(6,980)	(1,178)	(1,178)	-	-
Proceeds from securities issued to minority interests	76,234	-	-	-	-	24,517	-	-	-	-
Proceeds from borrowing from external parties	1,567,721	-	-	-	-	786,700	-	-	-	-
Repayment of borrowings from external parties	(666,916)	-	-	-	-	(471,500)	-	-	-	-
Repayment of POWERS holders	(564,220)	(282,110)	(282,110)	-	-	-	-	-	-	-
Loans to related parties	-	-	-	(228,736)	(114,368)	-	23,832	(3,300)	-	-
Loans from related parties	-	284,698	284,698	228,736	114,368	(6,600)	-	-	(15,000)	(12,132)
Finance costs paid	(411,878)	(42,917)	(33,881)	(8,944)	(4,424)	(276,468)	(35,039)	(25,836)	(676)	(346)
Dividends paid to minority interest	(49,033)	-	-	-	-	(55,452)	-	-	-	-
Distributions paid	(130,783)	(49,473)	(60,575)	(25,636)	4,901	(106,420)	(47,774)	(54,436)	(10,761)	-
Net cash flow from financing activities	76,328	(16,737)	18,776	950	36,440	(11,518)	(29,957)	(42,390)	(14,077)	3,049
Net increase/(decrease) in cash and cash equivalents held	282,430	42,312	85,278	37,433	48,023	6,380	2,732	(2,076)	1,561	23,230
Cash assets at the beginning of the period	305,118	55,809	82,232	6,994	30,015	298,738	53,077	84,308	5,433	6,785
Effects of exchange rate changes on cash and cash equivalents	1,139	-	-	370	32	-	-	-	-	-
Cash and cash equivalents at the end of the year	588,687	98,121	167,510	44,797	78,070	305,118	55,809	82,232	6,994	30,015

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

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for year ended 30 June 2009

Notes to the Financial Statements

1 Summary of Significant Accounting Policies

The significant accounting policies which have been adopted in the preparation of the Financial Statements are stated to assist in a general understanding of this general purpose Financial Report.

This general purpose Financial Report has been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001.

The Financial Report was authorised for issue by the directors on 20 August 2009. The Responsible Entities and directors of DIHL have the power to amend and reissue this Financial Report.

(a) Basis of preparation of financial report

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Compliance with IFRS

Compliance with Australian Accounting Standards ensures that the financial report and notes of DUET Group comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Consequently this financial report has also been prepared in accordance with and complies with IFRS as issued by the IASB.

Historical cost convention

These Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value.

Stapled Security

The units of DUET1, DUET2, DUET3 and the ordinary shares in DIHL are combined and issued as stapled securities in DUET Group. The individual securities cannot be traded separately and can only be traded as stapled securities.

This financial report consists of the consolidated Financial Statements of DUET1, which comprises DUET1, DUET2, DUET3, DIHL and the entities they control, together acting as DUET.

As permitted by ASIC Class order 05/642 and 06/441, this financial report consists of the consolidated Financial Statements of DUET1 and its controlled entities (collectively referred to as "DUET" or "DUET Group"), and the Financial Statements of DUET1, DUET2, DUET3 and DIHL.

(b) Consolidated accounts

UIG 1013: Consolidated Financial Reports in relation to Pre-Date-of-Transition Stapling Arrangements requires one of the stapled entities of an existing stapled structure to be identified as the parent entity for the purpose of preparing consolidated financial reports. In accordance with this requirement, DUET1 was identified as the parent of the consolidated group on transition to AIFRS. At 30 June 2009, the Consolidated Group comprises DUET1, DUET2, DUET3, DIHL and the entities they control.

On 31 August 2006, DIHL became the third stapled entity to DUET1 and DUET2. AASB Interpretation 1002 Post date of Transition Stapling Arrangements (AASB Interpretation 1002) requires that DIHL is deemed to be acquired by DUET1. Accordingly, the stapled entities of DUET Group are represented as the consolidated Financial Statements of DUET1, however in accordance with the AASB Interpretation 1002, the interest in DIHL is shown as a minority interest in both the Income Statement and Balance Sheet.

Financial Report

for year ended 30 June 2009

1 Summary of Significant Accounting Policies (continued)

Consolidated accounts (continued)

On 22 June 2007, DUET3 became the fourth stapled entity to DUET1, DUET2 and DIHL. AASB Interpretation 1002 requires that DUET3 is deemed to be acquired by DUET1. Accordingly, the stapled entities of DUET Group are represented as the Consolidated Financial Statements of DUET1, however in accordance with AASB Interpretation 1002, the interest in DUET3 is shown as a minority interest in both the Income Statement and Balance Sheet.

DUET2, DUET3 and DIHL are therefore treated differently on consolidation with the equity of DUET2 attributable to the unitholders of the parent (DUET1) whereas the equity of DIHL and DUET3 are attributable to minority interests effectively being the same unitholders.

(c) Principles of consolidation

The consolidated Financial Statements incorporate the assets and liabilities of the entities controlled by DUET1, DUET2, DUET3 and DIHL at 30 June 2009, including those deemed to be controlled by DUET1 by identifying it as the parent of DUET on transition to AIFRS, and the results of those controlled entities for the period then ended. The effects of all transactions between entities in DUET Group are eliminated in full. Minority interests in the results and equity are shown separately in the Income Statement and the Balance Sheet respectively. Minority interests are those interests in partly owned subsidiaries which are not held directly or indirectly by DUET1, DUET2, DUET3 or DIHL. Minority interests also represent the interests of DUET3 and DIHL.

Where control of an entity is obtained during a financial period, its results are included in the Income Statement from the date on which control commences. Where control of an entity ceases during a financial period, its results are included for that part of the period during which control existed.

(d) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(e) Revenue recognition

Revenue is recognised for the major business activities as follows:

Distribution electricity revenue

Distribution electricity revenue earned from the use of the distribution network is recognised when electricity and related services are provided. Accrued distribution electricity revenue is determined having regard to the period since a customer's last billing date and the customer's previous consumption patterns. Distribution electricity revenue includes the cost of transmission services charged by the transmission companies, which is passed onto the customers.

Distribution gas revenue

Distribution gas revenue earned from the use of the distribution network is recognised when gas and related services are provided. Accrued distribution gas revenue is determined having regard to the period since a customer's last billing date and the customer's previous consumption patterns.

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for year ended 30 June 2009

1 Summary of Significant Accounting Policies (continued)

Revenue recognition (continued)

Gas transmission revenue

Gas transmission revenue is brought to account when gas is transported for a shipper in accordance with the terms and conditions of the haulage contract.

Asset sales

The net proceeds on disposal of assets are brought to account at the date when control passes to the purchaser, usually when an unconditional contract of sale is signed.

Interest revenue

Interest revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Interest income is brought to account on an accruals basis using the effective interest method.

Dividend and distribution revenue

Dividend and trust distributions from entities that are not associates are recognised as income on the date the right to receive the payment is established.

Other revenue

Other operating revenue is brought to account as it is earned and is recognised when the goods and services are provided.

Customer contributions

Non-refundable contributions and in-kind assets received from customers towards the cost of extending or modifying the electricity or gas distribution networks, whether on existing or new assets, are recognised as revenue and an asset respectively once control is gained of the contribution, or asset.

(f) Deferred revenue

Deferred revenue relates to a government grant that is expected to be recognised in the income statement over a period greater than 12 months and as such has been classified as non-current.

(g) Net current asset deficiency

DUET1 and DUET2 have net current liabilities at 30 June 2009 of \$209.7m and \$155.8m respectively. The net current liability position of DUET1 and DUET2 includes \$277.5m and \$277.5m respectively of related party loans. The related party loans arise on the internal funding structure following the redemption of POWERS. The purpose of the loans is to provide funding to the Australian asset companies (classified as non-current). As these related party loans are repayable upon demand they are classified as current in the balance sheet of DUET1 and DUET2. Any material call for repayment of the related party loans would be met by the funds on-lent to the Australian majority controlled asset companies or through the realisation of investments. The related party loans are not expected to be called upon in the next twelve months.

(h) Income tax

The income tax expense or benefit for the period is the tax payable or receivable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Financial Report

for year ended 30 June 2009

1 Summary of Significant Accounting Policies (continued)

Income tax (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Income tax has not been brought to account in respect of DUET1, DUET2 and DUET3 as, pursuant to the Income Tax Assessment Act, the Trusts are not liable for income tax provided that their taxable income (including any assessable realised capital gains) is fully distributed to their unitholders each year.

Certain DUET3 unitholders bear US withholding tax on US sourced interest income.

Some subsidiaries of the Group have implemented the tax consolidation legislation. DUET Group is not a tax consolidated group.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and in bank accounts, deposits at call with financial institutions and other highly liquid investments with short periods to maturity (less than 90 days) that are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(j) Trade receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Collectability of trade receivables is reviewed on an ongoing basis. A provision for impaired receivables is established when there is objective evidence that the entity will not be able to collect all amounts due to the original terms of the receivables. Bad debts are written off when identified.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is measured at average cost.

(l) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Non-financial assets, other than goodwill that may have suffered an impairment, are reviewed for possible reversal of the impairment at each reporting date.

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for year ended 30 June 2009

1 Summary of Significant Accounting Policies (continued)

(m) Investments

(i) Investments in associates

The Group's investment in its associates is accounted for using the equity method in the consolidated Financial Statements, DUET2 and DIHL, and at cost in DUET1. Under the equity method, the entity's share of the post-acquisition profits and losses of associates is recognised in the Income Statement, and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements in retained earnings and reserves are adjusted against the cost of the investment. Dividends receivable from associates reduce the carrying amount of the investment. When the share of losses in an associate equals or exceeds its interest in the associate, further losses are not recognised unless it has incurred obligations or made payments on behalf of an associate.

Associates are those entities over which the entity exercises significant influence, but not control.

(ii) Other financial assets – Investments in unlisted securities

Investments in unlisted securities are carried at fair value.

Available-for-sale financial assets, comprising marketable equity securities, are non derivatives that are either designated in this category or not classified in any of the other categories. They are included in non current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Available-for-sale values are calculated using a discounted free cash flow methodology.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available for sale are not reversed through the income statement.

(n) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment charge. The cost of plant and equipment constructed by DUET Group includes the cost of materials and direct labour and a proportion of fixed and variable overheads.

Depreciation

Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each item of property, plant and equipment (excluding land) over its expected useful life to DUET Group. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

The expected useful lives are as follows:

Category	Useful life
Buildings	6 to 40 years
Plant and equipment	1 to 60 years
Motor vehicles	4 to 10 years
Office equipment	3 to 15 years
Furniture, fixtures and fittings	1 to 12 years

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for year ended 30 June 2009

1 Summary of Significant Accounting Policies (continued)

Property, Plant and equipment (continued)

Where items of plant and equipment have separately identifiable components which are subject to regular replacement, those components are assigned useful lives distinct from the item of plant and equipment to which they relate.

Major spares purchased specifically for particular plant are capitalised and depreciated on the same basis as the plant to which they relate.

Assets in the course of construction are not subject to depreciation until they are put into use.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate their carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. (Refer to note 1(l)).

(o) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill (refer to note 1(p)). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

(p) Intangible assets

(i) Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of identifiable net assets acquired at the time of acquisition of a business or securities in a controlled entity. Goodwill is not amortised but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is thereafter carried at cost less accumulated impairment losses.

(ii) Identifiable Intangible Assets

Identifiable intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Where amortisation is charged on assets with finite lives, this expense is taken to the income statement through the 'depreciation and amortisation expense line item. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite lived intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

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for year ended 30 June 2009

1 Summary of Significant Accounting Policies (continued)

Intangible assets (continued)

(ii) Identifiable Intangible Assets (continued)

A summary of the policies applied to the group's intangible assets is as follows:

	Licences	Software	Intellectual Property
Useful lives	Indefinite	Finite	Finite
Method used	Not depreciated or revalued	3-5 Years Straight line	20 years-Straight line
Acquired	Acquired	Acquired	Acquired
Impairment test/ Recoverable amount Testing	Annually and where an indicator of impairment exists	Amortisation method reviewed at each financial year-end; and Reviewed annually for indicator of impairment.	Amortisation method reviewed at each financial year-end; and Reviewed annually for indicator of impairment.

(iii) Research and Development Costs

Expenditure on research activities undertaken with the prospect of obtaining new scientific or technical knowledge and understanding is recognised in the Income Statement as an expense when it is incurred.

Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Any expenditure carried forward is amortised over the period of expected future revenue from the related project.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

(q) Loans and receivables

Loans and receivables (current and non current) are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method.

(r) Payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial period which are unpaid. The amounts are unsecured.

(s) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as a part of the expenses.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities, which were recovered from or paid to the ATO are classified as operating cash flows.

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for year ended 30 June 2009

1 Summary of Significant Accounting Policies (continued)

(t) Customer deposits

Customer deposits are recognised as current liabilities and represent either refundable payments that are received in advance as finance on capital projects or advances from customers held as security over future electricity and gas usage and deposits.

(u) Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services proved by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Retirement benefit obligations

DUET Group primarily contributes to a superannuation fund (the fund) in respect of its permanent employees and direct-hired casual employees. DUET Group and any employee contributions are based on various percentages of their gross salaries. All members of the fund become entitled to a benefit on termination. The fund provides both defined benefits and accumulation benefits.

(v) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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for year ended 30 June 2009

1 Summary of Significant Accounting Policies (continued)

(w) Interest bearing liabilities

Bank loans, guaranteed notes and redeemable preference shares are recognised at cost, being fair value of the consideration received net of transaction costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount premium on settlement. DUET Group enters into derivatives on interest bearing liabilities. The accounting policies are as described in note 1(aa).

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any new cash assets transferred or liabilities assumed, is recognised in the income statement as other income or other expenses.

(x) Government grants

Government Grants are recognised at their fair value where there is reasonable assurance that the loan will be received and all attaching conditions will be complied with.

When the loan relates to an expense item, it is recognised as income over the periods necessary to match the loan on a systematic basis to the costs that it is intended to compensate.

When the loan relates to an asset, the fair value is credited to deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

(y) Borrowing costs

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(z) Distributions and dividends

A provision is made by the DUET1, DUET2, DUET3 and DIHL for the amount of any distribution payable under the Constitution or declared by the Responsible Entities (RE1 and RE2) or the board of DIHL, on or before the end of the financial year but not distributed at balance date.

(aa) Derivative financial instruments

DUET Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. DUET Group does not speculatively trade in derivative financial instruments.

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are restated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of interest rate swaps and cross currency swaps is the estimated amount that DUET Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest and foreign exchange rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

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for year ended 30 June 2009

1 Summary of Significant Accounting Policies (continued)

Derivative financial instruments (continued)

(i) Fair value hedge

Where a derivative financial instrument hedges the changes in fair value of a recognised asset or liability or an unrecognised firm commitment (or an identified portion of such assets, liability or firm commitment), any gain or loss on the hedging instrument is recognised in the income statement. The hedged item also is restated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement. The ineffective portion of the hedge is within other income or other expense. The effective portion is within the same category of the fair value of the hedged item.

(ii) Cash flow hedge

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or other expense.

When the forecast transaction subsequently results in the recognition of a non financial asset or non financial liability, or the forecast transaction for a non financial asset or non financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (i.e. when interest income or expense is recognised).

For cash flow hedges, other than those covered above, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship, but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

(iii) Net investment hedge

Where a derivative or financial instrument is designated as hedging a net investment in a foreign operation, the gain or loss on the derivative or financial instrument associated with the effective portion of the hedge is initially recognised in the foreign currency translation reserve and subsequently released to the Income Statement when the investment operator is disposed. The ineffective portion is recognised immediately in the Income Statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship, but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

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for year ended 30 June 2009

1 Summary of Significant Accounting Policies (continued)

(bb) Foreign currency translation

Functional and presentation currency

The Consolidated Financial Statements are presented in Australian dollars, which is DUET Group's presentation currency. The Financial Statements of the individual entities are also in Australian dollars which is the individual entity's functional and presentation currency.

One associated entity of DUET Group (DQE Holdings LLC) has a functional currency in US dollars. The financial information of the associate is translated into Australian dollars in order to equity account this investment for this financial report.

Transactions

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At balance date, amounts payable and receivable in foreign currencies are translated to Australian dollars at rates of exchange current at that date. Resulting exchange differences are recognised in determining the profit or loss for the year.

Translation

The results and financial position of DUET Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each Income Statement are translated at exchange rates at the dates of transactions or at an average rate as appropriate; and
- all resulting exchange differences are recognised as a separate component of equity.

Exchange differences arising from the translation of any net investment in foreign entities are taken to security holders' equity. When a foreign operation is sold or borrowings that form part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the Income Statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(cc) Earnings per stapled security

(i) Basic earnings per security

Basic earnings per stapled security is determined by dividing the profit attributable to security holders by the weighted average number of ordinary securities on issue during the year.

(ii) Diluted earnings per security

Diluted earnings per stapled security adjusts the figures used in the determination of basic earning per security to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary securities and the weighted average number of securities assumed to have been issued for no consideration in relation to dilutive potential ordinary securities.

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for year ended 30 June 2009

1 Summary of Significant Accounting Policies (continued)

(dd) Unitholders' funds

The Trust constitutions of both DUET1 and DUET2 were amended on 30 June 2006 such that the finite life clauses were removed and distributions were no longer mandatory but discretionary. Accordingly the units in DUET1 and DUET2 are classified as equity for accounting purposes from 30 June 2006.

(ee) Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 July 2009 or later periods but which have not yet been adopted. The significant ones and an assessment of the impact of these are as follows:

AASB 8 Operating Segments

Effective for annual reporting periods commencing after 1 January 2009, this standard will require the entity to adopt the "management approach" to disclosing information about its reportable segments. Generally, the financial information will be reported on the same basis as it is used internally by the chief decision maker for evaluating operating segment performance and deciding how to allocate resources to operating segments. Such information may be prepared using different measures to that used in preparing the income statement and balance sheet, in which case reconciliations of certain items will be required. Application of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. At this stage it is not expected to affect any of the amounts recognised in the Financial Statements and is a disclosure standard only.

Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12].

The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and, when adopted, will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of DUET Group, as it already capitalises borrowing costs relating to qualifying assets.

Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101

A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the Financial Statements. If an entity has made a prior period adjustment or has reclassified items in the Financial Statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. DUET Group intends to apply the revised standard from 1 July 2009.

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for year ended 30 June 2009

1 Summary of Significant Accounting Policies (continued)

Standards, interpretations and amendments to published standards that are not yet effective (continued)

AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements and AASB 2008-3: Amendments to Australian Accounting Standards Arising from AASB 3 and AASB 127 (effective from 1 July 2009).

These standards amend the accounting for certain aspects of business combinations and changes in ownership interests in controlled entities. Consequential amendments are made to other standards, AASB 128: Investments in Associates and AASB 131: Interests in Joint Ventures. Changes include:

- transaction costs are recognised as an expense at the acquisition date, unless the cost relates to issuing debt or equity securities;
- contingent consideration is measured at fair value at the acquisition date (allowing for a 12 month period post-acquisition to affirm fair values) without regard to the probability of having to make a future payment, and all subsequent changes in fair value are recognised in profit;
- changes in control are considered significant economic events, thereby requiring ownership interests to be remeasured to their fair value (and the gain/loss recognised in profit) when control of a controlled entity is gained or lost; and
- changes in a parent's ownership interest in a controlled entity that do not result in a loss of control (e.g. dilutionary gains) are recognised directly in equity.

(ff) Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in the presentation in the current period.

(gg) Rounding of amounts

DUET Group, DUET1, DUET2, DUET3 and DIHL are of a kind referred to in Class Order 98/0100, issued by ASIC, relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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for year ended 30 June 2009

2 Profit for the Year

	DUET Group 1 Jul 08 - 30 Jun 09 \$'000	DUET1 1 Jul 08 - 30 Jun 09 \$'000	DUET2 1 Jul 08 - 30 Jun 09 \$'000	DUET3 1 Jul 08 - 30 Jun 09 \$'000	DIHL 1 Jul 08 - 30 Jun 09 \$'000	DUET Group 1 Jul 07 - 30 Jun 08 \$'000	DUET1 1 Jul 07 - 30 Jun 08 \$'000	DUET2 1 Jul 07 - 30 Jun 08 \$'000	DUET3 1 Jul 07 - 30 Jun 08 \$'000	DIHL 1 Jul 07 - 30 Jun 08 \$'000
(i) Revenue from continuing operations										
Sales revenue										
Distribution revenue	543,439	-	-	-	-	537,611	-	-	-	-
Metering revenue	25,035	-	-	-	-	26,867	-	-	-	-
Transportation revenue	347,223	-	-	-	-	290,411	-	-	-	-
New connections revenue	1,827	-	-	-	-	1,946	-	-	-	-
Other sales revenue	20,684	-	-	-	-	20,464	-	-	-	-
	938,208	-	-	-	-	877,299	-	-	-	-
Revenue from investments										
Interest revenue	45,739	69,928	78,853	36,209	-	38,376	71,315	79,319	29,818	-
Distribution and dividend revenue	-	20,221	3,693	-	-	-	2,390	2,390	-	-
	45,739	90,149	82,546	36,209	-	38,376	73,705	81,709	29,818	-
Other revenue										
Interest revenue	13,579	1,774	3,015	12,192	7,820	17,288	3,408	5,230	906	1,197
Customer contributions	8,102	-	-	-	-	17,215	-	-	-	-
Miscellaneous revenue	6,314	112	112	-	83	6,940	130	130	18	61
	27,995	1,886	3,127	12,192	7,903	41,443	3,538	5,360	924	1,258
Total revenue from continuing operations	1,011,942	92,035	85,673	48,401	7,903	957,118	77,243	87,069	30,742	1,258
(ii) Other income										
Net Fair value gain on Derivative Contracts	-	3,732	3,732	-	-	12,450	-	-	11,781	669
Net Foreign exchange gains	30,996	-	-	20,891	13,981	2,260	-	-	-	2,260
Total other income	30,996	3,732	3,732	20,891	13,981	14,710	-	-	11,781	2,929
Total revenue and other income from continuing operations	1,042,938	95,767	89,405	69,292	21,884	971,828	77,243	87,069	42,523	4,187

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for year ended 30 June 2009

2 Profit for the Year (continued)

	DUET Group 1 Jul 08 - 30 Jun 09 \$'000	DUET1 1 Jul 08 - 30 Jun 09 \$'000	DUET2 1 Jul 08 - 30 Jun 09 \$'000	DUET3 1 Jul 08 - 30 Jun 09 \$'000	DIHL 1 Jul 08 - 30 Jun 09 \$'000	DUET Group 1 Jul 07 - 30 Jun 08 \$'000	DUET1 1 Jul 07 - 30 Jun 08 \$'000	DUET2 1 Jul 07 - 30 Jun 08 \$'000	DUET3 1 Jul 07 - 30 Jun 08 \$'000	DIHL 1 Jul 07 - 30 Jun 08 \$'000
(iii) Expenses from continuing operations										
Operating expenses										
Operating fees	246,744	-	-	-	-	258,179	-	-	-	-
Other operating expenses	46,614	-	-	-	-	33,694	-	-	-	-
	293,358	-	-	-	-	291,873	-	-	-	-
Other expenses										
Net loss on write off / abandonment	4,260	-	-	-	-	8,011	-	-	-	-
Management fees	18,929	5,926	8,535	2,299	2,169	19,188	5,614	8,058	2,345	3,172
Performance fees	-	-	-	-	-	55,543	17,657	24,173	6,013	7,700
Net foreign exchange losses	10,366	-	-	-	10,366	26,430	-	-	26,430	-
Net fair value loss on derivative contracts	70,406	-	-	12,121	-	-	-	-	-	-
Other	5,048	5,318	1,488	974	984	3,863	1,214	1,241	613	859
Write off of goodwill on recognition of pre acquisition tax losses	23,331	-	-	-	-	11,921	-	-	-	-
	132,340	11,244	10,023	15,394	13,519	124,956	24,485	33,472	35,401	11,731
Depreciation and amortisation expense										
Depreciation of property, plant and equipment	158,734	-	-	-	-	145,599	-	-	-	-
Amortisation of intangible assets	10,042	-	-	-	-	14,034	-	-	-	-
	168,776	-	-	-	-	159,633	-	-	-	-
Finance costs										
Amortisation of borrowing costs	9,887	3,635	3,635	-	-	5,585	1,129	1,129	-	-
Financing costs	3,904	-	-	-	-	28,523	7,244	7,237	7	2
Interest expense										
- Related parties	-	31,277	22,261	14,101	6,985	17,107	36,311	27,258	705	346
- Other parties	359,315	-	-	-	-	297,302	-	5	(1)	(1)
	373,106	34,912	25,896	14,101	6,985	348,517	44,684	35,629	711	347
Total expenses from continuing operations	967,580	46,156	35,919	29,495	20,504	924,979	69,169	69,101	36,112	12,078

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for year ended 30 June 2009

3 Income Tax

	DUET Group 1 Jul 08 - 30 Jun 09 \$'000	DUET1 1 Jul 08 - 30 Jun 09 \$'000	DUET2 1 Jul 08 - 30 Jun 09 \$'000	DUET3 1 Jul 08 - 30 Jun 09 \$'000	DIHL 1 Jul 08 - 30 Jun 09 \$'000	DUET Group 1 Jul 07 - 30 Jun 08 \$'000	DUET1 1 Jul 07 - 30 Jun 08 \$'000	DUET2 1 Jul 07 - 30 Jun 08 \$'000	DUET3 1 Jul 07 - 30 Jun 08 \$'000	DIHL 1 Jul 07 - 30 Jun 08 \$'000
a) Tax reconciliation										
(Loss)/profit from continuing activities before income tax expense	(48,596)	49,611	53,805	39,797	(127,266)	87,007	15,681	25,575	6,411	27,561
Tax expense benefit at 30%	(14,579)	14,883	16,142	11,939	(38,180)	26,102	4,704	7,673	1,923	8,268
Tax effect of amounts which are not deductible/ taxable in calculating taxable income:										
Goodwill written off	6,999	-	-	-	-	3,577	-	-	-	-
Share of net losses/(profits) of associates	37,187	-	-	-	38,594	(12,047)	-	-	-	(10,636)
Unused tax losses and offsets not recognised as DTA	7,314	-	-	-	-	-	-	-	-	-
Foreign withholding tax paid	1,988	-	-	1,550	438	552	-	-	2	550
Under/(over) provision from prior year	(1,053)	-	-	-	-	1,004	-	-	-	-
Pre acquisition tax losses recognised	(23,331)	-	-	-	-	(11,921)	-	-	-	-
Tax effect of operating results on Australian Trusts	(12,674)	(14,883)	(16,142)	(11,939)	-	(1,208)	(4,704)	(7,673)	(1,923)	-
Non deductible expenses	(406)	-	-	-	(414)	2,408	-	-	-	2,368
Prior year and current year tax losses not recognised now recouped	(2,083)	-	-	-	-	(4,233)	-	-	-	-
Future income tax benefit not brought to account attributable to tax losses	-	-	-	-	-	14,261	-	-	-	-
Sundry items	1,999	-	-	-	-	(6,069)	-	-	-	-
Total income tax expense	1,361	-	-	1,550	438	12,426	-	-	2	550

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for year ended 30 June 2009

3 Income Tax (continued)

	DUET Group 1 Jul 08 - 30 Jun 09 \$'000	DUET1 1 Jul 08 - 30 Jun 09 \$'000	DUET2 1 Jul 08 - 30 Jun 09 \$'000	DUET3 1 Jul 08 - 30 Jun 09 \$'000	DIHL 1 Jul 08 - 30 Jun 09 \$'000	DUET Group 1 Jul 07 - 30 Jun 08 \$'000	DUET1 1 Jul 07 - 30 Jun 08 \$'000	DUET2 1 Jul 07 - 30 Jun 08 \$'000	DUET3 1 Jul 07 - 30 Jun 08 \$'000	DIHL 1 Jul 07 - 30 Jun 08 \$'000
b) Income tax expense										
Income tax expense comprises:										
- Current tax	19,844	-	-	1,550	438	1,306	-	-	2	550
- Deferred tax	(17,430)	-	-	-	-	10,116	-	-	-	-
- Under/(over) provision from prior year	(1,053)	-	-	-	-	1,004	-	-	-	-
Total income tax expense	1,361	-	-	1,550	438	12,426	-	-	2	550
Income tax expenses attributable to:										
- Profit from continuing operations	1,361	-	-	1,550	438	12,426	-	-	2	550
Aggregate income tax expense	1,361	-	-	1,550	438	12,426	-	-	2	550
Deferred income tax (revenue) expense included income tax expense comprises:										
- Decrease/(increase) in deferred tax assets	(3,272)	-	-	-	-	150	-	-	-	-
- Decrease/(increase) in deferred tax liabilities	(14,158)	-	-	-	-	9,966	-	-	-	-
	(17,430)	-	-	-	-	10,116	-	-	-	-
c) Amounts recognised directly in equity										
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity:										
Net deferred tax – (credited)/debited directly to equity	(121,619)	-	-	-	-	26,087	-	-	-	-
	(121,619)	-	-	-	-	26,087	-	-	-	-
d) Tax losses										
Unused tax losses for which no deferred tax asset has been recognised	936,184	-	-	-	7,064	944,723	-	-	-	12,691
Potential tax benefit @ 30%	280,855	-	-	-	2,119	283,417	-	-	-	3,807

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for year ended 30 June 2009

4 Remuneration of Auditors

	DUET Group 1 Jul 08 - 30 Jun 09	DUET1 1 Jul 08 - 30 Jun 09	DUET2 1 Jul 08 - 30 Jun 09	DUET3 1 Jul 08 - 30 Jun 09	DIHL 1 Jul 08 - 30 Jun 09	DUET Group 1 Jul 07 - 30 Jun 08	DUET1 1 Jul 07 - 30 Jun 08	DUET2 1 Jul 07 - 30 Jun 08	DUET3 1 Jul 07 - 30 Jun 08	DIHL 1 Jul 07 - 30 Jun 08
Amounts paid or payable to Ernst & Young for:										
Audit services	868,780	71,188	71,188	71,188	71,188	746,941	60,131	60,131	60,131	60,131
Other assurance services*	813,475	101,586	129,026	25,944	26,260	620,514	28,689	13,465	13,119	5,060
	1,682,255	172,774	200,214	97,132	97,448	1,367,455	88,820	73,596	73,250	65,191
Amounts capitalised	190,677	54,591	82,669	26,547	26,870	35,320	20,672	7,473	7,175	-
Amounts expensed in the Income Statement	1,491,578	118,183	117,545	70,585	70,578	1,332,135	68,148	66,123	66,075	65,191
	1,682,255	172,774	200,214	97,132	97,448	1,367,455	88,820	73,596	73,250	65,191

* Other assurance services relate to payments to Ernst & Young for due diligence, regulatory compliance and model review services.

5 Distributions Paid and Proposed

	DUET Group 1 Jul 08 - 30 Jun 09 \$'000	DUET1 1 Jul 08 - 30 Jun 09 \$'000	DUET2 1 Jul 08 - 30 Jun 09 \$'000	DUET3 1 Jul 08 - 30 Jun 09 \$'000	DIHL 1 Jul 08 - 30 Jun 09 \$'000	DUET Group 1 Jul 07 - 30 Jun 08 \$'000	DUET1 1 Jul 07 - 30 Jun 08 \$'000	DUET2 1 Jul 07 - 30 Jun 08 \$'000	DUET3 1 Jul 07 - 30 Jun 08 \$'000	DIHL 1 Jul 07 - 30 Jun 08 \$'000
Interim distribution paid for the year ended 30 June 2009	89,420	30,944	41,219	17,257	-	81,142	27,347	38,167	15,628	-
Final distribution proposed and subsequently paid for the year ended 30 June 2009	84,709	26,740	41,564	16,405	-	82,277	30,534	36,507	15,236	-
	174,129	57,684	82,783	33,662	-	163,419	57,881	74,674	30,864	-
	Cents per stapled security	Cents per unit	Cents per unit	Cents per unit	Cents per share	Cents per stapled security	Cents per unit	Cents per unit	Cents per unit	Cents per share
Interim distribution paid for the year ended 30 June 2009	14.125	4.888	6.511	2.726	-	13.500	4.550	6.350	2.600	-
Final distribution proposed and subsequently paid for the year ended 30 June 2009	10.000	3.157	4.907	1.936	-	13.500	5.010	5.990	2.500	-

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for year ended 30 June 2009

6 Cash and Cash Equivalents

	DUET Group 30 Jun 09 \$'000	DUET1 30 Jun 09 \$'000	DUET2 30 Jun 09 \$'000	DUET3 30 Jun 09 \$'000	DIHL 30 Jun 09 \$'000	DUET Group 30 Jun 08 \$'000	DUET1 30 Jun 08 \$'000	DUET2 30 June 2008 \$'000	DUET3 30 June 2008 \$'000	DIHL 30 June 2008 \$'000
Cash at bank	401,181	22,635	125,538	35,807	35,144	173,634	25,871	25,326	1,000	6,047
Short term deposits	187,506	75,486	41,972	8,990	42,926	131,484	29,938	56,906	5,994	23,968
	588,687	98,121	167,510	44,797	78,070	305,118	55,809	82,232	6,994	30,015

(i) Short term money market investments

Short term deposits mature between 30 to 60 days. The fair value of cash and cash equivalents is equal to carrying value. The following table outlines weighted average interest rates for cash and cash equivalents:

	DUET Group 30 Jun 09 %	DUET1 30 Jun 09 %	DUET2 30 Jun 09 %	DUET3 30 Jun 09 %	DIHL 30 Jun 09 %	DUET Group 30 Jun 08 %	DUET1 30 Jun 08 %	DUET2 30 Jun 08 %	DUET3 30 Jun 08 %	DIHL 30 Jun 08 %
Cash at bank	4.02%	4.02%	4.02%	4.02%	4.02%	5.85%	5.85%	5.85%	5.85%	5.85%
Short term deposits	4.74%	4.28%	4.92%	4.83%	5.14%	7.35%	7.27%	7.24%	7.63%	7.65%

(ii) Cash not available for use

Cash at bank and short term money market investments include amounts that have restrictions on their use. This includes a restricted amount of \$14.5m held by a subsidiary of DUET1, relating to the funding of future finance costs under the \$685m corporate senior debt facility.

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7 Receivables

	DUET Group 30 Jun 09 \$'000	DUET1 30 Jun 09 \$'000	DUET2 30 Jun 09 \$'000	DUET3 30 Jun 09 \$'000	DIHL 30 Jun 09 \$'000	DUET Group 30 Jun 08 \$'000	DUET1 30 Jun 08 \$'000	DUET2 30 Jun 08 \$'000	DUET3 30 Jun 08 \$'000	DIHL 30 Jun 08 \$'000
Current										
Trade receivables	39,697	-	-	-	-	42,595	-	-	-	-
Provision for impairment of receivables	(3,135)	-	-	-	-	(3,496)	-	-	-	-
GST receivable	2,043	2	2	-	-	6,164	1,406	1,926	479	621
Interest receivable										
- Associated entity	16,993	2,278	2,276	16,303	-	15,194	4,165	4,164	13,802	-
- Other parties	-	345	345	-	-	-	685	685	-	-
Distributions receivable	-	1,108	1,108	-	-	-	914	914	-	-
Other receivables related parties	-	-	-	274,933	137,482	-	-	-	-	-
Other debtors	1,004	502	502	-	-	307	-	-	-	-
	56,602	4,235	4,233	291,236	137,482	60,764	7,170	7,689	14,281	621
Non-current										
Redeemable preference shares - associated entity	-	121,919	113,930	-	-	-	116,855	116,855	-	-
Subordinated loans – associated entity	79,824	237,455	237,455	-	-	79,824	237,455	237,455	-	-
Subordinated loans – other parties	-	39,912	39,912	-	-	-	39,912	39,912	-	-
Promissory note – DQE Holdings LLC	249,423	-	-	249,423	-	210,012	-	-	210,012	-
Shareholder loans – associated entities	-	250,425	250,424	-	-	-	230,594	230,594	-	-
Other receivables related parties	-	1,289	112,853	-	-	-	1,289	112,853	-	-
	329,247	651,000	754,574	249,423	-	289,836	626,105	737,669	210,012	-

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7 Receivables (continued)

Impairment Analysis

Trade Receivables

	DUET Group 30 Jun 09 \$'000	DUET Group 30 Jun 08 \$'000
Not yet due	39,697	36,082
Past due but not impaired	-	6,513
Impaired	(3,135)	(3,496)
	<u>36,562</u>	<u>39,099</u>

Other balances within receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due. DUET1, DUET2, DUET3 and DIHL do not hold any trade receivables at 30 June 2009 and 30 June 2008.

Provision for impairment of receivables

Movements in the provision of impairment of receivables are as follows:

	DUET Group 30 Jun 09 \$'000	DUET Group 30 Jun 08 \$'000
Opening balance at 1 July	3,496	3,262
Provision for impairment recognised during the year	(258)	298
Receivables written off during the year	(103)	(64)
	<u>3,135</u>	<u>3,496</u>

The creation of the provision for impaired receivables has been included in other expenses in the income statement. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

Loans to associated entities

Loans to associated entities from DUET1 and DUET2 have a maturity date of 9 years from date of issue and the interest rate is a fixed rate 8.00% per annum.

Redeemable Preference Shares

The redeemable preference shares issued by United Energy are deferred cumulative preference shares that are redeemable on the date 20 years from the dates of issue, being 23 July 2003 and 20 January 2009. Interest is receivable semi-annually in arrears. If there are insufficient funds for the coupons to be paid, the deferred dividends will accumulate and compound at the coupon rates of 13.5% and 11.75% per annum.

Subordinated Loans

The subordinated loans to associated and controlled entities have a maturity date of 15 years from date of issue and the interest rate is a floating rate at a margin of 2.64% above the prevailing bank bill rate for UEDH, MGH, AGN, and DBP. The weighted average interest rate for the year was 8.98% per annum (2008: 11.61% per annum).

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7 Receivables (continued)

Shareholder Loans

The shareholder loans to associated entities have a fixed rate of interest at 11.75% per annum and have maturity dates ranging from 12 to 27 years.

Promissory note

The promissory note with DQE Holdings LLC has a maturity date of 10 years from date of issue and the interest rate is a fixed rate at 13.00% per annum.

Fair Values

The fair value of the Group's receivables approximate their carrying values.

Credit Risk

There is no concentration of credit risk with respect to current and non current receivables as the Group has a large number of customers throughout Australia who in turn have a large number of retail customers. Refer to note 32 for more information on the risk management policy of the Group.

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8 Inventories

	DUET Group 30 Jun 09 \$'000	DUET1 30 Jun 09 \$'000	DUET2 30 Jun 09 \$'000	DUET3 30 Jun 09 \$'000	DIHL 30 Jun 09 \$'000	DUET Group 30 Jun 08 \$'000	DUET1 30 Jun 08 \$'000	DUET2 30 Jun 08 \$'000	DUET3 30 Jun 08 \$'000	DIHL 30 Jun 08 \$'000
Inventories	12,880	-	-	-	-	12,935	-	-	-	-
Less: Provision for obsolescence	(1,148)	-	-	-	-	(1,252)	-	-	-	-
	11,732	-	-	-	-	11,683	-	-	-	-

Inventory expense

Inventories recognised as an expense during the year ended 30 June 2009 amounted to \$2,116,775 (2008: \$1,583,000). Write downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2009 amounted to \$69,608 (2008: \$59,000). The expense has been included in operating expenses in the income statement.

9 Current Tax Receivables

	DUET Group 30 Jun 09 \$'000	DUET1 30 Jun 09 \$'000	DUET2 30 Jun 09 \$'000	DUET3 30 Jun 09 \$'000	DIHL 30 Jun 09 \$'000	DUET Group 30 Jun 08 \$'000	DUET1 30 Jun 08 \$'000	DUET2 30 Jun 08 \$'000	DUET3 30 Jun 08 \$'000	DIHL 30 Jun 08 \$'000
Current tax receivable	2,387	-	-	-	-	850	-	-	-	-
	2,387	-	-	-	-	850	-	-	-	-

10 Other Assets

	DUET Group 30 Jun 09 \$'000	DUET1 30 Jun 09 \$'000	DUET2 30 Jun 09 \$'000	DUET3 30 Jun 09 \$'000	DIHL 30 Jun 09 \$'000	DUET Group 30 Jun 08 \$'000	DUET1 30 Jun 08 \$'000	DUET2 30 Jun 08 \$'000	DUET3 30 Jun 08 \$'000	DIHL 30 Jun 08 \$'000
Current										
Accrued revenue	61,875	-	-	-	-	60,421	-	-	-	-
Prepaid expenses	2,442	18	27	9	106	2,335	-	-	-	58
Other assets	17	-	-	-	17	63	38	53	-	-
	64,334	18	27	9	123	62,819	38	53	-	58

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11 Derivative Financial Instruments

	DUET Group 30 Jun 09 \$'000	DUET1 30 Jun 09 \$'000	DUET2 30 Jun 09 \$'000	DUET3 30 Jun 09 \$'000	DIHL 30 Jun 09 \$'000	DUET Group 30 Jun 08 \$'000	DUET1 30 Jun 08 \$'000	DUET2 30 Jun 08 \$'000	DUET3 30 Jun 08 \$'000	DIHL 30 Jun 08 \$'000
Current assets										
Interest rate swap contracts	277	-	-	-	-	-	-	-	-	-
Forward exchange contracts	193	-	-	193	-	9,315	-	-	4,040	5,275
Total current derivative financial instrument assets	470	-	-	193	-	9,315	-	-	4,040	5,275
Non current assets										
Forward exchange contracts	-	-	-	-	-	11,878	-	-	7,741	4,137
Revenue swaps	712	-	-	-	-	-	-	-	-	-
Interest rate swap contracts	16,719	3,732	3,732	-	-	180,643	-	-	-	-
CPI index hedge contracts	-	-	-	-	-	32,810	-	-	-	-
Total non current derivative financial instrument assets	17,431	3,732	3,732	-	-	225,331	-	-	7,741	4,137
Current liabilities										
Interest rate swap contracts	9,667	-	-	-	-	-	-	-	-	-
CPI index hedge contracts	2,423	-	-	-	-	-	-	-	-	-
Forward exchange contracts	1,547	-	-	-	-	4,014	-	-	-	-
Total current derivative financial instrument liabilities	13,637	-	-	-	-	4,014	-	-	-	-
Non current liabilities										
Interest rate swap contracts	194,844	-	-	-	-	-	-	-	-	-
Forward exchange contracts	2,092	-	-	532	-	-	-	-	-	-
CPI index hedge contracts	20,743	-	-	-	-	-	-	-	-	-
Cross currency swaps	85,314	-	-	-	-	157,907	-	-	-	-
Revenue swaps	-	-	-	-	-	2,667	-	-	-	-
Total non current derivative financial instrument liabilities	302,993	-	-	532	-	160,574	-	-	-	-

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11 Derivative Financial Instruments (continued)

Instruments used by the group

DUET Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest and foreign exchange rates in accordance with the Group's financial risk management policies (refer to note 32).

(i) Interest rate swap contracts - cash flow hedges

Bank loans and guarantee notes of the Group currently bear an average variable interest of 3.06% (2008: 8.14%). Accordingly, the Group has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

Swaps in place cover approximately 100% (2008: 100%) of the loan principal outstanding and are timed to expire as the loan repayments are due or to coincide with the next prevailing regulatory reset.

The recognised fair value of interest rate swaps on the balance sheet as a net liability at 30 June 2009 was \$192,672,000 (2008: net asset of \$189,582,000 was recognised), of which \$164,021,333 (2008: \$124,944,000) was the after tax amount recognised in the hedging reserve.

The notional principal amounts and period of expiry of the interest rate swap contracts are as follows:

	30 Jun 09 \$'000	Weighted average fixed interest rates 2009	30 Jun 08 \$'000	Weighted average fixed interest rates 2008
Less than 1 year	-	-	-	-
1 – 2 years	773,673	5.03%	-	-
2 – 3 years	1,621,000	5.82%	473,673	5.92%
3 – 4 years	1,766,236	6.97%	1,621,000	5.82%
4 – 5 years	375,000	6.17%	1,086,235	7.16%
Over 5 years	2,320,000	6.83%	2,020,000	6.69%
	6,855,909	6.39%	5,200,908	6.45%

The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

The gain or loss from remeasuring the hedging instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and reclassified into profit and loss when the hedge interest expense is recognised. The ineffective portion is recognised in the income statement immediately. In the year ended 30 June 2009 a charge of \$24,536,829 (2008: a gain of \$1,740,000) was transferred to the profit and loss. The ineffective portion of the hedge recognised in the income statement at 30 June 2009 was \$24,536,829 (2008: \$1,364,000).

(ii) Interest rate swap contracts – fair value hedges

Bank loans and guarantee notes of the Group currently bear an average variable base interest rate of 3.67% (2008:8.14%). It is Group policy to protect the loans from exposure to changes in value. Accordingly, the Group has entered interest rate swap contracts.

Swaps in place cover approximately 100% of the loan principal outstanding and are timed to expire either as the loan repayments are due or to coincide with the next prevailing reset.

The recognised fair value of interest rate swaps on the balance sheet as a net asset at 30 June 2009 was \$5,157,000 (2008: a liability of \$8,939,000 was recognised), of which a gain of \$14,096,000 (2008: a gain of \$2,625,000) was recognised in the income statement.

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11 Derivative Financial Instruments (continued)

The notional principal amounts and period of expiry of the interest rate swap contracts are as follows:

	30 Jun 09 \$'000	Weighted average fixed interest rates 2009	30 Jun 08 \$'000	Weighted average fixed interest rates 2008
Less than 1 year	135,000	6.50%	-	-
1 – 2 years	-	-	135,000	6.35%
2 – 3 years	150,000	6.38%	-	-
3 – 4 years	-	-	150,000	6.38%
4 – 5 years	-	-	-	-
Over 5 years	-	-	-	-
	285,000	6.43%	285,000	6.43%

The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

The hedged item is restated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement.

(iii) *Cross currency interest rate swap contract*

The Group entered into a US\$300 million cross currency interest rate swap, effective from 29 August 2008, to hedge the Group's US dollar-denominated investment in Duquesne. The swap was executed at a USD/AUD exchange rate of 0.87. Under the terms of the principal leg of the contract, upon maturity DUET must deliver USD 300 million on 29 August 2011. In return DUET will receive AUD 343 million, being USD 300 million at the contract exchange rate of 0.87. Under the terms of the interest leg of the contract, DUET receives the floating 30 day BBSY at each reset date and pays 5.45% fixed. The recognised fair value of the cross currency swap on the balance sheet at 30 June 2009 as a net liability was \$45,955,000 (2008: nil).

The notional principal of US\$300 million is due in August 2011.

(iv) *Cross currency swap contracts - cash flow hedges*

A portion of the guaranteed notes of the Group are determined in US dollars (USD) and currently bear interest at an average fixed rate of 5.28% (2008: 5.28%). It is Group policy to protect the loans from exposure to increasing interest rates and fluctuating foreign exchange rates.

Swaps in place cover approximately 100% of the loan principal outstanding and are timed to expire as the loan repayments are due.

The recognised fair value of cross currency swaps on the balance sheet at 30 June 2009 as a net liability was \$39,359,000 (2008: \$157,907,000) of which \$82,983,949 (2008: \$90,778,000) was the after tax amount recognised in the hedge reserve.

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11 Derivative Financial Instruments (continued)

The notional principal amounts and periods of expiry of the cross currency swap contracts are as follows:

	30 Jun 09 \$'000	Weighted average fixed interest rates 2009	30 Jun 08 \$'000	Weighted average fixed interest rates 2008
Less than 1 year	-	-	-	-
1 – 2 years	363,128	4.96%	-	-
2 – 3 years	-	-	363,128	4.96%
3 – 4 years	-	-	-	-
4 – 5 years	-	-	-	-
Over 5 years	279,330	5.71%	279,330	5.71%
	642,458	5.28%	642,458	5.28%

The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

The gain or loss from remeasuring the hedging instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and reclassified into profit and loss when the hedge interest expense is recognised. The ineffective portion is recognised in the income statement immediately. In the year ended 30 June 2009 no amount (2008: nil) was transferred to the profit and loss.

(v) *CPI Index hedge contracts*

United Energy has entered into indexed CPI (Consumer Price Index) swaps together with cross currency interest swaps that effectively hedge foreign exchange and interest rate risk.

The recognised fair value of CPI hedge contracts on the balance sheet at 30 June 2009 as a net liability was \$23,166,000 (2008: an asset of \$32,810,000 was recognised), which \$33,044,733 (2008: \$20,024,000) was the after tax amount recognised in the hedge reserve.

At 30 June 2009 and 2008, the notional principal amounts and periods of expiry of the CPI hedge contracts are as follows:

	30 Jun 09 \$'000	Weighted average fixed interest rates 2009	30 Jun 08 \$'000	Weighted average fixed interest rates 2008
Less than 1 year	-	-	-	-
1 – 2 years	700,000	5.25%	-	-
2 – 3 years	-	-	700,000	5.25%
3 – 4 years	-	-	-	-
4 – 5 years	-	-	-	-
Over 5 years	-	-	-	-
	700,000	5.25%	700,000	5.25%

The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

The gain or loss from remeasuring the hedging instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and reclassified into profit and loss when the hedge interest expense is recognised. The ineffective portion is recognised in the income statement immediately. In the year ended 30 June 2009 a loss of \$230,264 (2008: a gain of \$2,210,000) was transferred to the income statements.

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11 Derivative Financial Instruments (continued)

(vi) Revenue CPI swap contracts – cash flow hedge

Energy Partnership (Gas) Pty Ltd (EPG), a subsidiary of Multinet, is the regulated distribution business which operates in an environment where an Independent Regulator (the Essential Services Commission of Victoria) determines the tariff regime every 5 years. The tariff for each of the 5 years is set as a function of the prior period tariff and an escalation based on CPI. EPG sought to replicate the revenue indexation assumptions used in the regulatory determination by entering into a CPI revenue swap with its hedging counterparties.

The hedging structure is such that EPG's base revenue is swapped from floating escalation to fixed inflation escalation at an agreed fixed annual escalation rate for 5 years starting from January 2008.

The cash flow hedge has been deemed ineffective and any gain or loss from remeasuring the hedging instrument at fair value is recognised in the income statement immediately. The recognised fair value of the revenue swap on the balance sheet at 30 June 2009 as a net asset was \$712,000 (2008: a liability of \$2,667,000), of which a gain of \$3,379,000 (2008: loss of \$2,667,000) has been recognised in profit and loss.

The notional principal amounts and period of expiry of the revenue swap contract is as follows:

	30 Jun 09 \$'000	Weighted average fixed interest rates 2009	30 Jun 08 \$'000	Weighted average fixed interest rates 2008
Less than 1 year	-	-	-	-
1 – 2 years	-	-	-	-
2 – 3 years	-	-	-	-
3 – 4 years	80,000	3.10%	-	-
4 – 5 years	-	-	80,000	3.10%
Over 5 years	-	-	-	-
	80,000	3.10%	80,000	3.10%

Foreign exchange forward contracts

Interest and dividends from DQE Holdings, LLC are paid in USD, and these contracts hedge foreign exchange risk on these cash inflows.

The recognised fair value of forward foreign exchange contracts on the balance sheet at 30 June 2009 as a net liability was \$3,446,000 (2008: an asset of \$17,179,000 was recognised), of which \$12,121,000 (2008: \$14,533,000) was booked to profit and loss and \$2,174,432 (2008: \$4,272,000) was recognised in the hedging reserve.

DUET Group has entered into forward foreign exchange contracts at balance date. Details of outstanding amounts are:

Maturity	Buy USD		Average Exchange Rate	
	30 Jun 09 US\$'000	30 Jun 08 US\$'000	30 Jun 09 USD	30 Jun 08 USD
Less than 1 year	11,811	86,726	-	0.8629
1 – 2 years	-	-	-	-
2 – 3 years	-	-	-	-
3 – 4 years	-	-	-	-
4 – 5 years	-	-	-	-
Over 5 years	-	-	-	-

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11 Derivative Financial Instruments (continued)

Maturity	Sell USD		Average Exchange Rate	
	30 Jun 09 US\$'000	30 Jun 08 US\$'000	30 Jun 09 USD	30 Jun 08 USD
Less than 1 year	18,040	59,469	0.7485	0.8010
1 – 2 years	20,766	98,305	0.7869	0.7801
2 – 3 years	17,018	19,627	0.7638	0.7637
3 – 4 years	4,018	4,018	0.7467	0.7467
4 – 5 years	-	-	-	-
Over 5 years	-	-	-	-

Maturity	Buy JPY		Average Exchange Rate	
	30 Jun 09 JPY\$'000	30 Jun 08 JPY\$'000	30 Jun 09 JPY	30 Jun 08 JPY
Less than 1 year	-	1,928,558	-	98.0500
1 – 2 years	-	-	-	-
2 – 3 years	-	-	-	-
3 – 4 years	-	-	-	-
4 – 5 years	-	-	-	-
Over 5 years	-	-	-	-

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12 Investments in Associates

Investment in associates is accounted for using the equity method in the DUET Group consolidated financial statements, DUET2 and DIHL financial statements. Investment in associates are accounted for at cost in the parent (DUET1).

Information relating to associates is set out below:

Name of Entity	Year end	Ownership interest %	DUET Group	DUET1*	DUET2	DUET3	DIHL	DUET Group	DUET1	DUET2	DUET3	DIHL
			30 Jun 09 \$'000	30 Jun 09 \$'000	30 Jun 09 \$'000	30 Jun 09 \$'000	30 Jun 09 \$'000	30 Jun 08 \$'000	30 Jun 08 \$'000	30 Jun 08 \$'000	30 Jun 08 \$'000	30 Jun 08 \$'000
WA Network Holdings Pty Ltd	30 Jun	25.9%	24,395	-	-	-	-	27,861	-	-	-	-
Multinet Group Holdings Pty Ltd	30 Jun	39.95% each	-	89,706	50,024	-	-	-	76,998	76,998	-	-
United Energy Distribution Holdings Pty Ltd	30 Jun	33.0% each	-	1,273	-	-	-	-	23,149	23,149	-	-
DUET Dampier Bunbury Pty Ltd	30 Jun	50.0% each	-	5,379	-	-	-	-	-	-	-	-
POWERS Trust	30 Jun	50.0% each	-	-	-	-	-	-	-	-	-	-
DQE Holdings, LLC	31 Dec	29.0%	22,497	-	-	-	22,497	135,059	-	-	-	135,059
DUET 2008 Funding Sub Trust	30 Jun	50.0% each	-	1	-	-	-	-	-	-	-	-
			46,892	96,359	50,024	-	22,497	162,920	100,147	100,147	-	135,059

* Held at cost.

DIHL's interest in the DQE Holdings LLC (DQE) is subject to various rights in favour of the other members of DQE's ownership consortium. Those rights include provisions which treat it as having offered to sell all of its interest to the other members at fair market value if a 'change of control' occurs (including if the responsible entity for DUET is removed or replaced or the Macquarie Group and the AMP Group cease to hold at least 40% (in aggregate, irrespective of each party's individual interest) of the shares in the responsible entity or manager for DUET).

Interests in MGH, UED, DBP, POWERS Trust and DUET 2008 Funding Sub Trust are held jointly by DUET1 and DUET2.

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12 Investments in Associates (continued)

Investments accounted for using the equity method

	DUET Group 30 Jun 09 \$'000	DUET2 30 Jun 09 \$'000	DIHL 30 Jun 09 \$'000	DUET Group 30 Jun 08 \$'000	DUET2 30 Jun 08 \$'000	DIHL 30 Jun 08 \$'000
Movements in carrying amounts						
Carrying amount at the beginning of the financial year	162,920	100,147	135,059	167,638	109,982	139,879
Share of associates' net profits	(123,954)	319	(128,646)	40,158	7,607	35,452
Dividends received from associates	(16,274)	(16,530)	(11,104)	(30,703)	(24,785)	(25,922)
Acquisition	-	51	-	-	-	-
Adjustment to carrying value of investment	-	7,992	-	-	-	-
Reserve movements	24,200	(41,955)	27,188	(14,173)	7,343	(14,350)
Carrying amount of investment in associates at the end of the financial year	46,892	50,024	22,497	162,920	100,147	135,059
Results attributable to associates						
(Losses)/profits before income tax	(420,264)	4,151	(444,590)	304,428	14,287	278,500
Income tax expense	216,017	822	222,253	(163,837)	(2,934)	(156,057)
(Losses)/profits after income tax	(204,247)	4,973	(222,337)	140,591	11,353	122,443
Summary of performance and financial positions of associates						
The aggregate profits, assets and liabilities of associates are:						
- Revenues	1,662,083	614,501	1,529,253	1,368,683	330,275	1,235,677
Profits from ordinary activities after income tax expense	(204,247)	4,973	(222,337)	140,591	11,353	122,443
- Assets as at 30 June	5,546,643	3,564,161	4,641,559	4,884,005	2,053,660	3,981,659
- Liabilities as at 30 June	(5,432,784)	(3,463,273)	(4,619,315)	(4,376,225)	(1,924,319)	(3,578,851)
Shares in associates' expenditure commitments						
Capital commitments	16,227	969,732	4,701	69,230	711,418	13,519
	16,227	969,732	4,701	69,230	711,418	13,519

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12 Investments in Associates (continued)

Shares of associates' contingencies

As at 30 June 2009, DUET Group's associates have no material contingent liabilities other than as outlined in note 36.

As at 30 June 2009, the parent entity's associates have no material contingent liabilities other than as outlined in note 36.

Investments in associates - equity method discontinued*

	DUET Group 30 Jun 09 \$'000	DUET2 30 Jun 09 \$'000	DIHL 30 Jun 09 \$'000	DUET Group 30 Jun 08 \$'000	DUET1 30 Jun 08 \$'000	DUET2 30 Jun 08 \$'000	DIHL 30 Jun 08 \$'000
Movements in carrying amounts							
Carrying amount at the beginning of the financial year	-	(17,542)	-	-	(18,277)	(18,277)	-
Share of associates' net loss	-	(21,999)	-	-	(10,252)	(10,252)	-
Reserve increments	-	(47,251)	-	-	10,987	10,987	-
Carrying amount of investment in associates at the end of the financial year	-	(86,792)	-	-	(17,542)	(17,542)	-
Results attributable to associates							
Loss before income tax	-	15,797	-	-	1,289	1,289	-
Income tax expense	-	98	-	-	8,963	8,963	-
Loss after income tax	-	15,895	-	-	10,252	10,252	-
Summary of performance and financial positions of associates							
The aggregate profits, assets and liabilities of associates are:							
- Revenues	-	197,144	-	-	152,426	152,426	-
Loss from ordinary activities after income tax expense	-	15,895	-	-	10,252	10,252	-
- Assets as at 30 June	-	2,133,181	-	-	1,709,923	1,709,923	-
- Liabilities as at 30 June	-	(2,126,435)	-	-	(1,622,792)	(1,622,792)	-

* The equity method of accounting for the investments in DBNGP Trust and DUET 2008 Funding Sub Trust ceased when the carrying amount of the investment reached zero.

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13 Property, Plant and Equipment

	DUET Group 30 Jun 09 \$'000	DUET1 30 Jun 09 \$'000	DUET2 30 Jun 09 \$'000	DUET3 30 Jun 09 \$'000	DIHL 30 Jun 09 \$'000	DUET Group 30 Jun 08 \$'000	DUET1 30 Jun 08 \$'000	DUET2 30 Jun 08 \$'000	DUET3 30 Jun 08 \$'000	DIHL 30 Jun 08 \$'000
Land – at cost	5,595	-	-	-	-	5,509	-	-	-	-
Buildings – at cost	11,258	-	-	-	-	7,090	-	-	-	-
Less: Accumulated depreciation	(1,804)	-	-	-	-	(1,322)	-	-	-	-
	9,454	-	-	-	-	5,768	-	-	-	-
Plant and equipment – at cost	5,024,924	-	-	-	-	4,255,407	-	-	-	-
Less: Accumulated depreciation	(654,977)	-	-	-	-	(503,686)	-	-	-	-
	4,369,947	-	-	-	-	3,751,721	-	-	-	-
Motor vehicles – at cost	9,646	-	-	-	-	9,561	-	-	-	-
Less: Accumulated depreciation	(4,874)	-	-	-	-	(4,355)	-	-	-	-
	4,772	-	-	-	-	5,206	-	-	-	-
Office equipment and software – at cost	13,443	-	-	-	-	13,183	-	-	-	-
Less: Accumulated depreciation	(11,402)	-	-	-	-	(10,093)	-	-	-	-
	2,041	-	-	-	-	3,090	-	-	-	-
Fixtures and fittings – at cost	2,745	-	-	-	-	1,412	-	-	-	-
Less: Accumulated depreciation	(1,404)	-	-	-	-	(728)	-	-	-	-
	1,341	-	-	-	-	684	-	-	-	-
Plant and equipment in the course of construction – at cost	442,709	-	-	-	-	726,578	-	-	-	-
Total property, plant & equipment – at cost	5,510,320	-	-	-	-	5,018,740	-	-	-	-
Less: Total accumulated depreciation	(674,461)	-	-	-	-	(520,184)	-	-	-	-
	4,835,859	-	-	-	-	4,498,556	-	-	-	-

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13 Property, Plant and Equipment (continued)

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the year are set out below:

Year ended 30 June 2009

	Land and buildings \$'000	Freehold Land \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Office equipment and software \$'000	Fixtures and fittings \$'000	In the course of construction \$'000	Total \$'000
Consolidated								
Carrying amount at 1 July 2008	5,768	5,509	3,751,721	5,206	3,090	684	726,578	4,498,556
Additions	424	2	99,001	1,310	202	764	399,042	500,745
Disposals	(19)	-	(4,589)	(100)	-	-	-	(4,708)
Transfers	3,764	84	678,464	64	535	-	(682,911)	-
Depreciation expense (note 2)	(483)	-	(154,650)	(1,708)	(1,786)	(107)	-	(158,734)
Carrying amount at 30 June 2009	9,454	5,595	4,369,947	4,772	2,041	1,341	442,709	4,835,859

Year ended 30 June 2008

	Land and buildings \$'000	Freehold Land \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Office equipment and software \$'000	Fixtures and fittings \$'000	In the course of construction \$'000	Total \$'000
Consolidated								
Carrying amount at 1 July 2007	6,106	5,462	3,715,325	5,481	5,379	550	345,606	4,083,909
Additions	-	42	114,231	1,288	445	368	452,024	568,398
Disposals	-	-	(7,522)	(47)	(583)	-	-	(8,152)
Transfers	-	5	70,940	88	19	-	(71,052)	-
Depreciation expense (note 2)	(338)	-	(141,253)	(1,604)	(2,170)	(234)	-	(145,599)
Carrying amount at 30 June 2008	5,768	5,509	3,751,721	5,206	3,090	684	726,578	4,498,556

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14 Deferred Tax Assets

	DUET Group 30 Jun 09 \$'000	DUET1 30 Jun 09 \$'000	DUET2 30 Jun 09 \$'000	DUET3 30 Jun 09 \$'000	DIHL 30 Jun 09 \$'000	DUET Group 30 Jun 08 \$'000	DUET1 30 Jun 08 \$'000	DUET2 30 Jun 08 \$'000	DUET3 30 Jun 08 \$'000	DIHL 30 Jun 08 \$'000
The balance comprises temporary difference attributable to:										
Amounts recognised in profit or loss										
Doubtful debts	779	-	-	-	-	886	-	-	-	-
Meter replacement	6,328	-	-	-	-	6,328	-	-	-	-
Accident compensation	44	-	-	-	-	59	-	-	-	-
Other employee entitlements	2,268	-	-	-	-	125	-	-	-	-
Property, plant & equipment	1,654	-	-	-	-	-	-	-	-	-
Intangibles	1,513	-	-	-	-	1,250	-	-	-	-
Accrued revenue	1,152	-	-	-	-	863	-	-	-	-
Environmental provision	1,581	-	-	-	-	1,593	-	-	-	-
Other provisions	1,537	-	-	-	-	1,610	-	-	-	-
Decommissioning Provision	3,567	-	-	-	-	3,327	-	-	-	-
Audit fees	48	-	-	-	-	50	-	-	-	-
Other	718	-	-	-	-	-	-	-	-	-
Equity raising costs	1,016	-	-	-	-	-	-	-	-	-
Tax losses	625	-	-	-	-	4,194	-	-	-	-
	22,830	-	-	-	-	20,285	-	-	-	-
Amounts recognised directly in equity										
Cash flow hedges	77,248	-	-	-	-	1,204	-	-	-	-
Set – off deferred tax liabilities pursuant to set off provisions (note 21)	(75,353)	-	-	-	-	(10,498)	-	-	-	-
Net deferred tax assets	24,725	-	-	-	-	10,991	-	-	-	-
Movements:										
Opening balance at 1 July	10,991	-	-	-	-	11,455	-	-	-	-
Credited/(charged) to the income statement	3,272	-	-	-	-	(150)	-	-	-	-
Credited/(charged) to equity	10,462	-	-	-	-	(314)	-	-	-	-
Closing balance 30 June	24,725	-	-	-	-	10,991	-	-	-	-
Deferred tax assets to be recovered after more than 12 months	22,755	-	-	-	-	9,151	-	-	-	-
Deferred tax assets to be recovered within 12 months	1,970	-	-	-	-	1,840	-	-	-	-
	24,725	-	-	-	-	10,991	-	-	-	-

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15 Intangible Assets

	DUET Group 30 Jun 09 \$'000	DUET1 30 Jun 09 \$'000	DUET2 30 Jun 09 \$'000	DUET3 30 Jun 09 \$'000	DIHL 30 Jun 09 \$'000	DUET Group 30 Jun 08 \$'000	DUET1 30 Jun 08 \$'000	DUET2 30 Jun 08 \$'000	DUET3 30 Jun 08 \$'000	DIHL 30 Jun 08 \$'000
Intellectual property at cost	127,340	-	-	-	-	127,338	-	-	-	-
Less: accumulated amortisation	(38,266)	-	-	-	-	(31,795)	-	-	-	-
	89,074	-	-	-	-	95,543	-	-	-	-
Software	182,783	-	-	-	-	147,701	-	-	-	-
Less: accumulated amortisation	(124,718)	-	-	-	-	(121,145)	-	-	-	-
	58,065	-	-	-	-	26,556	-	-	-	-
Distribution Licences	1,035,377	-	-	-	-	1,035,377	-	-	-	-
Goodwill	813,111	-	-	-	-	825,032	-	-	-	-
Decrease due to recognition of pre-acquisition tax losses	(23,331)	-	-	-	-	(11,921)	-	-	-	-
	789,780	-	-	-	-	813,111	-	-	-	-
Total	1,972,296	-	-	-	-	1,970,587	-	-	-	-

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15 Intangible Assets (continued)

Year ended 30 June 2009

	Intellectual Property \$'000	Software \$'000	Distribution Licenses \$'000	Goodwill \$'000	Total \$'000
Carrying amount at 1 July 2008	95,543	26,556	1,035,377	813,111	1,970,587
Additions	-	35,082	-	-	35,082
Decrease due to recognition of pre-acquisition tax losses	-	-	-	(23,331)	(23,331)
Amortisation charge (note 2)	(6,469)	(3,573)	-	-	(10,042)
Carrying amount at 30 June 2009	89,074	58,065	1,035,377	789,780	1,972,296

Year ended 30 June 2008

	Intellectual Property \$'000	Software \$'000	Distribution Licenses \$'000	Goodwill \$'000	Total \$'000
Carrying amount at 1 July 2007	102,010	18,676	1,035,377	825,032	1,981,095
Additions	-	15,447	-	-	15,447
Decrease due to recognition of pre-acquisition tax losses	-	-	-	(11,921)	(11,921)
Amortisation charge	(6,467)	(7,567)	-	-	(14,034)
Carrying amount at 30 June 2008	95,543	26,556	1,035,377	813,111	1,970,587

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15 Intangible Assets (continued)

Impairment tested for goodwill and distribution licences

Goodwill and distribution licences are allocated to the Group's cash-generating units (CGUs) identified according to the relevant business segment.

A segment-level summary of the goodwill and distribution licence is presented below.

	Gas Distribution \$'000	Gas Transmission \$'000	Electricity Distribution \$'000	Total \$'000
2009				
Goodwill	72,806	670,832	46,142	789,780
Distribution licences	407,963	-	627,414	1,035,377
	480,769	670,832	673,556	1,825,157
	Gas Distribution \$'000	Gas Transmission \$'000	Electricity Distribution \$'000	Total \$'000
2008				
Goodwill	72,806	694,163	46,142	813,111
Distribution licences	407,963	-	627,414	1,035,377
	480,769	694,163	673,556	1,848,488

The recoverable amount of the Group's CGUs are determined as the higher of fair value less costs to sell and value-in-use calculations.

The value-in-use calculations use cash flow projections based on financial budgets approved by the board covering a 15 year period. A terminal value based on the regulated asset base was used to value the CGU at the end of the 15 year period. The growth rate does not exceed the long term average growth rate for the business in which the CGU operates.

The fair value less cost to sell calculations are based on discounted cash flow calculations. The discounted cash flow calculations are used to approximate fair value as the asset is not traded in an active market. The discounted cash flow calculations take into account the most recent transactions for similar assets and deduct management's estimate of selling costs. The discount rates utilised in the fair value less cost to sell calculations range from 6.58% (2008: 7.09%) to 7.06% (2008: 7.54%) depending on the CGU.

Key assumptions used for value-in-use and fair value less costs to sell calculations

Gas and electricity distribution

The key assumption used was that the business will continue to generate cash flows as determined by the most recent regulatory reviews. Revenue associated with expansion projects was removed from the analysis.

Gas transmission

The key assumption used was that the gas transmission business can be sold for the value implied by the discounted cash flow calculations (less management's estimate of selling costs).

Impact of possible changes in key assumptions

Changes to the assumptions mentioned above could have a material effect on the recoverable value of goodwill and licences. Management does not consider any change in a particular assumption to be reasonably possible at the date of this report.

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16 Distribution Payable

	DUET Group 30 Jun 09 \$'000	DUET1 30 Jun 09 \$'000	DUET2 30 Jun 09 \$'000	DUET3 30 Jun 09 \$'000	DIHL 30 Jun 09 \$'000	DUET Group 30 Jun 08 \$'000	DUET1 30 Jun 08 \$'000	DUET2 30 Jun 08 \$'000	DUET3 30 Jun 08 \$'000	DIHL 30 Jun 08 \$'000
Carrying amount at beginning of year	82,277	30,534	36,507	15,236	-	62,134	31,067	31,067	-	-
Provided for during the year	174,129	57,684	82,783	33,662	-	163,419	57,881	74,674	30,864	-
Paid during the year	(171,697)	(61,478)	(77,726)	(32,493)	-	(143,276)	(58,414)	(69,234)	(15,628)	-
Balance at 30 June	84,709	26,740	41,564	16,405	-	82,277	30,534	36,507	15,236	-

17 Payables

	DUET Group 30 Jun 09 \$'000	DUET1 30 Jun 09 \$'000	DUET2 30 Jun 09 \$'000	DUET3 30 Jun 09 \$'000	DIHL 30 Jun 09 \$'000	DUET Group 30 Jun 08 \$'000	DUET1 30 Jun 08 \$'000	DUET2 30 Jun 08 \$'000	DUET3 30 Jun 08 \$'000	DIHL 30 Jun 08 \$'000
Trade creditors	94,494	-	-	-	-	86,843	-	-	-	-
Interest payable – controlled entities	-	3,123	3,123	-	-	-	9,928	9,928	-	-
Interest payable – associated entities	-	3,229	3,242	-	-	-	-	-	-	-
Interest payable – other parties	71,628	-	-	-	-	87,580	-	-	-	-
Customer deposits	3	-	-	-	-	3	-	-	-	-
GST payable	2,255	-	-	34	22	3,295	-	-	-	-
Responsible entities management base fee payable	4,394	1,391	2,001	596	406	5,232	1,664	2,277	566	725
Responsible entities management performance fee payable	-	-	-	-	-	59,608	18,949	25,942	6,453	8,264
Other payables	2,784	156	189	199	211	3,823	1,695	1,684	74	86
	175,558	7,899	8,555	829	639	246,384	32,236	39,831	7,093	9,075

The carrying amount of payables reflect fair value.

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18 Interest Bearing Liabilities

	DUET Group 30 Jun 09 \$'000	DUET1 30 Jun 09 \$'000	DUET2 30 Jun 09 \$'000	DUET3 30 Jun 09 \$'000	DIHL 30 Jun 09 \$'000	DUET Group 30 Jun 08 \$'000	DUET1 30 Jun 08 \$'000	DUET2 30 Jun 08 \$'000	DUET3 30 Jun 08 \$'000	DIHL 30 Jun 08 \$'000
Current										
Unsecured										
Bank Loans	13,000	-	-	-	-	27,000	-	-	-	-
Guaranteed notes (i)	134,984	-	-	-	-	-	-	-	-	-
Borrowings from related parties	-	284,282	284,282	260,211	130,106	-	-	-	-	-
Preferred to Ordinary with Exchange and Reset Securities (POWERS) (ii)	-	-	-	-	-	568,371	282,110	282,110	-	-
	147,984	284,282	284,282	260,211	130,166	595,371	282,110	282,110	-	-
Capitalised borrowing costs	-	(6,798)	(6,798)	-	-	(4,099)	(2,770)	(2,770)	-	-
Total current interest bearing liabilities	147,984	277,484	277,484	260,211	130,106	591,272	279,340	279,340	-	-
Non-current										
Secured										
Bank loans	1,771,929	-	-	-	-	939,926	-	-	-	-
Guaranteed notes	1,200,241	-	-	-	-	1,200,000	-	-	-	-
	2,972,170	-	-	-	-	2,139,926	-	-	-	-
Unsecured										
Bank loans	466,426	-	-	-	-	389,500	-	-	-	-
Guaranteed notes	1,639,282	-	-	-	-	1,660,300	-	-	-	-
Redeemable preference shares	125,614	-	-	-	-	120,396	-	-	-	-
Borrowings from related party	-	112,853	-	1,289	-	-	112,853	-	1,289	-
Shareholder loans	12,242	-	-	-	-	6,800	-	-	-	-
	2,243,564	112,853	-	1,289	-	2,176,996	112,853	-	1,289	-
Capitalised borrowing costs	(54,275)	-	-	-	-	(38,587)	-	-	-	-
Total non current interest bearing liabilities	5,161,459	112,853	-	1,289	-	4,278,335	112,853	-	1,289	-
Total interest bearing liabilities	5,309,443	390,337	277,484	261,500	130,106	4,869,607	392,193	279,340	1,289	-

(i) At 30 June 2009, Multinet had received binding commitments to refinance the \$134.9m medium term notes. Financial close was achieved in July 2009.

(ii) POWERS were redeemed on 1 September 2008.

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18 Interest Bearing Liabilities (continued)

Financing Arrangements

At balance date the Group had access to the following lines of credit:

	Undrawn balance 30 Jun 09 '000	Undrawn balance 30 Jun 08 '000
DUET 1		
Related party loans	37,147	37,147
DUET 2		
Related party loans	-	-
DUET 3		
Related party loans	18,711	18,711
DIHL		
Related party loans	200,000	200,000
DUET 2008 Funding Sub Trust		
Tranche A 3 year: 2011	-	317,300
Tranche B 5 year: 2013	-	267,700
Tranche C 3 year: 2011	100,000	100,000
Total	100,000	685,000
Dampier Bunbury Pipeline		
Senior debt		
2005 7 year floating rate notes	-	-
2005 12 year floating rate notes	-	-
2006 7 year floating rate notes	-	-
2006 12 year floating rate notes	-	-
Syndicated facility	-	-
Capital expenditure facility (Stage 4)	20	20
Capital expenditure facility (Stage 5A)	-	47,525
Capital expenditure facility (Stage 5B)	292,000	-
Capital expenditure facility (Stage 5A2)	9,415	-
Working capital facility	20,000	20,000
	321,435	67,545
United Energy		
Senior Corporate Facility – Tranche A	90,000	96,000
Capex shareholder loan	49,000	65,000
Senior Corporate Facility – Tranche B Capex facility	125,000	154,000
Bank loans - working capital facility	152,000	-
	416,000	315,000
Multinet		
Senior Subscription Agreement	112,500	192,000
Capital expenditure facility	-	-
Bank loans - working capital facility	20,000	18,000
Total	132,500	210,000
	1,225,793	1,533,403

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18 Interest Bearing Liabilities (continued)

Bank Loans

DUET Group

To facilitate the redemption and cancellation of POWERS, DUET Group utilised \$585m of the \$685 million syndicated corporate senior debt facility. \$317m is repayable in 2011 and \$268m is payable in 2013. The remaining \$100m represents a standby capital expenditure facility.

Dampier Bunbury Pipeline

The capital expenditure facilities are provided by a syndicate of banks for the purpose of funding pipeline expansions provided certain conditions are met. They comprise \$322.1 million (Stage 4), \$190 million (Stage 5A2) and \$340 million (Stage 5B).

The floating rate note facilities are publicly traded BBB debt securities, with credit support provided by Ambac Assurance Corporation. There are two tranches of \$275 million each, which mature in April 2012 and April 2017 and two further tranches of \$325 million, which mature in April 2013 and April 2016.

DBP has two syndicated facility agreements in place. One is a \$160 million facility which matures in 2011. The other is a \$480 million facility broken into two tranches. Tranche A is a commitment of \$252.5 million maturing in 2012 and Tranche B totals \$227.5 million maturing in 2014.

United Energy

Bank loans are drawn down under the senior corporate facilities, which have a maturity date of 16 June 2011, and the working capital facility, which matures on 16 June 2011.

Multinet

Bank loans are drawn down under the senior corporate facility, which has a maturity date of 14 June 2012.

Guaranteed notes

United Energy

US\$200 million (A\$267.5 million) 5.45% guaranteed notes due April 2016, were issued on 19 November 2003. A further US\$260 million (A\$273.9 million) 4.70% guaranteed notes due April 2011, were issued on 19 November 2003.

A\$500 million floating rate (bank bill plus 0.28%) guaranteed notes due October 2014, were issued on 31 October 2005. The notes are unsecured and unsubordinated obligations. Interest is paid semi-annually in arrears on 15 April and 15 October for the fixed rate notes and quarterly on 23 January, 23 April, 23 July and 23 October on the floating rate notes. The notes are redeemable in whole but not in part. Scheduled payment of principal and interest on the notes is guaranteed by an unrelated party.

Long term currency swaps have been entered into to convert the USD exposure on the guaranteed notes into an Australian dollar exposure. The swaps entitle the group to receive an agreed amount of USD and oblige it to pay an agreed amount of Australian dollars at the date of maturity of the guaranteed notes. The value of the guaranteed notes presented above is after the impact of the amount payable under the currency swap agreement.

Multinet

The following were issued on 29 July 2004:

- A\$150m 6.375% fixed rate guaranteed notes due July 2011;
- A\$135m 6.5% fixed rate guaranteed notes due July 2009. The guaranteed notes were refinanced on 29 July 2009 principally with a three year bank debt facility; and
- A\$100m floating rate guaranteed notes due July 2011 at a floating interest rate with a 0.45% margin above bank bill rate.

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18 Interest Bearing Liabilities (continued)

A\$300 million floating rate guaranteed notes were issued on 15 June 2007 at a floating interest rate with a 0.24% margin above the bank bill rate, due on 10 July 2011. The notes are unsecured and unsubordinated obligations. Interest is paid semi-annually in arrears on 29 January and 29 July (for the A\$285 million of total fixed rate notes) and quarterly on 29 January, 29 April, 29 July and 29 October on the \$A100m floating rate notes. The A\$300m notes' interest is paid on 10 July and 10 October. Scheduled payment of principal and interest on the notes is guaranteed by an unrelated party.

Redeemable preference shares

The redeemable preference shares issued by United Energy are deferred cumulative preference shares that are redeemable on the date 20 years from the dates of issue, being 23 July 2003 and 20 January 2009. Interest is paid semi-annually or at any time a declaration is made by the board of directors of United Energy. The annual dividend rate on the shares is 13.5% and 11.75% per annum.

Borrowings from associate entities

Loan agreements between DUET parent entities are included in borrowings from associates. These loans have a maturity of 9 years and pay interest at 8% per annum. At 30 June 2009, the amounts payable to associated entities by DUET1 is \$112,853,000 (2008: \$112,853,000) and by DUET 3 is \$1,289,000 (2008: \$1,289,000).

Capex shareholder loan to United Energy

United Energy

The capex shareholder loan to United Energy has a maturity of 27 September 2018 and interest on this loan is 11.75% per annum.

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18 Interest Bearing Liabilities (continued)

Fair values

The fair values and carrying values of borrowings of DUET Group, DUET1, DUET2, DUET3 and DIHL are as follows:

Group	2009		2008	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
On Balance sheet				
Non traded financial liabilities				
Bank loans	2,251,355	2,264,526	1,356,426	1,361,619
Guaranteed Notes	2,974,507	2,993,547	2,860,300	2,877,814
Redeemable preference shares	125,614	125,568	120,396	120,441
Capex shareholder loan	12,242	12,033	6,800	6,918
Traded financial liabilities				
Preferred to Ordinary with Exchange and reset Securities (POWERS)	-	-	568,371	568,371
	5,363,718	5,395,674	4,912,293	4,935,163
DUET1				
	2009		2008	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Non traded financial liabilities				
Borrowings from associated entities	397,135	397,135	112,853	112,853
Subordinated debt	-	-	282,110	282,110
	397,135	397,135	394,963	394,963
DUET2				
	2009		2008	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Non traded financial liabilities				
Borrowings from associated entities	284,282	284,282	-	-
Subordinated debt	-	-	282,110	282,110
	284,282	284,282	282,110	282,110
DUET3				
	2009		2008	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Non traded financial liabilities				
Borrowings from associated entities	261,500	261,500	1,289	1,289
	261,500	261,500	1,289	1,289
DIHL				
	2009		2008	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Non traded financial liabilities				
Borrowings from associated entities	130,106	130,106	-	-
	130,106	130,106	-	-

The fair values are based on cash flows discounted using current lending rates for liabilities with similar risk profiles.

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18 Interest Bearing Liabilities (continued)

Assets pledged as security

The carrying amounts of assets pledged as security for current and non current borrowings are:

	DUET Group	DUET1 ⁽ⁱ⁾	DUET2 ⁽ⁱ⁾	DUET3 ⁽ⁱ⁾	DIHL ⁽ⁱ⁾	DUET Group	DUET1	DUET2	DUET3	DIHL
	1 Jul 08	1 Jul 08	1 Jul 08	1 Jul 08	1 Jul 08	1 Jul 07	1 Jul 07	1 Jul 07	1 Jul 07	1 Jul 07
	- 30 Jun 09	- 30 Jun 09	- 30 Jun 09	- 30 Jun 09	- 30 Jun 09	- 30 Jun 08	- 30 Jun 08	- 30 Jun 08	- 30 Jun 08	- 30 Jun 08
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current										
Cash and cash equivalents	492,783	98,121	167,510	44,797	78,070	64,317	-	-	-	-
Receivables	32,796	3,730	3,730	16,303	-	9,015	-	-	-	-
Inventories	9,814	-	-	-	-	8,351	-	-	-	-
Other	18,368	-	-	-	-	14,907	-	-	-	-
Total current assets pledged as security	553,761	101,851	171,240	61,100	78,070	96,590	-	-	-	-
Non-current										
Property, plant and equipment	2,745,406	-	-	-	-	2,469,519	-	-	-	-
Intangible asset	669,678	-	-	-	-	693,552	-	-	-	-
Investment in associates	930,344	144,168	76,618	-	22,497	-	-	-	-	-
Loans to associated entities	827,916	289,247	289,247	249,423	-	-	-	-	-	-
Redeemable Preference Shares	243,838	121,919	121,919	-	-	135,389	-	-	-	-
Total non current assets pledged as security	5,417,182	555,334	487,784	249,423	22,497	3,298,460	-	-	-	-
Total assets pledged as security	5,970,943	657,185	659,024	310,523	100,567	3,395,050	-	-	-	-

(i) Assets of DUET1, DUET2, DUET3 and DIHL are pledged as security for the \$585m bank debt facility.

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19 Provisions

	DUET Group 30 Jun 09 \$'000	DUET1 30 Jun 09 \$'000	DUET2 30 Jun 09 \$'000	DUET3 30 Jun 09 \$'000	DIHL 30 Jun 09 \$'000	DUET Group 30 Jun 08 \$'000	DUET1 30 Jun 08 \$'000	DUET2 30 Jun 08 \$'000	DUET3 30 Jun 08 \$'000	DIHL 30 Jun 08 \$'000
Current										
Annual leave	2,826	-	-	-	-	120	-	-	-	-
Long service leave	1,967	-	-	-	-	-	-	-	-	-
Other employee entitlements	2,346	-	-	-	-	197	-	-	-	-
Environmental provision	401	-	-	-	-	433	-	-	-	-
	7,540	-	-	-	-	750	-	-	-	-
Non-current										
Decommissioning provision	11,890	-	-	-	-	11,088	-	-	-	-
Long service leave	567	-	-	-	-	90	-	-	-	-
Environmental provision	6,129	-	-	-	-	6,129	-	-	-	-
	18,586	-	-	-	-	17,307	-	-	-	-

Decommissioning provision

DBP has a legislative obligation to purge and seal the pipeline on retirement of the asset, together with the abandonment of associated above ground facilities. The cost of carrying out this restoration work (based on satisfying the minimum obligation) has been estimated by AAM, DBP's asset manager, at \$49.5 million. This estimate has been discounted back at the risk adjusted rate to provide a best estimate of the provision in the balance sheet. Property, plant and equipment is grossed up by this amount and depreciated over the remaining life of the asset, while the provision is escalated to unwind the discount over the remaining life of the asset.

Environmental provision

United Energy and Multinet provide for environmental management costs to ensure compliance with environmental management principles using ISO 14001 and The Environmental Protection Act 1970 of Victoria.

DBP resumption of asset management functions

On 9 February 2009, DBP reached agreement with WestNet Energy for the resumption of asset management functions for the Dampier to Bunbury Pipeline. These functions included pipeline operations, engineering, maintenance and most corporate support functions. As part of the transition DBP assumed responsibility for 149 employees and their employee entitlements.

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19 Provisions (continued)

Movements in provisions

Movements in each class of provision during the financial year are set out below:

Year ended 30 June 2009

	Decommissioning Provision \$'000	Annual leave \$'000	Long service leave \$'000	Other employee benefits \$'000	Environmental provision \$'000	Total \$'000
Current consolidated						
Carrying amount at 1 July 2008	-	120	-	197	433	750
Additional provisions recognised	-	3,002	1,967	2,199	-	7,168
Payments/other sacrifices of economic benefits	-	(296)	-	(50)	(32)	(378)
Carrying amount at 30 June 2009	-	2,826	1,967	2,346	401	7,540

Non-current consolidated

Carrying at 1 July 2008	11,088	-	90	-	6,129	17,307
Additional provisions recognised	802	-	505	-	-	1,307
Payments/other sacrifices of economic benefits	-	-	(28)	-	-	(28)
Carrying amount at 30 June 2009	11,890	-	567	-	6,129	18,586

Year ended 30 June 2008

	Decommissioning provision \$'000	Annual leave* \$'000	Long service leave* \$'000	Other employee benefits* \$'000	Environmental provision \$'000	Other \$'000	Total \$'000
Current consolidated							
Carrying amount at 1 July 2007	-	605	1,431	197	485	-	2,718
Additional provisions recognised	-	(38)	-	-	-	-	(38)
Payments/other sacrifices of economic benefits	-	(447)	(1,431)	-	(52)	-	(1,930)
Carrying amount at 30 June 2008	-	120	-	197	433	-	750
Non-current consolidated							
Carrying at 1 July 2007	9,813	-	233	-	6,129	-	16,175
Additional provisions recognised	1,275	-	1	-	-	-	1,276
Payments/other sacrifices of economic benefits	-	-	(144)	-	-	-	(144)
Carrying amount at 30 June 2008	11,088	-	90	-	6,129	-	17,307

* On 2 May 2008, all United Energy employees were transferred to AAM. On this date, AAM assumed full responsibility for any future costs relating to these employees.

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20 Other Liabilities

	DUET Group 30 Jun 09 \$'000	DUET1 30 Jun 09 \$'000	DUET2 30 Jun 09 \$'000	DUET3 30 Jun 09 \$'000	DIHL 30 Jun 09 \$'000	DUET Group 30 Jun 08 \$'000	DUET1 30 Jun 08 \$'000	DUET2 30 Jun 08 \$'000	DUET3 30 Jun 08 \$'000	DIHL 30 Jun 08 \$'000
Current										
Promissory note	-	-	-	13,649	6,824	-	-	-	-	-
Unearned revenue	36,460	-	-	-	-	16,202	-	-	-	-
Total current	36,460	-	-	13,649	6,824	16,202	-	-	-	-
Non-Current										
Promissory note	-	-	-	20,474	10,236	-	-	-	-	-
Unearned revenue	20,134	-	-	-	-	15,235	-	-	-	-
Total non current	20,134	-	-	20,474	10,236	15,235	-	-	-	-

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21 Deferred Tax Liabilities

	DUET Group 30 Jun 09 \$'000	DUET1 30 Jun 09 \$'000	DUET2 30 Jun 09 \$'000	DUET3 30 Jun 09 \$'000	DIHL 30 Jun 09 \$'000	DUET Group 30 Jun 08 \$'000	DUET1 30 Jun 08 \$'000	DUET2 30 Jun 08 \$'000	DUET3 30 Jun 08 \$'000	DIHL 30 Jun 08 \$'000
The balance comprises temporary difference attributable to:										
Amounts recognised in profit or loss										
Borrowing costs	6,338	-	-	-	-	5,444	-	-	-	-
Accrued revenue	95	-	-	-	-	48	-	-	-	-
Financial liability at fair value	-	-	-	-	-	2,775	-	-	-	-
Property, Plant and equipment	553,473	-	-	-	-	544,629	-	-	-	-
Intellectual property	5,647	-	-	-	-	5,742	-	-	-	-
Intangibles	447	-	-	-	-	255	-	-	-	-
Licence	51,457	-	-	-	-	51,457	-	-	-	-
Other	625	-	-	-	-	633	-	-	-	-
	618,082	-	-	-	-	610,983	-	-	-	-
Amounts recognised directly in equity										
Cash flow hedges	(1,616)	-	-	-	-	61,487	-	-	-	-
Set - off deferred tax liabilities pursuant to set off provisions (note 14)										
	(75,353)	-	-	-	-	(22,844)	-	-	-	-
Net deferred tax liabilities	541,113	-	-	-	-	649,626	-	-	-	-
Movements:										
Opening Balance at 1 July	649,626	-	-	-	-	613,887	-	-	-	-
Charged /(credited) to the income statement (note 3)	2,644	-	-	-	-	9,966	-	-	-	-
Charged /(credited) to equity	(111,157)	-	-	-	-	25,773	-	-	-	-
Closing balance 30 June	541,113	-	-	-	-	649,626	-	-	-	-
Deferred tax liabilities to be recovered after more than 12 months										
	541,113	-	-	-	-	649,646	-	-	-	-
	541,113	-	-	-	-	649,646	-	-	-	-

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22 Retirement Benefit Obligations

DUET Group contributed to several accumulated contribution superannuation plans and in the year to 30 June 2008 two defined benefit employee superannuation plans. In the case of the accumulated contribution superannuation plans, contributions were charged against income as they were made.

On 2 May 2008, all United Energy employees, to which the defined benefit retirement obligations relate, were transferred to AAM.

The following sets out details in respect of the defined benefit plans only.

(a) Defined Benefit Employee Superannuation Plans

In accordance with the Provision of Labour Service Agreements between Alinta Asset Management Pty Ltd (now Jemena Asset Management (6) Pty Ltd) and the UEDH group, AAM managed the employee obligations of UEDH until their transfer on 2 May 2008. AAM has assumed the financial risks and benefits associated with the superannuation funds.

(b) Balance sheet amounts

The amounts recognised in the balance sheet are determined as follows:

	DUET Group 30 Jun 09 \$'000	DUET Group 30 Jun 08 \$'000	DUET Group 30 Jun 07 \$'000	DUET Group 30 Jun 06 \$'000	DUET Group 30 Jun 05 \$'000
Present value of the defined benefit obligation	-	-	(11,890)	8,894	41,949
Fair value of defined benefit plan assets	-	-	13,051	8,654	35,160
Net liability in the balance sheet	-	-	1,161	240	6,789
Rights under Provision of Labour Service Agreements that exactly match the amount and timing of the benefits payable under the plan	-	-	1,161	240	6,789

(c) Categories of plan assets

Following the transfer of financial risks and benefits associated with the defined benefits plan on 2 May 2008, there are no plan assets to report by DUET Group as at 30 June 2008 and 30 June 2009.

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22 Retirement Benefit Obligations (continued)

(d) Reconciliations

	DUET Group 30 Jun 09 \$'000	DUET Group 30 Jun 08 \$'000
Reconciliation of the present value of the defined benefit obligation, which is partly funded:		
Balance at the beginning of the year	-	11,890
Current service cost	-	235
Interest cost	-	486
Contributions by plan participants	-	109
Actuarial gains and losses	-	696
Benefits paid	-	(122)
Taxes and premium paid	-	-
Transfer to AAM Pty Ltd	-	(13,294)
Balance at the end of the year	-	-
Reconciliation of the fair value of plan assets:		
Balance at the beginning of the year	-	13,051
Expected return on plan assets	-	682
Actuarial gains and losses	-	(1,437)
Contributions by Group companies	-	202
Contributions by plan participants	-	109
Benefits paid	-	(122)
Taxes and premium paid	-	-
Transfer to AAM Pty Ltd	-	-
Balance at the end of the year	-	(12,485)

(e) Amounts recognised in income statement

The amounts recognised within operating expenses in the income statement are as follows:

	DUET Group 30 Jun 09 \$'000	DUET Group 30 Jun 08 \$'000
Current service costs	-	235
Interest cost	-	486
Expected return on plan assets	-	(682)
Actuarial gains/(losses)	-	2,133
Expected return on rights under provision of labour services agreement	-	2,173
Total included in operating costs	-	-
Actual return on rights under provision of labour services agreement	-	-
Actual return on plan assets	-	-

(f) Principal actuarial assumptions

The principal actuarial assumptions used (expressed as weighted averages) were as follows:

	DUET Group 30 Jun 09 %	DUET Group 30 Jun 08 %
Discount rate (active members)	-	5.0
Expected return on plan assets (active members)	-	3.0
Future salary increases	-	5.0
Expected return on rights under provision of labour services agreement	-	-

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23 Other Minority Interest

Minority Interest Classified as Equity

	DUET Group 30 Jun 09 \$'000	DUET Group 30 Jun 08 \$'000
Interest in:		
Share Capital	364,781	292,455
Retained losses	(112,394)	(68,313)
Reserves	(48,417)	47,892
Total	<u>203,970</u>	<u>272,034</u>

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24 Contributed Equity

(a) Ordinary Equity

	DUET Group	DUET1	DUET2	DUET3	DIHL	DUET Group	DUET1	DUET2	DUET3	DIHL
	1 Jul 08	1 Jul 08	1 Jul 08	1 Jul 08	1 Jul 08	1 Jul 07	1 Jul 07	1 Jul 07	1 Jul 07	1 Jul 07
	-30 Jun 09	-30 Jun 09	-30 Jun 09	-30 Jun 09	-30 Jun 09	- 30 Jun 08	- 30 Jun 08	- 30 Jun 08	- 30 Jun 08	- 30 Jun 08
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
On issue at the beginning of the year	1,478,053	416,865	661,569	245,995	153,624	1,347,300	376,022	604,412	228,769	138,097
Capital raising costs	(10,294)	(2,947)	(4,463)	(1,433)	(1,451)	(6,785)	(2,162)	(3,038)	(878)	(707)
Institutional Placement and Entitlement Offer on 16 July 2007	-	-	-	-	-	100,685	32,364	45,398	13,238	9,685
DRP on 17 August 2007	-	-	-	-	-	12,710	3,995	4,987	1,724	2,004
DRP on 15 February 2008	-	-	-	-	-	24,143	6,646	9,810	3,142	4,545
Performance fee reinvested on 8 July 2008	54,188	17,226	23,584	5,866	7,512	-	-	-	-	-
DRP on 15 August 2008	18,886	6,027	8,236	2,032	2,591	-	-	-	-	-
DRP on 17 February 2009	20,478	5,979	8,914	3,275	2,310	-	-	-	-	-
Institutional Placement and Early Entitlement Offer on 21 April 2009	219,997	62,985	95,381	30,629	31,002	-	-	-	-	-
Final Entitlement Offer on 1 May 2009	45,359	12,986	19,666	6,315	6,392	-	-	-	-	-
On issue at 30 June 2009	1,826,667	519,121	812,887	292,679	201,980	1,478,053	416,865	661,569	245,995	153,624

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24 Contributed Equity (continued)

(a) Ordinary Equity (continued)

	DUET Group 1 Jul 08 -30 Jun 09 Number of stapled securities '000	DUET1 1 Jul 08 -30 Jun 09 Number of stapled securities '000	DUET2 1 Jul 08 -30 Jun 09 Number of stapled securities '000	DUET3 1 Jul 08 -30 Jun 09 Number of stapled securities '000	DIHL 1 Jul 08 -30 Jun 09 Number of stapled securities '000	DUET Group 1 Jul 07 - 30 Jun 08 Number of stapled securities '000	DUET1 1 Jul 07 - 30 Jun 08 Number of stapled securities '000	DUET2 1 Jul 07 - 30 Jun 08 Number of stapled securities '000	DUET3 1 Jul 07 - 30 Jun 08 Number of stapled securities '000	DIHL 1 Jul 07 - 30 Jun 08 Number of stapled securities '000
On issue at the beginning of the period	609,459	609,459	609,459	609,459	609,459	568,328	568,328	568,328	568,328	568,328
Institutional Placement and Entitlement Offer on 16 July 2007	-	-	-	-	-	28,767	28,767	28,767	28,767	28,767
DRP on 17 August 2007	-	-	-	-	-	3,942	3,942	3,942	3,942	3,942
DRP on 15 February 2008	-	-	-	-	-	8,422	8,422	8,422	8,422	8,422
DRP on 15 August 2008	6,583	6,583	6,583	6,583	6,583	-	-	-	-	-
Performance fee reinvested 8 July 2008	17,022	17,022	17,022	17,022	17,022	-	-	-	-	-
DRP on 17 February 2009	9,902	9,902	9,902	9,902	9,902	-	-	-	-	-
Institutional Placement and Early Entitlement Offer on 21 April 2009	169,228	169,228	169,228	169,228	169,228	-	-	-	-	-
Final Entitlement Offer on 1 May 2009	34,892	34,892	34,892	34,892	34,892	-	-	-	-	-
On issue at 30 June 2009	847,086	847,086	847,086	847,086	847,086	609,459	609,459	609,459	609,459	609,459

(b) Ordinary units in DUET1, DUET2, DUET3 and ordinary shares in DIHL

Each fully paid stapled security confers the right to vote at meetings of security holders, subject to any voting restrictions imposed on a security holder under the Corporations Act 2001 and the Listing Rules. On a show of hands, every security holder present in person or by proxy has one vote. On a poll, every security holder who is present in person or by proxy has one vote for each dollar of the value of the total interest they have in DUET1, DUET2, DUET3, and one vote for each share in respect of DIHL.

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24 Contributed Equity (continued)

(c) 'A' Special Share

RE1 in its personal capacity holds 1 A Special Share in DIHL. The Share carries the right to appoint directors constituting up to 40% of the DIHL Board including the managing director. Any person appointed Director by the A Special Shareholder may at any time be removed by the A Special Shareholder only. The A Special Shareholder may not vote at meetings except in relation to a proposal to appoint a Director or vary the rights attached to the A Special Share. The holder of an A Special Share is not entitled to receive any dividends.

(d) 'B' Special Share

RE2 as responsible entity of DUET2 holds 1 B Special Share in DIHL. The Share carries the right to appoint directors constituting up to 40% of the DIHL Board. Any person appointed Director by the B Special Shareholder may at any time be removed by the B Special Shareholder only. The B Special Shareholder may not vote at meetings except in relation to a proposal to appoint a Director or vary the rights attached to the B Special Share. The holder of a B Special Share is not entitled to receive any dividends.

(e) 'C' Special Share

RE1 and RE2 each hold 1 C Special Share issued in DIHL in their capacity as responsible entity for DUET1 and DUET2 respectively. The shares carry the right to jointly appoint up to 20% of the directors of the DIHL Board. Any person appointed Director by the C Special Shareholders may at any time be removed by the C Special Shareholders only. The C Special Shareholders may not vote at meetings except in relation to a proposal to appoint a Director or vary the rights attached to the C Special Shares. The holders of C Special Shares are not entitled to receive any dividends.

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25 Reserves

	DUET Group 1 Jul 08 - 30 Jun 09 \$'000	DUET1 1 Jul 08 - 30 Jun 09 \$'000	DUET2 1 Jul 08 - 30 Jun 09 \$'000	DUET3 1 Jul 08 - 30 Jun 09 \$'000	DIHL 1 Jul 08 - 30 Jun 09 \$'000	DUET Group 1 Jul 07 - 30 Jun 08 \$'000	DUET1 1 Jul 07 - 30 Jun 08 \$'000	DUET2 1 Jul 07 - 30 Jun 08 \$'000	DUET3 1 Jul 07 - 30 Jun 08 \$'000	DIHL 1 Jul 07 - 30 Jun 08 \$'000
Balance of Reserve										
Hedging Reserve – cash flow hedges	(95,312)	-	(23,439)	-	(23,564)	95,143	18,516	18,516	-	-
Foreign currency translation reserve	1,858	-	-	-	1,858	(26,037)	-	-	-	(26,037)
Capital reserve	(230,621)	(90,324)	(113,752)	(26,545)	-	(189,195)	(77,876)	(84,774)	(26,545)	-
Other reserve	16,606	30,851	30,851	-	(706)	6,042	-	-	-	-
	(307,469)	(59,473)	(106,340)	(26,545)	(22,412)	(114,047)	(59,360)	(66,258)	(26,545)	(26,037)
Movement of reserves										
<i>Hedging Reserve</i>										
Balance at beginning of the year	95,143	18,516	18,516	-	-	54,597	11,173	11,173	-	-
Revaluation gross	(267,812)	-	-	-	(23,564)	57,670	-	-	-	-
Deferred tax	80,344	-	-	-	-	(17,301)	-	-	-	-
Transfer to retained profits	-	(18,516)	-	-	-	-	-	-	-	-
Share in associate	(2,987)	-	(41,955)	-	-	177	7,343	7,343	-	-
Balance at the end of the year	(95,312)	-	(23,439)	-	(23,564)	95,143	18,516	18,516	-	-
<i>Foreign currency translation reserve</i>										
Balance at the beginning of the year	(26,037)	-	-	-	(26,037)	(11,687)	-	-	-	(11,687)
Translation differences arising during the year, net of hedge	27,895	-	-	-	27,895	(14,350)	-	-	-	(14,350)
Balance at the end of the year	1,858	-	-	-	1,858	(26,037)	-	-	-	(26,037)
<i>Capital reserve</i>										
Balance at the beginning of the year	(189,195)	(77,876)	(84,774)	(26,545)	-	(71,351)	(35,676)	(35,675)	-	-
Transfer to retained profits	(41,426)	(12,448)	(28,978)	-	-	(117,844)	(42,200)	(49,099)	(26,545)	-
Balance at the end of the year	(230,621)	(90,324)	(113,752)	(26,545)	-	(189,195)	(77,876)	(84,774)	(26,545)	-
<i>Other reserve</i>										
Balance at the beginning of the year	6,042	-	-	-	-	9,884	-	-	-	-
Share in associate	(706)	-	-	-	(706)	-	-	-	-	-
Available for sale financial asset	-	30,851	30,851	-	-	-	-	-	-	-
Transactions with equity holders	11,270	-	-	-	-	(3,842)	-	-	-	-
Balance at the end of the year	16,606	30,851	30,851	-	(706)	6,042	-	-	-	-

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25 Reserves (continued)

(a) Nature and purpose of Reserves

(i) Hedging Reserve

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in note 1(aa). Amounts are recognised in the profit and loss when the associated hedged transaction affects the profit and loss.

(ii) Foreign Currency Translation Reserve

The Foreign Currency Translation Reserve is used to record exchange differences arising on translation of a foreign associate investment. The reserve is recognised in the profit and loss when the associate is disposed of.

(iii) Capital Reserve

The Capital Reserve is used to hold the accumulated loss of the trusts within DUET Group.

(iv) Other Reserve

The Other Reserve is used to record transactions between equity holders, share of associate other reserve and available for sale reserve.

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26 Retained Profits / (Accumulated Losses)

	DUET Group	DUET1	DUET2	DUET3	DIHL	DUET Group	DUET1	DUET2	DUET3	DIHL
	1 Jul 08	1 Jul 08	1 Jul 08	1 Jul 08	1 Jul 08	1 Jul 07	1 Jul 07	1 Jul 07	1 Jul 07	1 Jul 07
	-30 Jun 09	-30 Jun 09	-30 Jun 09	-30 Jun 09	-30 Jun 09	- 30 Jun 08	- 30 Jun 08	- 30 Jun 08	- 30 Jun 08	- 30 Jun 08
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July	(127,749)	-	-	-	38,503	(104,911)	-	-	(2,090)	11,492
Profit attributable to security holders	27,177	49,611	53,805	38,247	(127,704)	18,418	15,681	25,575	6,409	27,011
Distribution provided for or paid	(140,467)	(57,684)	(82,783)	(32,112)	-	(132,555)	(57,881)	(74,674)	(30,864)	-
Transfer from reserves	-	18,516	-	-	-	-	-	-	-	-
Transfer from Capital Reserve	41,426	12,448	28,978	-	-	91,299	42,200	49,099	26,545	-
Balance at the end of the year	(199,613)	22,891	-	6,135	(89,201)	(127,749)	-	-	-	38,503

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27 Investments in Controlled Entities

Name of entity	Year end	Country of incorporation	Class of shares / units	Equity holding 30 June 2009 %*	Equity holding 30 June 2008 %
Amistel Pty Ltd	30 June	Australia	Ordinary	79.9	79.9
Australia Energy Finance Pty Ltd	30 June	Australia	Ordinary	79.9	79.9
Australian Energy Fund No.2	30 June	Australia	Ordinary	80.9	80.9
Energy Partnership (Gas) Pty Ltd	30 June	Australia	Ordinary	79.9	79.9
Energy Partnership (Holdings) Pty Ltd	30 June	Australia	Ordinary	79.9	79.9
Energy Partnership Pty Ltd	30 June	Australia	Ordinary	79.9	79.9
Energy Retail Holdings Pty Ltd	30 June	Australia	Ordinary	73.1	73.1
Multinet Gas (DB No1) Pty Ltd	30 June	Australia	Ordinary	79.9	79.9
Multinet Gas (DB No2) Pty Ltd	30 June	Australia	Ordinary	79.9	79.9
Multinet Gas Distribution Partnership	30 June	Australia	Ordinary	79.9	79.9
Multinet Gas (IE) Pty Ltd	30 June	Australia	Ordinary	79.9	79.9
Multinet Group Holdings Pty Ltd	30 June	Australia	Ordinary	79.9	79.9
Pacific Indian Energy Services Pty Ltd (PIES)	30 June	Australia	Ordinary	57.3	57.3
POWERS Trust	30 June	Australia	Ordinary	100.0	100.0
Power Partnership Pty Ltd	30 June	Australia	Ordinary	66.0	66.0
UEIP Pty Ltd	30 June	Australia	Ordinary	66.0	66.0
United Energy Distribution Pty Ltd	30 June	Australia	Ordinary	66.0	66.0
United Energy Distribution Holdings Pty Ltd	30 June	Australia	Ordinary	66.0	66.0
United Energy Finance Pty Ltd	30 June	Australia	Ordinary	66.0	66.0
United Energy Finance Trust	30 June	Australia	Ordinary	66.0	66.0
United Nominee Assets Pty Ltd	30 June	Australia	Ordinary	66.0	66.0
Utilicorp Australia (Gas) Finance Pty Ltd	30 June	Australia	Ordinary	79.9	79.9
Utilicorp Australia (Gas) Holdings Pty Ltd	30 June	Australia	Ordinary	79.9	79.9
Utilicorp Southern Cross Pty Ltd	30 June	Australia	Ordinary	79.9	79.9
Utilities Consulting Service Pty Ltd	30 June	Australia	Ordinary	66.0	66.0
DUET Dampier Bunbury Pty Ltd	30 June	Australia	Ordinary	100.0	100.0
DBNGP Trust	30 June	Australia	Ordinary	60.0	64.9
DBNGP Holdings Pty Ltd	30 June	Australia	Ordinary	60.0	64.9
DBNGP Finance Company Pty Ltd	30 June	Australia	Ordinary	60.0	64.9
DBNGP WA Pipeline Trust	30 June	Australia	Ordinary	60.0	64.9
DBNGP (WA) Nominees Pty Ltd	30 June	Australia	Ordinary	60.0	64.9
DBNGP (WA) Transmission Pty Ltd	30 June	Australia	Ordinary	60.0	64.9
DBNGP Compressor Co. Pty Ltd	30 June	Australia	Ordinary	60.0	64.9
DBNGP (WA) Finance Pty Ltd	30 June	Australia	Ordinary	60.0	64.9
DUET 2008 Debt Funding Trust	30 June	Australia	Ordinary	100.0	100.0

* The equity holding is the equity holding of DUET Group. DUET1, as the deemed parent of the Group, is the deemed parent of these entities.

DUET2, DUET3 and DIHL have no subsidiaries.

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28 Earnings per Security

(a) Basic earnings per stapled security

	DUET Group As at 30 Jun 09	DUET1 As at 30 Jun 09	DUET2 As at 30 Jun 09	DUET3 As at 30 Jun 09	DIHL As at 30 Jun 09	DUET Group As at 30 Jun 08	DUET1 As at 30 Jun 08	DUET2 As at 30 Jun 08	DUET3 As at 30 Jun 08	DIHL As at 30 Jun 08
Basic earnings per stapled security	4.03c	7.36c	7.97c	5.67c	(18.94)c	3.05c	2.60c	4.24c	1.06c	4.48c
Earnings used in calculation of basic earnings per stapled security	\$27,177,300	\$49,610,765	\$53,805,469	\$38,246,573	\$(127,704,158)	\$18,417,544	\$15,681,233	\$25,575,393	\$6,408,633	\$27,011,691
Weighted average number of stapled securities used in calculating basic earnings per stapled security	674,310,699	674,310,699	674,310,699	674,310,699	674,310,699	603,539,926	603,539,926	603,539,926	603,539,926	603,539,926

On 1 May 2009, DUET Group completed the final allotment of 204.1 million stapled securities under the Institutional Placement and Entitlement Issue at \$1.30 per stapled security.

(b) Reconciliation of earnings used in calculating basic earnings per stapled security

	DUET Group As at 30 Jun 09 \$'000	DUET1 As at 30 Jun 09 \$'000	DUET2 As at 30 Jun 09 \$'000	DUET3 As at 30 Jun 09 \$'000	DIHL As at 30 Jun 09 \$'000	DUET Group As at 30 Jun 08 \$'000	DUET1 As at 30 Jun 08 \$'000	DUET2 As at 30 Jun 08 \$'000	DUET3 As at 30 Jun 08 \$'000	DIHL As at 30 Jun 08 \$'000
<i>Basic earnings per stapled security</i>										
(Loss)/profit from continuing operations	(49,957)	49,611	53,805	38,247	(127,704)	74,581	15,681	25,575	6,409	27,011
Loss/(profit) from continuing operations attributable to minority interests	77,134	-	-	-	-	(56,163)	-	-	-	-
Profit attributable to the ordinary securityholders of the company used in calculating basic earnings per stapled security	27,177	49,611	53,805	38,247	(127,704)	18,418	15,681	25,575	6,409	27,011

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28 Earnings per Security (continued)

(c) Diluted earnings per stapled security

	DUET Group	DUET1	DUET2	DUET3	DIHL	DUET Group	DUET1	DUET2	DUET3	DIHL
	As at 30 Jun 09	As at 30 Jun 09	As at 30 Jun 09	As at 30 Jun 09	As at 30 Jun 09	As at 30 Jun 08	As at 30 Jun 08	As at 30 Jun 08	As at 30 Jun 08	As at 30 Jun 08
Diluted earnings per stapled security *	4.03c	7.36c	7.97c	5.41c	(18.94)c	3.05c	2.60c	4.24c	0.82c	3.46c
Earnings used in calculation of diluted earnings per stapled security	\$27,177,300	\$49,610,765	\$53,805,469	\$38,246,573	\$(127,704,158)	\$18,417,544	\$15,681,233	\$27,575,393	\$6,408,633	\$27,011,691
Weighted average number of stapled securities used in calculating diluted earnings per stapled security	674,310,699	674,310,699	674,310,699	706,911,811	674,310,699	603,539,926	603,539,926	603,539,926	780,772,697	780,772,697

* Where diluted earnings per stapled security is anti-dilutive, the figure for diluted earnings per stapled security is shown the same as the figure for basic earnings per stapled security. POWERS units were redeemed on 1 September 2008.

(d) Weighted average number of shares used as the denominator

	DUET Group	DUET1	DUET2	DUET3	DIHL	DUET Group	DUET1	DUET2	DUET3	DIHL
	As at 30 Jun 09	As at 30 Jun 09	As at 30 Jun 09	As at 30 Jun 09	As at 30 Jun 09	As at 30 Jun 08	As at 30 Jun 08	As at 30 Jun 08	As at 30 Jun 08	As at 30 Jun 08
Weighted average number of stapled securities used as the denominator in calculating basic earnings per stapled security	674,310,699	674,310,699	674,310,699	674,310,699	674,310,699	603,539,926	603,539,926	603,539,926	603,539,926	603,539,926
Adjustments for calculation of diluted earnings per stapled security:										
Exchange of POWERS	-	-	-	32,601,112	-	-	-	-	177,232,771	177,232,771
Weighted average number of stapled securities used as the denominator in calculating diluted earnings per stapled security	674,310,699	674,310,694	674,310,699	706,911,811	674,310,699	603,539,926	603,539,926	603,539,926	780,772,697	780,772,697

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29 Cash Flow information

(i) Reconciliation of Net Result from Ordinary Activities after Income Tax to Net Cash Flows from Operating Activities

	DUET Group 30 Jun 09 \$'000	DUET1 30 Jun 09 \$'000	DUET2 30 Jun 09 \$'000	DUET3 30 Jun 09 \$'000	DIHL 30 Jun 09 \$'000	DUET Group 30 Jun 08 \$'000	DUET1 30 Jun 08 \$'000	DUET2 30 Jun 08 \$'000	DUET3 30 Jun 08 \$'000	DIHL 30 Jun 08 \$'000
Net result from ordinary activities after income tax	(49,957)	49,611	53,805	38,247	(127,704)	74,581	15,681	25,575	6,409	27,011
Depreciation and amortisation	168,776	-	-	-	-	159,633	-	-	-	-
Net loss on sale of non-current assets	4,260	-	-	-	-	8,011	-	-	-	-
Customer contributions – in kind	(1,308)	-	-	-	-	-	-	-	-	-
Powers redemption premium	-	-	-	-	-	28,211	7,233	7,233	-	-
Amortisation of premium, borrowing costs and deferred charges	9,887	3,635	3,635	-	-	5,585	1,129	1,129	-	-
Borrowing costs paid	366,067	31,265	22,240	14,101	6,988	314,721	27,806	18,608	677	346
Foreign exchange	(40,269)	-	-	(20,290)	(13,834)	27,321	-	-	-	-
Other	-	3,836	-	-	-	-	-	-	-	-
Doubtful debts	(258)	-	-	-	-	234	-	-	-	-
Share of associates losses/(profits) not received as dividends	140,228	-	16,209	-	139,750	(9,455)	16,264	16,264	-	(9,530)
Change in assets and liabilities										
Decrease/(increase) in receivable	1,084	2,955	1,556	(7,248)	(1,685)	(9,525)	(73)	(25)	(12,054)	497
Increase/(decrease) in asset values	-	-	-	-	-	-	-	-	14,641	(668)
(Increase)/decrease in deferred tax asset	(13,734)	-	-	-	-	464	-	-	-	-
Decrease/(increase) in other operating assets	1,055	-	-	-	-	(6,737)	-	-	-	-
Increase/(decrease) in payables and accrual	7,673	(3,576)	(2,266)	(450)	(1,343)	(8,758)	7,270	14,151	5,965	2,525
Decrease/(increase) in income taxes	-	-	-	-	-	244	-	-	-	-
(Decrease)/Increase in provision for deferred income tax	(11,899)	-	-	-	-	18,438	-	-	-	-
Increase/(Decrease) in other provisions	4,263	-	-	-	-	(836)	-	-	-	-
(Decrease)/increase in derivative financial instruments	139,042	(3,731)	(3,731)	12,123	9,411	(12,450)	-	-	-	-
Net cash inflow from operating activities	724,910	83,995	91,448	36,483	11,583	589,682	75,310	82,935	15,638	20,181

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29 Cash Flow information (continued)

(ii) Reconciliation of Cash Assets

Cash assets at the end of the year as shown in the Cashflow Statement is reconciled to the related items in the Balance Sheet as follows:

	DUET Group 30 Jun 09 \$'000	DUET1 30 Jun 09 \$'000	DUET2 30 Jun 09 \$'000	DUET3 30 Jun 09 \$'000	DIHL 30 Jun 09 \$'000	DUET Group 30 Jun 08 \$'000	DUET1 30 Jun 08 \$'000	DUET2 30 Jun 08 \$'000	DUET3 30 Jun 08 \$'000	DIHL 30 Jun 08 \$'000
Cash at bank	401,181	22,635	125,538	35,807	35,144	173,634	25,871	25,326	1,000	6,047
Cash on deposit	187,506	75,486	41,972	8,990	42,926	131,484	29,938	56,906	5,994	23,968
Cash assets	588,687	98,121	167,510	44,797	78,070	305,118	55,809	82,232	6,994	30,015

(iii) Non-cash investing and financing activities

During the period, stapled securityholders participated in DUET's Distribution and Dividend Reinvestment Plan (DRP). A total of 16,484,829 (2008: 12,364,163) new securities were issued under the DRP. The proceeds raised from the issue of these securities was \$39,364,335 (2008: \$36,853,395) and this amount is not reflected in the Cash Flow Statement on the basis that it has been reinvested in DUET Group securities.

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30 Related Party Disclosures

RE1 and RE2 are 50/50 joint ventures between AMPCH and MGL. RE1 and RE2 are the Managers and Responsible Entities of DUET1, DUET2 and DUET3 respectively.

(a) Directors

The following persons held office as directors of RE1 during the year and up to the date of this report:

- Philip Garling (Chairman)
- John Roberts
- The Hon. Michael Lee
- Emma Stein
- Douglas Halley
- Dr Greg Roder (alternate for Philip Garling)
- Shemara Wikramanayake (alternate for John Roberts - resigned 18 July 2008)
- Gregory Osborne (alternate for John Roberts – appointed 18 July 2008, resigned 27 February 2009)
- Francis Kwok (alternate for John Roberts – appointed 2 March 2009)

The following persons held office as directors of RE2 during the year and up to the date of this report:

- Philip Garling (Chairman)
- John Roberts
- Ron Finlay
- Eric Goodwin
- Duncan Sutherland
- Dr Greg Roder (alternate for Philip Garling)
- Shemara Wikramanayake (alternate for John Roberts - resigned 18 July 2008)
- Gregory Osborne (alternate for John Roberts – appointed 18 July 2008, resigned 27 February 2009)
- Francis Kwok (alternate for John Roberts – appointed 2 March 2009)

The following persons held office as directors of DIHL during the year and up to the date of this report:

- Philip Garling (Chairman)
- John Roberts
- Ron Finlay
- Douglas Halley
- Emma Stein
- Dr Greg Roder (alternate for Philip Garling)
- Shemara Wikramanayake (alternate for John Roberts – resigned 18 July 2008)
- Gregory Osborne (alternate for John Roberts – appointed 18 July 2008, resigned 27 February 2009)
- Francis Kwok (alternate for John Roberts – appointed 2 March 2009)

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30 Related Party Disclosures (continued)

During the year, no director of RE1 or RE2 received or became entitled to receive any other benefit because of a contract made by DUET Group with a director or a firm of which a director is a member, or with an entity in which the director has a substantial interest except at terms set out in the governing documents of the group.

The number of stapled securities held directly, indirectly or beneficially by directors at 30 June are:

	Stapled Securities in DUET Group 2009	Stapled Securities in DUET Group 2008	Securities in POWERS 2008 ⁽ⁱ⁾
Director			
Philip Garling	72,750	62,715	1,800
John Roberts	3,332,289	1,732,016	-
The Hon Michael Lee	9,696	5,235	-
Emma Stein	43,506	32,960	-
Douglas Halley	95,000	54,208	-
Ron Finlay	14,455	12,462	-
Dr Greg Roder	-	-	-
Eric Goodwin	33,977	26,186	-
Duncan Sutherland	200,000	80,000	-
Francis Kwok*	-	-	-
	3,801,673	2,005,782	1,800

* Not a director in 2008

(i) POWERS securities were redeemed on 1 September 2008.

RE1 paid \$70,000 in director fees to The Hon Michael Lee (2008: \$70,000) and \$35,000 in director fees to each of Emma Stein and Douglas Halley (2008: \$35,000) for the year ended 30 June 2009. Emma Stein received an additional \$10,000 for participation on a due diligence committee during the year.

RE2 paid \$70,000 in director fees to each of Eric Goodwin and Duncan Sutherland (2008: \$70,000 each) and \$35,000 in director fees to Ron Finlay (2008: \$35,000) for the year ended 30 June 2009.

DIHL paid \$35,000 in director fees to each of Emma Stein, Douglas Halley and Ron Finlay (2008: \$35,000 each) for the year ended 30 June 2009.

The compensation paid to directors of RE1 and RE2 who are not employees of MGL or AMPCH is determined with reference to current market rates of directorships of similar entities. The level of compensation is not related to the performance of RE1 and RE2.

(b) Key Management Personnel

The following are key management personnel of DUET Group:

- The Responsible Entities (RE1 and RE2); and
- The Directors of DIHL being Philip Garling, John Roberts, Ron Finlay, Douglas Halley, Emma Stein, Francis Kwok (alternate to John Roberts) and Dr Greg Roder (alternate to Philip Garling).

Key Management Personnel are defined in AASB 124: Related Party Disclosures as those having authority and responsibility for planning, directing and controlling the activities of the entity. The Responsible Entity of the Trusts and the directors of DIHL meet the definition of Key Management Personnel as they have authority in relation to the activities of DUET. These powers have not been delegated by the Responsible Entities or the Board, to any other person, including the CEO of DUET Group. Accordingly, there are no other Key Management Personnel of DUET Group.

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30 Related Party Disclosures (continued)

The number of DUET Group stapled securities held directly, indirectly or beneficially by key management personnel or their related entities at 30 June 2009 are:

	Stapled securities in DUET Group 2009	Stapled securities in DUET Group 2008
Philip Garling	72,750	62,715
John Roberts	3,332,289	1,732,016
Ron Finlay	14,455	12,462
Douglas Halley	95,000	54,208
Emma Stein	43,506	32,960
Dr Greg Roder	-	-
Francis Kwok*	-	-
	3,558,000	1,894,361

* Not a director in 2008

(c) Responsible Entities

The base management fees and performance fees, excluding GST, that were paid or payable to the Responsible Entities as compensation are:

	DUET Group 1 Jul 08 -30 Jun 09 \$'000	DUET1 1 Jul 08 -30 Jun 09 \$'000	DUET2 1 Jul 08 -30 Jun 09 \$'000	DUET3 1 Jul 08 -30 Jun 09 \$'000	DIHL 1 Jul 08 -30 Jun 09 \$'000
Base management fees	18,757	5,782	8,326	2,411	2,238
Performance fees	-	-	-	-	-

	Duet Group 1 Jul 07 -30 Jun 08 \$'000	DUET1 1 Jul 07 -30 Jun 08 \$'000	DUET2 1 Jul 07 -30 Jun 08 \$'000	DUET3 1 Jul 07 -30 Jun 08 \$'000	DIHL 1 Jul 07 -30 Jun 08 \$'000
Base management fees	18,757	5,477	7,861	2,313	3,107
Performance fees	54,188	17,226	23,584	5,866	7,512

Base management fees are calculated as 1% per annum of the net investment value on the last day of each quarter. For the year ended 30 June 2009, RE1 received \$8,019,833 (2008: \$8,584,004) and RE2 received \$10,737,210 (2008: \$10,174,044).

Performance fees are only paid if DUET's return exceeds the performance of the benchmark S&P/ASX 200 Industrials Accumulation Index. For the period ended 30 June 2009, DUET's return did not exceed the benchmark and nil was payable to RE1 (2008: \$24,738,928) and nil (2008: \$29,449,541) was payable to RE2.

(d) Custodians

Under the terms of the custody agreements with Trust Company Ltd & Perpetual Trustee Co Ltd, fees paid or payable to the custodian by the group were \$225,286 (2008: \$181,795).

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30 Related Party Disclosures (continued)

(e) Other Related Party Transactions

A total of \$316,339 (2008: \$424,913) was paid to AMPCI, as Responsible Entity of the POWERS Trust, under the Parent Trustees Deed. This cost was shared equally between DUET1 and DUET2. The Parent Trustees Deed indemnifies AMPCI for any liability incurred by AMPCI in properly performing or exercising any of its powers or duties in relation to the POWERS Trust.

At 30 June 2009, companies within the Macquarie Group held 18.4 million DUET Group securities (30 June 2008: 40.4 million). At 30 June 2009, companies within the AMP Group held 130.9 million DUET Group securities (30 June 2008: 113.7 million).

During the year, DUET reimbursed MGL \$292,542 (2008: \$393,098) representing out of pocket expenses incurred by the Responsible Entity/Manager in the performance of its duties. DUET1's share was \$72,182 (2008: \$96,065), DUET2's share was \$72,182 (2008: \$96,065), DUET3's share was \$41,631 (2008: \$95,058) and DIHL's share was \$106,546 (2008: \$105,910).

During the year, DUET paid AMPCI for debt arranging services \$3,191,123 (2008: \$1,757,930). DUET also paid MGL \$4,429,629 (2008: \$nil) for debt arranging services. DUET also paid the Macquarie Group underwriting fees of \$5,961,319 (2008: \$4,792,411) and equity raising management fees of \$1,788,396 (2008: \$nil).

Members of the AMP Group and Macquarie Group have established relationships with DUET for financial advisory work with regard to acquisitions, divestitures, debt and equity raisings.

DUET has adopted a protocol to ensure that, for all transactions and services arrangements between DUET and members of the AMP Group and the Macquarie Group, the interests of DUET Group's investors are safeguarded and any conflicts that may arise are handled appropriately. In particular, under the protocol, acquisitions and disposals of investments must be on arms length commercial terms, all services must be provided on market competitive rates and terms, and all transactions and advisory engagements must be approved by the Boards of the Responsible Entities.

DUET hold funds on deposit with MBL and earns interest on deposits at commercial rates. Interest income from deposits with MBL is included in the determination of net profit from continuing activities for the year.

	DUET Group 1 Jul 08 -30 Jun 09 \$'000	DUET1 1 Jul 08 -30 Jun 09 \$'000	DUET2 1 Jul 08 -30 Jun 09 \$'000	DUET3 1 Jul 08 -30 Jun 09 \$'000	DIHL 1 Jul 08 -30 Jun 09 \$'000
Funds on deposit with MBL	72,516	6,472	44,018	10,666	9,155
Interest earned on deposits	1,629	389	495	177	376
	74,145	6,861	44,513	10,843	9,531

	DUET Group 1 Jul 07 -30 Jun 08 \$'000	DUET1 1 Jul 07 -30 Jun 08 \$'000	DUET2 1 Jul 07 -30 Jun 08 \$'000	DUET3 1 Jul 07 -30 Jun 08 \$'000	DIHL 1 Jul 07 -30 Jun 08 \$'000
Funds on deposit with MBL	59,164	25,861	25,326	1,000	6,048
Interest earned on deposits	851	276	282	77	87
	60,015	26,137	25,608	1,077	6,135

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31 Segment Information

Segment products and locations

DUET Group's operating companies are organised and managed separately according to the nature of the products and services they provide, with each segment offering different products and serving different markets. The gas distribution segment operates in Victoria and Western Australia and the electricity distribution segment operates in Victoria.

Geographic segment

DUET Group operates predominately in one geographical segment being Australia. Accordingly, no geographical segment information is presented.

Segment accounting policies

The group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices.

The principal activity of DUET Group, DUET1, DUET2, DUET3 and DIHL is investment in energy utility assets. The primary basis of segment reporting is by business segment. At the date of this report DUET has investments in the gas distribution, gas transmission and electricity distribution segments.

The principal activity of DUET3 and DIHL during the year was investment in DQE Holdings LLC.

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31 Segment Information (continued)

2009	Gas Transmission \$'000	Gas Distribution \$'000	Electricity Distribution \$'000	Eliminations/ Unallocated \$'000	Consolidated \$'000
Business Segments					
Revenue					
Sales to external customers	347,223	176,084	410,908	3,992	938,207
Other revenues from external customers	3,184	3,992	10,925	308	18,409
Total segment revenue	350,407	180,076	421,833	4,300	956,616
Non-segment revenues					
Interest revenue	1,880	1,105	973	55,360	59,318
Unallocated revenue	-	-	-	27,004	27,004
Total DUET Group revenue					1,042,938
Results					
Segment result	191,811	83,717	161,104	11,832	448,464
Non-segment expenses:					
Finance costs excluding costs attributable to securityholders	(159,400)	(85,160)	(160,336)	31,790	(373,106)
Share of net profit/(loss) of equity accounted investments	-	4,692	(128,646)	-	(123,954)
Net profit from continuing activities before income tax expense					(48,596)
<hr/>					
2008	Gas Transmission \$'000	Gas Distribution \$'000	Electricity Distribution \$'000	Eliminations/ Unallocated \$'000	Consolidated \$'000
Business Segments					
Revenue					
Sales to external customers	299,747	170,062	424,706	9,599	904,114
Other revenues from external customers	3,986	1,128	6,936	-	12,050
Total segment revenue	303,733	171,190	431,642	9,599	916,164
Non-segment revenues					
Interest revenue					55,664
Unallocated revenue					-
Total DUET Group revenue					971,828
Results					
Segment result	187,816	86,073	175,086	(53,609)	395,366
Non-segment expenses:					
Finance costs excluding costs attributable to securityholders	(125,990)	(71,962)	(155,527)	4,962	(348,517)
Share of net profit of equity accounted investments	-	4,706	35,452		40,158
Net profit from continuing activities before income tax expense					87,007

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32 Financial Risk Management

DUET Group's activities expose it to a variety of financial risks; market risk (including currency risk, cash flow interest rate risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures.

Risk management is carried out by the subsidiaries under policies approved by their respective Board of Directors. The subsidiaries' treasury activities are undertaken by service providers but management of each subsidiary must approve all transactions. AMPCI, the front office service provider to the Group, arranges all transactions in line with the board established policy and the back and middle office service provider to the group ensures compliance with the approved policies. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risk, use of derivative financial instruments and investing excess liquidity.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group operates predominantly within Australia and is exposed to foreign exchange risk arising from currency exposures to the USD on borrowings. Cross currency swaps are used to manage the foreign exchange risk and the group's policy is to hedge 100% of this risk for the life of the transaction.

DBP enters into procurement contracts with international counterparties and is exposed to foreign exchange risk arising from currency exposures predominantly in USD. Forward contracts are used to manage this risk. DBP's policy is to consider a hedging strategy for all foreign exchange transactions above AUD\$500,000 equivalent.

DUET3 is exposed to foreign exchange risk on USD interest income. Currency forward contracts are used to manage the foreign currency exposure.

US\$300 million cross-currency interest rate swap executed

The Group is exposed to foreign exchange risk on the value of its USD denominated investment in Duquesne.

In August 2008, DUET Group executed a US\$300 million cross-currency interest rate swap with certain members of its banking syndicate. The swap was effective from 29 August 2008 and is used to hedge DUET Group's US dollar-denominated investment in Duquesne.

The Group's sensitivity to foreign exchange risk at the reporting date is set out in tables at note 32 (e).

(ii) Price risk

The Group is exposed to revenue price risk through United Energy and Multinet. The nature of their business environments means that an Independent Regulator sets tariff prices. The tariff price path includes annual revenue growth that is derived from annual CPI. Management of each business assess this risk on an ongoing basis. Multinet has fully hedged their price risk by entering into CPI revenue swaps.

The Group is exposed to commodity price risk through DBP. The exposure is indirect and arises from the impact of commodity prices on the Western Australian economy and DBP's customers' financial viability. The exposure is assessed by DBP's management on an ongoing basis, with any initiatives (to the extent that they exist) put to DBP's board of directors as appropriate. Commodity price risk is not included in the sensitivity analysis.

(iii) Fair value interest rate risk

Refer to note 32(d).

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32 Financial Risk Management (continued)

(b) Credit risk

Potential areas of credit risk consist of cash and cash equivalents, accounts receivable, derivative financial instruments and credit exposures to committed transactions. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history or sufficient credit support. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution.

Sound credit risk management involves prudently managing the risk and reward relationship and controlling and minimising credit risks across a variety of dimensions, such as quality, concentration, maturity and security.

Governments

The credit risk to governments relates to receivables that are due from the Australian Government which is an institution with a strong credit rating.

Financial Institutions

The credit risk to financial institutions relates to cash held by, receivables due from and negotiable certificates of deposit and commercial paper that has been purchased from Australian and OECD banks. In line with the credit risk policies of the Group, these counterparties must meet a minimum investment grade credit rating.

Corporates

The credit risk to corporates includes shareholder funding of the associated entities, DQE and WANH and services provided to users of the gas and electricity networks of MGH and UEDH and the DBNGP. These counterparties have their own credit ratings which form part of the overall credit risk assessment made by each business.

DUET Group's exposure to credit risk at the reporting date is as follows:

DUET Group	Governments \$'000		Financial institutions \$'000		Corporates \$'000		Total \$'000	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
Cash and cash equivalents	-	-	588,687	303,688	-	-	588,687	303,688
Receivables	2,043	10	1,004	-	382,802	369,440	385,849	369,450
Total	2,043	10	589,691	303,688	382,802	369,440	974,536	673,138

DUET 1	Governments \$'000		Financial institutions \$'000		Corporates \$'000		Total \$'000	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
Cash and cash equivalents	-	-	98,121	55,809	-	-	98,121	55,809
Receivables	2	1,406	502	-	654,731	631,872	655,235	633,278
Total	2	1,406	98,623	55,809	654,731	631,872	753,356	689,087

DUET 2	Governments \$'000		Financial institutions \$'000		Corporates \$'000		Total \$'000	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
Cash and cash equivalents	-	-	167,510	82,232	-	-	167,510	82,232
Receivables	2	1,926	502	-	758,303	743,435	758,807	745,361
Total	2	1,926	168,012	82,232	758,303	743,435	926,317	827,593

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32 Financial Risk Management (continued)

DUET 3	Governments \$'000		Financial institutions \$'000		Corporates \$'000		Total \$'000	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
Cash and cash equivalents	-	-	44,797	6,994	-	-	44,797	6,994
Receivables	-	479	-	-	540,659	223,717	540,659	224,196
Total	-	479	44,797	6,994	540,659	223,717	585,456	231,190

DIHL	Governments \$'000		Financial institutions \$'000		Corporates \$'000		Total \$'000	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
Cash and cash equivalents	-	-	78,070	30,015	-	-	78,070	30,015
Receivables	-	621	-	-	137,482	399	137,482	1,020
Total	-	621	78,070	30,015	137,482	399	215,552	31,035

(c) Liquidity risk

DUET Group maintains sufficient cash and marketable securities, an adequate amount of committed credit facilities and the ability to close-out market positions.

Undiscounted Future Cash Flows

The Group and parent entities have a liquidity management policy which manages liquidity risk by monitoring the stability of funding, surplus cash or near cash assets, anticipated cash inflow and outflows and exposure to connected parties.

The tables below set out the forecast undiscounted future cash flows of the DUET Group and stapled entities liabilities:

DUET Group	Less than 1 year \$'000		1-2 years \$'000		2-3 years \$'000		3-5 years \$'000		Greater than 5 years \$'000	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
Term Notes – fixed rate	252,952	140,570	444,253	136,070	524,147	129,223	454,739	790,253	1,011,328	831,958
Term Notes – variable rate	519,006	78,216	44,760	72,479	151,532	72,877	111,000	130,474	882,774	162,419
Senior Bank Debt	106,179	86,536	598,337	493,251	265,692	548,617	815,541	-	-	-
Derivative financial instruments	53,139	(16,074)	83,273	(8,268)	19,188	10,307	28,424	859	96,232	34,848
POWERS	-	594,165	-	-	-	-	-	-	-	-
Payables	250,327	146,373	-	-	-	-	-	-	-	-

DUET 1	Less than 1 year \$'000		1-2 years \$'000		2-3 years \$'000		3-5 years \$'000		Greater than 5 years \$'000	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
Inter – company loan	27,497	9,028	28,218	9,028	29,695	9,028	164,440	18,057	350,776	139,938
POWERS	-	297,083	-	-	-	-	-	-	-	-
Payables	28,284	51,436	-	-	-	-	-	-	-	-

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32 Financial Risk Management (continued)

	Less than 1 year		1-2 years		2-3 years		3-5 years		Greater than 5 years	
	\$'000		\$'000		\$'000		\$'000		\$'000	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
DUET 2										
Inter-company loan	18,469	-	19,190	-	20,666	-	146,384	-	210,837	-
POWERS	-	297,083	-	-	-	-	-	-	-	-
Payables	43,752	64,484	-	-	-	-	-	-	-	-

	Less than 1 year		1-2 years		2-3 years		3-5 years		Greater than 5 years	
	\$'000		\$'000		\$'000		\$'000		\$'000	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
DUET 3										
Inter – company loan	15,081	103	15,599	103	265,509	103	206	206	1,597	1,597
Payables	17,201	21,849	-	-	-	-	-	-	-	-

	Less than 1 year		1-2 years		2-3 years		3-5 years		Greater than 5 years	
	\$'000		\$'000		\$'000		\$'000		\$'000	
	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08	30 Jun 09	30 Jun 08
DIHL										
Inter – company loan	7,489	-	7,748	-	132,703	-	-	-	-	-
Payables	617	8,462	-	-	-	-	-	-	-	-

(d) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to fix the rates for at least 80% of its borrowings, in line with its facility agreements and or regulatory periods. This policy has been complied with during the financial year.

The Group manages its cash flow interest rate risk by primarily using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed them at fixed rates directly. Under the interest-rate swaps, the Group agrees with other parties to exchange, at specified intervals to align with the underlying debt reset dates, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principle amounts.

For details of interest rate exposures refer to note 18 and for details of the Group's interest rate swaps refer to note 11.

(e) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial liabilities held by the Group is the median ask price. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

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32 Financial Risk Management (continued)

In assessing foreign exchange risk, management has utilised a +/- 17% (2008: 10%) movement in the Australian dollar. The below tables display the balances for financial instruments that would be recognised in the income statement or directly in equity for movement of +/- 17% (2008: 10%) of the Australian dollar. DUET management has determined a +/- 17% (2008: 10%) movement in the Australian dollar to be an appropriate sensitivity following analysis of foreign exchange volatility for relevant currencies. The analysis used the average of three standard deviations from the mean, for each of the last five years to 30 June 2009.

The table below demonstrates the impact of a 17% (2008: 10%) movement of foreign exchange rates against the Australian dollar with all other variables held constant, on profit after tax (due to changes in fair value of currency sensitive monetary assets and liabilities) and equity. It is assumed that the relevant change occurs as at the reporting date. As at 30 June 2009 and 2008 DUET1 and DUET2 did not have a significant exposure to foreign exchange risk. The carrying value of financial assets and financial liabilities per the tables below represent the net carrying value of the asset or liability exposed to this specific risk.

	Foreign Exchange Risk				
	Carrying value	17% appreciation of Australian dollar		17% depreciation of Australian dollar	
DUET Group As at 30 June 2009	\$'000	P&L \$'000	Equity \$'000	P&L '000	Equity '000
Financial Assets					
Cash and cash equivalents	88,721	(1,144)	-	1,615	-
Receivables	265,726	(36,876)	-	51,043	-
	354,447	(38,020)	-	52,658	-
Financial Liabilities					
Derivatives	(49,402)	(61,614)	(2,849)	(86,731)	4,094
	(49,402)	(61,614)	(2,849)	(86,731)	4,094

	Foreign Exchange Risk				
	Carrying value	10% appreciation of Australian dollar		10% depreciation of Australian dollar	
DUET Group As at 30 June 2008	\$'000	P&L \$'000	Equity \$'000	P&L '000	Equity '000
Financial Assets					
Cash and cash equivalents	12,466	(934)	-	1,146	-
Derivatives	21,193	12,724	-	(15,551)	-
Receivables	210,012	(19,018)	-	23,426	-
	243,671	(7,228)	-	9,021	-
Financial Liabilities					
Derivatives	(4,014)	-	(6,846)	-	8,367
	(4,014)	-	(6,846)	-	8,367

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32 Financial Risk Management (continued)

	Carrying value	Foreign Exchange Risk			
		17% appreciation of Australian dollar	Equity	17% depreciation of Australian dollar	
DUET 3 As at 30 June 2009	\$'000	P&L \$'000	Equity \$'000	P&L '000	Equity '000
Financial Assets					
Cash and cash equivalents	11	(2)	-	2	-
Receivables	265,726	(36,876)	-	51,043	-
	265,737	(36,878)	-	51,045	-
Financial Liabilities					
Inter-company loans	(260,211)	36,111	-	(49,984)	-
Derivatives	(340)	7,855	-	(10,873)	-
	(260,551)	43,966	-	(60,857)	-

	Carrying value	Foreign Exchange Risk			
		10% appreciation of Australian dollar	Equity	10% depreciation of Australian dollar	
DUET 3 As at 30 June 2008	\$'000	P&L \$'000	Equity \$'000	P&L '000	Equity '000
Financial Assets					
Cash and cash equivalents	108	(10)	-	12	-
Derivatives	11,781	8,167	-	(9,982)	-
Receivables	210,012	(19,018)	-	23,426	-
	221,901	(10,861)	-	13,456	-

	Carrying value	Foreign Exchange Risk			
		17% appreciation of Australian dollar	Equity	17% depreciation of Australian dollar	
DIHL As at 30 June 2009	\$'000	P&L \$'000	Equity \$'000	P&L '000	Equity '000
Financial Assets					
Cash and cash equivalents	399	(55)	-	77	-
	399	(55)	-	77	-
Financial Liabilities					
Inter-company loans	(130,106)	18,055	-	(24,992)	-
	(130,106)	18,055	-	(24,992)	-

	Carrying value	Foreign Exchange Risk			
		10% appreciation of Australian dollar	Equity	10% depreciation of Australian dollar	
DIHL As at 30 June 2008	\$'000	P&L \$'000	Equity \$'000	P&L '000	Equity '000
Financial Assets					
Cash and cash equivalents	5,111	(463)	-	570	-
Derivatives	9,412	4,556	-	(5,569)	-
Receivables	14,523	4,093	-	(4,999)	-

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32 Financial Risk Management (continued)

The following table demonstrates the impact of a weighted average 160 basis point (2008: 100 basis point) change in Australian interest rates, with all other variables held constant, on profit after tax and equity. It is assumed that all underlying exposures and related hedges are included in the sensitivity analysis, that the weighted average 160 basis point change occurs as at the reporting date (30 June 2008: 100 basis point) and there are concurrent movements in interest rates and parallel shifts in the yield curves. The impact on equity includes the effective portion of the changes in the fair value of derivatives that are designated to qualify as cash flow hedges. DUET management has determined that a +/- 160 basis point (2008: 100 basis point) movement to be the appropriate sensitivity at 30 June 2009 following analysis of the interest spreads of comparable debt instruments. The analysis used the average of the three standard deviations from the mean, for each of the last five years to 30 June 2009. The carrying value of financial assets and financial liabilities per the tables below represent the net carrying value of the asset or liability exposed to this specific risk.

In assessing interest rate risk, management has assumed the following movements in interest rates (2008: +/- 100 basis point):

Interest Rate	Basis Point Movement
AUD BBSW (1 month)	152 basis point
AUD BBSY (3 months)	161 basis point
AUD BBSW (6 months)	167 basis point
USD 10 year government bond	103 basis point
Weighted Average	160 basis point

	Carrying value	Interest Rate Risk			
		160 basis point increase in interest rate	160 basis point decrease in interest rate		
DUET Group As at 30 June 2009	\$'000	P&L \$'000	Equity \$'000	P&L '000	Equity '000
Financial Assets					
Cash and cash equivalents	588,560	8,521	-	(8,521)	-
Derivatives	16,996	5,007	5,862	(4,832)	(8,652)
	605,556	13,528	5,862	(13,353)	(8,652)
Financial Liabilities					
Interest bearing liabilities	(1,393,685)	(11,260)	-	11,084	-
Derivatives	(289,825)	12,226	168,052	(6,272)	(230,101)
	(1,683,510)	966	168,052	4,812	(230,101)

	Carrying value	Interest Rate Risk			
		100 basis point increase in interest rate	100 basis point decrease in interest rate		
DUET Group As at 30 June 2008	\$'000	P&L \$'000	Equity \$'000	P&L '000	Equity '000
Financial Assets					
Cash and cash equivalents	305,118	2,858	-	(2,858)	-
Derivatives	183,694	24,128	123,275	(28,082)	(118,168)
	488,812	26,986	123,275	(30,940)	(118,168)
Financial Liabilities					
Interest bearing liabilities	(732,786)	-	-	(1,477)	-
Derivatives	(10,848)	(5,159)	-	5,295	-
	(743,634)	(5,159)	-	3,818	-

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32 Financial Risk Management (continued)

DUET 1 As at 30 June 2009	Carrying value \$'000	Interest Rate Risk			
		160 basis point increase in interest rate		160 basis point decrease in interest rate	
		P&L \$'000	Equity \$'000	P&L '000	Equity '000
Financial Assets					
Cash and cash equivalents	98,121	1,492	-	(1,492)	-
Derivatives	3,732	4,934	-	(4,932)	-
	101,853	6,426	-	(6,426)	-
Financial Liabilities					
Inter-company loans	(112,730)	(1,810)	-	1810	-
	(112,730)	(1,810)	-	1810	-

DUET 1 As at 30 June 2008	Carrying value \$'000	Interest Rate Risk			
		100 basis point increase in interest rate		100 basis point decrease in interest rate	
		P&L \$'000	Equity \$'000	P&L '000	Equity '000
Financial Assets					
Cash and cash equivalents	55,809	558	-	(558)	-
	55,809	558	-	(558)	-

DUET 2 As at 30 June 2009	Carrying value \$'000	Interest Rate Risk			
		160 basis point increase in interest rate		160 basis point decrease in interest rate	
		P&L \$'000	Equity \$'000	P&L '000	Equity '000
Financial Assets					
Cash and cash equivalents	167,510	2,548	-	(2,548)	-
Derivatives	3,732	4,934	-	(4,934)	-
	171,242	7,482	-	(7,482)	-
Financial Liabilities					
Inter-company loans	(112,730)	(1,810)	-	1810	-
	(112,730)	(1,810)	-	1810	-

DUET 2 As at 30 June 2008	Carrying value \$'000	Interest Rate Risk			
		100 basis point increase in interest rate		100 basis point decrease in interest rate	
		P&L \$'000	Equity \$'000	P&L '000	Equity '000
Financial Assets					
Cash and cash equivalents	82,232	822	-	(822)	-
	82,232	822	-	(822)	-

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32 Financial Risk Management (continued)

DUET 3 As at 30 June 2009	Carrying value \$'000	Interest Rate Risk			
		160 basis point increase in interest rate P&L \$'000	Equity \$'000	160 basis point decrease in interest rate P&L '000	Equity '000
Financial Assets					
Cash and cash equivalents	44,797	681	-	(681)	-
	44,797	681	-	(681)	-

DUET 3 As at 30 June 2008	Carrying value \$'000	Interest Rate Risk			
		100 basis point increase in interest rate P&L \$'000	Equity \$'000	100 basis point decrease in interest rate P&L '000	Equity '000
Financial Assets					
Cash and cash equivalents	6,994	70	-	(70)	-
	6,994	70	-	(70)	-

DIHL As at 30 June 2009	Carrying value \$'000	Interest Rate Risk			
		160 basis point increase in interest rate P&L \$'000	Equity \$'000	160 basis point decrease in interest rate P&L '000	Equity '000
Financial Assets					
Cash and cash equivalents	78,070	1,185	-	(1,185)	-
	78,070	1,185	-	(1,185)	-

DIHL As at 30 June 2008	Carrying value \$'000	Interest Rate Risk			
		100 basis point increase in interest rate P&L \$'000	Equity \$'000	100 basis point decrease in interest rate P&L '000	Equity '000
Financial Assets					
Cash and cash equivalents	30,015	300	-	(300)	-
	30,015	300	-	(300)	-

In assessing price risk, management has assumed a +/- 2.38% (2008: 0.25%) movement in CPI. The below tables display the balances for financial instruments that would be recognised in the income statement or directly in equity for movement of +/- 2.38% (2008: 0.25%). DUET management has determined a +/- 2.38% (2008: 0.25%) movement in prices to be an appropriate sensitivity, based upon the average of the three standard deviations from the mean for CPI for each of the last five year to 30 June 2009.

As at 30 June 2009 and 30 June 2008 DUET1, DUET2, DUET3 and DIHL did not have a significant exposure to other price risk.

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32 Financial Risk Management (continued)

The carrying value of financial assets and financial liabilities per the tables below represent the net carrying value of the asset or liability exposed to this specific risk.

DUET Group As at 30 June 2009	Carrying value \$'000	Other price risk			Equity '000
		2.38% adverse movements P&L \$'000		2.38% positive movements P&L '000	
Financial Assets					
Derivatives	711	5,566	-	(5,398)	-
	711	5,566	-	(5,398)	-
Financial Liabilities					
Derivatives	(23,166)	(164)	(877)	167	894
	(23,166)	(164)	(877)	167	894

DUET Group As at 30 June 2008	Carrying value \$'000	Other price risk			Equity '000
		0.25% adverse movements P&L \$'000		0.25% positive movements P&L '000	
Derivatives	41,048	(44)	(235)	44	236

33 Critical Accounting Estimates and Judgements

The preparation of the financial report in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. Estimates and judgements are continually evaluated and are based on historical cost experience and other factors, including reasonable expectations of future events. Management believes the estimates used in the preparation of the financial report are reasonable. Actual results in the future may differ from those reported.

The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Estimated impairment of goodwill and indefinite life intangibles

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(j). The recoverable amounts of cash generating units have been determined based on value-in-use and fair value less costs to sell calculations. These calculations require the use of assumptions. Refer note 15 for details of these assumptions and the potential impact of changes to these assumptions.

(b) Derivative financial instruments

The fair values of over-the-counter derivatives are determined using valuations techniques adopted by the directors with assumptions that are based on market conditions existing at each balance sheet date.

(c) Income taxes

The Group is subject to income taxes in Australia. Currently the Group has tax losses available for use that have not been brought to account as deferred tax assets. This is based on an assumption that the use of these losses in the foreseeable future is not probable. If this assumption was to change, the corresponding tax assets may be recognised in the Groups' balance sheet. Refer note 3 for level of current tax losses not recognised.

34 Events Occurring After Balance Sheet Date

Multinet \$135 million Medium Term Notes Refinanced

On 29 July 2009, Multinet achieved financial close for the refinancing of the \$135 million medium term loan notes. The notes were refinanced by a \$100 million 3 year bank debt facility with the balance met by surplus cash and existing loan facilities.

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34 Events Occurring After Balance Sheet Date (continued)

Winding up of POWERS Trust

Following the redemption of POWERS units on 1 September 2008, the POWERS Trust was wound up on 30 July 2009.

Final distribution paid

A final distribution of 10.00 cents per stapled security was paid by DUET on 14 August 2009 (2008: 13.50 cents per stapled security). This consists of a distribution of 3.157 cents per unit from DUET1 (2008: 4.888 cents per unit), 4.907 cents per unit from DUET2 (2008: 6.511 cents per unit) and 1.936 cents per unit from DUET3 (2008: 2.726 cents per unit).

DUET Group securities issued under DRP

Security holders participating in DUET's Distribution and Dividend Reinvestment Plan (DRP) reinvested \$18,935,563 of the distribution paid on 14 August 2009 in 12,077,760 DUET Group securities at a price of \$1.567812.

35 Commitments for Expenditure

	DUET Group 30 Jun 09 \$'000	DUET Group 30 Jun 08 \$'000
Capital commitments*		
Commitments for the acquisition of major capital assets not shown as a liability		
Within one year	554,443	453,881
Later than one year but not later than five years	422,866	1,186,733
	977,309	1,640,614
Other commitments**		
Commitments for the cost of various goods and services to be supplied to DUET Group but not recognised as liabilities:		
Within one year	154,215	184,833
Later than one year but not later than 5 years	294,579	600,863
Later than 5 years	130,783	195,810
	579,577	981,506

*Capital commitments

Dampier Bunbury Pipeline

In September 2006, DBP committed to the Stage 5A expansion of the DBNGP at a cost of \$611 million providing increased firm full haul capacity of 100TJ/day. The expansion is underpinned by long term gas transportation contracts and has committed funding. A total of \$567.8 million has been expended to 30 June 2008 and the remaining \$43.2m of commitments has been recognised above.

In June 2007, the DBP board of directors conditionally approved a further \$245 million expansion of the DBNGP to be known as Stage 5A(2). In May 2008 the DBP board of directors also approved an additional \$425m in expenditure, establishing a larger Stage 5B expansion project with a total approved budget of \$690m. The total project delivers 113 TJ/day of firm full haul capacity. Capital commitments as at 30 June 2008 in connection with the expansion project recognised above are \$174.5m. These commitments will be funded out of an additional 122.8m partly paid units issued to unitholders in connection with Stage 5B (\$168.2m) and a new \$340m Stage 5B debt facility, in addition to the existing \$190m Stage 5A(2) debt facility already in place.

**Other commitments

Dampier Bunbury Pipeline

DBP has entered into an OSA under which AAM agrees to operate, manage and construct, or procure, the operation, management and construction of the DBNGP, and to provide corporate services.

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35 Commitment for Expenditure (continued)

The initial term of the OSA expires on 31 March 2040. In addition to reimbursable costs outlaid by AAM, AAM is entitled to an annual \$2 million asset management fee, indexed for CPI and throughput. DBP entered into a contract for Supply of System User Gas (fuel gas) with Alinta Sales Pty Ltd which runs until 31 December 2015, therefore there is an option for a 10 year subsequent period, though the subsequent period is not yet committed.

Multinet

Multinet is committed to paying annual operating fees to AAM to 2013. These fees relate to operations, planning and back office services.

United Energy

United Energy leases 560.74 square meters of office space at L3, 501 Blackburn Road at \$263.7 per square meter per annum and a base operating expense of \$7,009.25 per annum, and \$2,014.21 per annum for 22 car parks. United Energy is committed to paying annual operating fees to AAM to 2011. These fees relate to operations, planning and back office services.

36 Contingent Liabilities

United Energy

United Energy is currently renegotiating the pricing of its services agreement with AAM for the period from 1 July 2006 to 30 June 2011 and there may be a price adjustment to both capital expenditure and operating expenditure charges relating to the period from 1 July 2006 to 30 June 2009. At this stage, United Energy's management is not able to quantify any price adjustment. Furthermore, the provision for services has been placed out to tender.

Duquesne

The following contingencies and commitments relate to Duquesne in which DUET has a 29.0% equity accounted interest.

- The Internal Revenue Service (IRS) completed its examination of the Duquesne federal tax returns from 2003 through 2005 and has issued a proposed adjustment that would disallow approximately US\$150.0 million in capital loss deductions following the sale of a business in 2003. The cash cost to Duquesne, if the IRS were to prevail, would be approximately US\$30.0 million. Discussions to resolve this issue between Duquesne and the IRS Appeals Office have been ongoing since October 2008. Duquesne believes that it will prevail on appeal because the IRS Regulations in effect at the time should allow the tax basis claimed and the resulting capital loss as calculated upon the sale. A provision of approximately US\$6 million has been raised by Duquesne.
- As part of Duquesne's investment in seven affordable housing limited partnerships, Duquesne guaranteed a minimum defined yield to third-party investors. Duquesne entered into these transactions between 1995 and 1999 and these guarantees will expire by 2015. In the event the underlying affordable housing properties fail to maintain their qualified status, they would cease to generate the return to third party investors necessary to meet Duquesne's minimum yield guarantee. Duquesne would therefore be required to make cash payments to meet the guaranteed yield. The original yield amount guarantee of approximately US\$250.0 million has declined since the inception of these guarantees as investors have earned the guaranteed returns. Duquesne estimates the remaining amount of undiscounted future payments that it could be required to make under the guarantees if the investors earn no future returns was US\$3.2 million at 30 June 2009. In addition, depending on the time period in which the disqualification occurs, Duquesne may also be liable for the recapture of tax benefits previously received by third party investors. Duquesne does not expect any such disqualifications that occur to have a material impact on the consolidated financial statements. In February 2008, one property in which the partnership invested was surrendered to its lender in a foreclosure action. The lender immediately put the property up for sale. As a result of this foreclosure, the property may have lost its ability to qualify for the Low Income Housing Tax Credit under the IRS tax code. Duquesne has established an obligation to reimburse certain investors for resulting tax credit recapture, interest and penalties under its investment performance guarantee. A provision of US\$1.9 million has been raised by Duquesne as at 30 June 2009.

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Statement by the Directors of the Responsible Entity of DUET1

In the opinion of the directors of AMPCI Macquarie Infrastructure Management No.1 Limited as the Responsible Entity for Diversified Utility and Energy Trust No.1, the consolidated financial statements for DUET1 and its controlled entities (DUET Group) and the DUET1 financial statements set out on pages 19 to 105 are in accordance with the Corporations Act 2001, including:

- complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- giving a true and fair view of DUET Group's and Trust's financial position as at 30 June 2009 and of their performance, for the year ended on that date; and
- there are reasonable grounds to believe that DUET Group and Trust will be able to pay their debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors of AMPCI Macquarie Infrastructure Management No.1 Limited (as Responsible Entity of DUET1).



Philip Garling

Director

Sydney

20 August 2009



John Roberts

Director

Sydney

20 August 2009

Financial Report

for year ended 30 June 2009

Statement by the Directors of the Responsible Entity of DUET2

In the opinion of the directors of AMPCI Macquarie Infrastructure Management No.2 Limited as the Responsible Entity for Diversified Utility and Energy Trust No.2, the financial statements set out on pages 19 to 105 are in accordance with the Corporations Act 2001, including:

- complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- giving a true and fair view of the Trust's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
- there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors of AMPCI Macquarie Infrastructure Management No.2 Limited (as Responsible Entity of DUET2).



Philip Garling
Director
Sydney
20 August 2009



John Roberts
Director
Sydney
20 August 2009

Financial Report

for year ended 30 June 2009

Statement by the Directors of the Responsible Entity of DUET3

In the opinion of the directors of AMPCI Macquarie Infrastructure Management No.2 Limited as the Responsible Entity for Diversified Utility and Energy Trust No.3, the financial statements set out on pages 19 to 105 are in accordance with the Corporations Act 2001, including:

- complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- giving a true and fair view of the Trust's financial position as at 30 June 2009 and of its performance, for the year ended on that date; and
- there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors of AMPCI Macquarie Infrastructure Management No.2 Limited (as Responsible Entity of DUET3).



Philip Garling
Director
Sydney
20 August 2009



John Roberts
Director
Sydney
20 August 2009

Financial Report

for year ended 30 June 2009

Statement by the Directors of DIHL

In the opinion of the directors of DIHL, the financial statements set out on pages 19 to 105 are in accordance with the Corporations Act 2001, including:

- complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- giving a true and fair view of DIHL's financial position as at 30 June 2009 and of its performance, for the year ended on that date; and
- there are reasonable grounds to believe that DIHL will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors of DUET Investment Holdings Limited.



Philip Garling

Director

Sydney

20 August 2009



John Roberts

Director

Sydney

20 August 2009

Independent auditor's report to the unitholders of Diversified Utility and Energy Trust No.1, Diversified Utility and Energy Trust No.2, Diversified Utility and Energy Trust No.3 and DUET Investment Holdings Limited

Report on the Financial Report

We have audited the accompanying financial report of the stapled entity DUET Group comprising Diversified Utility and Energy Trust No.1, Diversified Utility and Energy Trust No.2, Diversified Utility and Energy Trust No.3 (together "the trusts") and DUET Investment Holdings Limited ("the company") and the entities they controlled during the year ("DUET Group"), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the trusts, the company and the entities they controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the responsible entities of the trusts, and the directors of the company, are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations), the Trust Deeds and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors of the responsible entities of the trusts, and the company, also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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. These Auditing 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 our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the responsible entities and the company, 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.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the responsible entities and the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1. the financial report of Diversified Utility and Energy Trust No.1, Diversified Utility and Energy Trust No.2, Diversified Utility and Energy Trust No.3, DUET Investment Holdings Limited and DUET Group is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the financial position of the trusts, the company and the consolidated entity at 30 June 2009 and of their performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Trust Deeds and the *Corporations Regulations 2001*.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the DUET Investment Holdings Limited Remuneration Report included in pages 14 to 15 of the directors' report for the year ended 30 June 2009. 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.

Auditor's Opinion

In our opinion the Remuneration Report of DUET Investment Holdings Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

A stylized signature of the Ernst & Young firm, written in black ink.

Ernst & Young

A handwritten signature of Kester C Brown, written in black ink.

Kester C Brown
Partner

Melbourne
20 August 2009