

Management Information Report



For the half year ended 31 December 2011



DUET Group Management Information Report

For the half year ended 31 December 2011

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AMPCI Macquarie Infrastructure Management No 1 Limited (ABN 99 108 013 672) (AFSL 269286) ("RE1") as Responsible Entity of Diversified Utility and Energy Trust No 1 (ARSN 109 363 037) ("DUET1") and manager of DUET Investment Holdings Limited (ACN 120 456 573) ("DIHL"), AMPCI Macquarie Infrastructure Management No 2 Limited (ABN 15 108 014 062) (AFSL 269287) ("RE2") as Responsible Entity of Diversified Utility and Energy Trust No 2 (ARSN 109 363 135) ("DUET2") and Diversified Utility and Energy Trust No 3 (ARSN 124 997 986) ("DUET3"). RE1 and RE2 are jointly owned by AMP Capital Holdings Limited ("AMPCH") and Macquarie Group Limited ("Macquarie"). 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). AMP Capital Holdings Limited (ABN 69 078 651 966) has arranged for an external bank limited \$2.5 million guarantee which together with an MBL limited \$2.5 million guarantee account provided 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 and their related corporations 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 of 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 Limited and Macquarie Group Limited and their related corporations, together with their officers and directors, may hold stapled securities in DUET from time to time.

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MIR Purpose

This Management Information Report ("MIR") contains Proportionate Earnings, Gearing and Unconsolidated Cash Flows for DUET Group for the half year ended 31 December 2011. It has been prepared using policies adopted by the directors of AMPCI Macquarie Infrastructure Management No.1 ("RE1") and AMPCI Macquarie Infrastructure Management No.2 ("RE2") and DIHL and, unless stated otherwise, these policies have been consistently applied to all periods presented in this MIR.

Proportionate Earnings

Current and prior period Proportionate Earnings information contained in this MIR involves the aggregation of the financial results of DUET's energy utility assets in the relevant proportions that DUET holds beneficial ownership interests. It is calculated as energy utility assets' revenues less the sum of energy utility assets' operating expenses, energy utility assets' maintenance capital expenditure, energy utility assets' net external interest expense, energy utility asset net tax expense, corporate net interest expense, net tax expense and corporate expenses ("Proportionate Earnings"). The proportionate earnings of the asset companies in this MIR exclude the impact of any changes in the fair value of derivatives and realised hedge break costs from the early refinancing of external debt.

Proportionate Earnings information also includes pro forma results. Pro forma results are produced to allow comparisons of the operational performance of energy utility assets between periods, as it removes the impact of changes in ownership interests, period of ownership and foreign currencies.

The purpose of proportionate earnings is therefore to provide a view of DUET's result based on:

- i. the actual beneficial ownership percentage of its asset companies results as opposed to consolidating 100% of those earnings;
- ii. the exclusion of non-cash items that are not reflective of cash outflows in the current reporting period such as the non-cash change in the fair value of derivatives that reflects the movement in the termination value of those instruments during the period.

This MIR has therefore been prepared on a different basis to the Interim Financial Report of DUET Group. The information contained within this MIR does not, and cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of DUET Group as in the Interim Financial Report. This MIR should be read in conjunction with the Interim Financial Report of DUET Group, which can be found on the DUET website at www.duet.net.au.

Reconciliation of statutory and proportionate results

A reconciliation of Proportionate Earnings and Unconsolidated Cash Flows as presented in this MIR to the consolidated statutory Income Statement and consolidated statutory Cash Flow Statement is provided in Appendix 1 to this MIR.

Further details in relation to the preparation of this MIR are set out below and in the notes.

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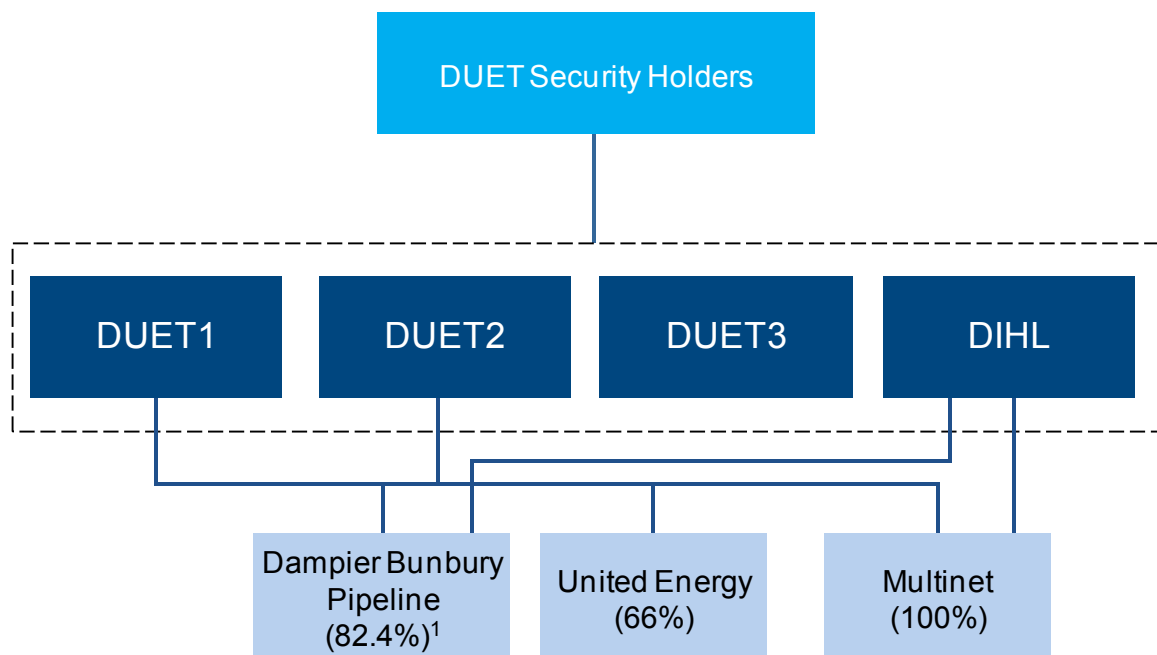
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Overview of DUET Group

Group Structure

DUET Group ("DUET") 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"), DUET Investment Holdings Limited ("DIHL") and their subsidiaries.

DUET trades as one security, DUET Group, on the Australian Securities Exchange (ASX code: DUE). A summary of the group structure at 31 December 2011 is illustrated below.



⁽¹⁾ DUET's aggregate ownership interest in DBP is expected to progressively reduce to 80% as the minority shareholder meets future equity calls.

The combined aggregated interest of the stapled entities in the Dampier Bunbury Natural Gas Pipeline Trust ("DBP" or "Dampier Bunbury Pipeline"), United Energy Distribution Holdings Limited ("United Energy") and Multinet Group Holdings Limited ("Multinet") is treated as a controlling interest for accounting purposes and consolidated in the DUET Group Interim Financial Report.

DUET held non-controlling interests in WA Network Holdings Pty Limited ("WAGN" or "WA Gas Networks") and DQE Holdings LLC ("Duquesne"). On 29 July 2011, DUET completed the sale of its 25.9% interest in WA Gas Networks. On 13th September 2011, DUET completed the sale of its 29% interest in Duquesne.

Asset Acquisitions and Divestments

On 29 July 2011, DUET completed the following transaction with AET&D/ATCO:

	\$m
Acquired an additional 20.0% interest in DBP	(168.0)
Acquired an additional 20.1% interest in Multinet and sold the 25.9% interest in WAGN	45.5
Sold the subordinated debt due from WAGN	80.0
Net consideration paid by DUET	(\$42.5)

Following completion of the transaction, DUET entities now hold, in aggregate, majority-ownership interests in three regulated Australian energy utility businesses: 82.4% of DBP, 100% of Multinet and 66% of United Energy. DUET's ownership interest in DBP is expected to progressively reduce to 80% as the minority shareholder meets future equity calls.

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Entitlement Offer

On 30 August 2011, DUET completed a fully underwritten accelerated non-renounceable pro rata entitlement offer of 1 new stapled security for every 5 existing stapled securities at an offer price of \$1.52 per new security. DUET raised approximately \$277 million, of which \$174 million was raised from the Institutional Entitlement Offer and \$103 million from the Retail Entitlement Offer. The proceeds of the Offer were used to acquire the additional stakes in DBP and Multinet, repay the corporate revolving facility balance and reduce gearing at DBP.

Sale of Duquesne

On 13 September 2011, DUET reached financial close in relation to the sale of its 29.0% stake in Duquesne to the Government of Singapore Investment Corporation Pte Ltd (GIC) for US\$360 million. The hedged net sale proceeds of \$345 million were applied to pay down DUET's corporate bridge facility.

Energy Utility Assets

At 31 December 2011, DUET's portfolio of energy utility assets and interests were as follows:

Aggregate interests	DBP %	United Energy %	Multinet %	WAGN %	Duquesne %
As at 31 December 2011	82.4 ⁽¹⁾	66.0	100.0	-(⁽²⁾	-(⁽³⁾
As at 31 December 2010	60.0	66.0	79.9	25.9	29.0
Change	22.4	-	20.1	(25.9)	(29.0)

⁽¹⁾ DUET's aggregate ownership interest in DBP is expected to progressively reduce to 80% as the minority shareholder meets future equity calls.

⁽²⁾ On 29 July 2011 the equity ownership was sold.

⁽³⁾ On 13 September 2011 the equity ownership was sold.

DBP

The Dampier to Bunbury Natural Gas Pipeline ("DBNGP") owned by DBP is the only natural gas pipeline connecting the natural gas reserves of the Carnarvon and Browse basins on Western Australia's North West Shelf with industrial, commercial and residential customers in Perth and the surrounding regions. The DBNGP runs from the Burrup Peninsula, near Dampier, to Bunbury in the south-west of the state. DUET holds an 82.4% aggregate interest in DBP. DUET's aggregate ownership interest in DBP is expected to progressively reduce to 80% as the minority shareholder meets future equity calls.

DBP transmitted 157.9 PJ of gas in the period (2010: 160.4 PJ).

United Energy

United Energy's electricity distribution network covers 1,472 square kilometres of south-east Melbourne and the Mornington Peninsula. The distribution network transports electricity from the high voltage transmission network to residential, commercial and industrial electricity users. United Energy's distribution area is largely urban and, although geographically small (about 1% of Victoria's land area), it accounts for around one quarter of Victoria's population. DUET holds a 66% aggregate interest in United Energy.

United Energy distributed 4,062 GWh of electricity in the period (2010: 4,112 GWh).

Multinet

Multinet is a Victorian gas distribution company with a network covering 1,860 square kilometres of the eastern and south-eastern suburbs of Melbourne. Multinet has expanded its geographic base through participation in the state government's natural gas extension program. Multinet's distribution network transports gas from the high pressure transmission network to residential, commercial and industrial gas users. DUET holds a 100% aggregate interest in Multinet.

Multinet distributed 30.7 PJ of gas in the period (2010: 34.8 PJ).

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Unconsolidated Cash Flows

The following sets out the unconsolidated cash flows for the DUET Group. It comprises the aggregation of cash flows into and out of the four stapled securities, DUET1, DUET2, DUET3 and DIHL, and the intermediary subsidiaries they own that hold the investment in the operating companies.

The purpose of this statement is to provide a view of the net cash flows into the DUET Group from which investments and distributions are made.

	6 months to 31 December 2011 \$'000	6 months to 31 December 2010 \$'000	Change %
Cash flows from energy utility assets			
Dampier Bunbury Pipeline ⁽¹⁾	58,513	-	n/m
United Energy	21,181	19,316	9.6
Multinet	21,400	11,588	84.7
WA Gas Networks ⁽²⁾	-	5,402	n/m
Duquesne ⁽³⁾	8,295	14,558	(43.0)
Cash inflows from energy utility assets	109,389	50,864	115.1
Cash flows from operating activities			
Other income received ⁽⁴⁾	3,477	239	n/m
Operating expenses paid (inclusive of GST)	(1,676)	(3,123)	(46.3)
Responsible entity fees paid (inclusive of GST)	(9,540)	(10,078)	(5.3)
Cash flows from operating activities	(7,739)	(12,962)	(40.3)
Net cash inflows from energy utility assets and operations (A)	101,650	37,902	168.2
Cash flows from investing activities			
Acquisitions and Divestments	340,072	-	n/m
Further investment in energy utility assets	(179,020)	(64,731)	176.5
Net cash outflows from investing activities	161,052	(64,731)	n/m
Cash flows from financing activities			
Capital raising proceeds (net of transaction costs)	266,545	-	n/m
Net movement in DUET Senior Facility	(414,500)	(45,200)	n/m
Borrowing costs paid (B)	(8,652)	(18,612)	(53.5)
SOLA interest received from energy utility assets (C)	5,771	17,959	(67.8)
SOLA principal repayments from energy utility assets	32,000	-	n/m
Bank interest income (D)	3,583	5,075	(29.4)
Distributions paid to DUET Group security holders (net of DRP)	(90,963)	(59,626)	52.6
Net cash flows from financing activities	(206,216)	(100,404)	105.4
Net increase/(decrease) in cash assets held	56,486	(127,233)	n/m
Cash assets at the beginning of the half year	125,453	317,369	(60.5)
Exchange rate movements	(339)	637	n/m
Cash assets at the end of the half year	181,600	190,773	(4.8)
Cash available for distribution (A+B+C+D)	102,352	42,324	141.8
Weighted average DUET Group securities on issue ('000's)	1,036,013	883,301	17.3
Cash available for distribution per Stapled Security - cents	9.9	4.8	n/m
Interim distribution declared and payable per Stapled Security - cents	8.0	10.0	(20.0)
Interim distribution coverage	124%	48% ⁽¹⁾	n/m

⁽¹⁾ A \$45.6 million distribution was declared and paid by DBP to DUET in the second half of FY2011 rather than in the first half of FY2011.

⁽²⁾ On 29 July 2011 the equity ownership was sold.

⁽³⁾ On 13 September 2011 the equity ownership was sold.

⁽⁴⁾ Includes in the six months to 31 December 2011 an FX gain on the close out of FX contracts used to hedge income from Duquesne.

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Proportionate Earnings and EPS

	Actual Results 6 months to 31 Dec 2011	Pro forma Results 6 months to 31 Dec 2010	Change %
	\$'000	\$'000	
Revenue	495,255	460,583	7.5
Operating expenses	(159,276)	(138,007)	15.4
Asset EBITDA	335,979	322,576	4.2
Maintenance capital expenditure	(26,526)	(31,916)	(16.9)
Net external interest expense	(166,859)	(158,521)	5.2
SOLA interest expense	(3,295)	(15,724)	(79.0)
Net tax expense	(322)	(449)	(28.3)
Proportionate Earnings of Assets	138,977	115,966	19.8
Net interest income	4,054	5,072	(20.1)
SOLA interest income	2,744	18,046	(84.8)
Corporate interest expense	(6,188)	(18,176)	(65.9)
Corporate expenses	(11,931)	(12,952)	(7.9)
Net tax expense	-	-	n/a
Realised gains/(losses) on FX hedge contracts	7,806	(349)	n/m
Proportionate Earnings of Group⁽¹⁾	135,462	107,607	25.9
Weighted average DUET Group securities on issue ('000's)	1,036,013	883,300	17.3
Proportionate EPS – cents⁽¹⁾	13.1	12.2	7.4
Interim distribution declared and payable per Stapled Security – cents	8.0	10.0	(20.0)
Interim distribution coverage⁽¹⁾	164%	122%	n/m

⁽¹⁾ By excluding Duquesne and WA Gas Networks, the results would have been:

Proportionate Earnings of Group	135,462
Less: Proportionate earnings of Duquesne	(14,764)
Less: Proportionate earnings of WAGN	(1,059)
Less: WAGN SOLA interest income	(483)
Proportionate Earnings of Group, adjusted	119,156
Proportionate EPS – cents, adjusted	11.5
Interim distribution coverage, adjusted	144%

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Proportionate Earnings by Entity

Actual results	Dampier Bunbury Pipeline	United Energy	Multinet	WA Gas Networks	Duquesne	Corporate	Total	Change on pro forma pcp
6 months to 31 December 2011	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Revenue								
Gas transmission	167,675	-	-	-	-	-	167,675	7.0
Electricity transmission	-	-	-	-	6,862	-	6,862	32.4
Customer contributions	6,303	2,873	684	-	-	-	9,860	(1.6)
Gas distribution	-	-	95,605	4,017	-	-	99,622	(1.9)
Electricity distribution	-	98,777	-	-	26,476	-	125,253	5.5
Other	4,175	35,095	3,855	85	42,773	-	85,983	25.5
	178,153	136,745	100,144	4,102	76,111	-	495,255	7.5
Operating expenses								
Operations and maintenance ⁽¹⁾	(31,041)	(54,291)	(25,815)	(1,204)	(11,867)	-	(124,218)	27.8
Energy purchases	-	-	-	-	(30,204)	-	(30,204)	(8.4)
Other expenses	-	-	-	(237)	(4,617)	-	(4,854)	(38.1)
	(31,041)	(54,291)	(25,815)	(1,441)	(46,688)	-	(159,276)	15.4
Proportionate EBITDA	147,112	82,454	74,329	2,661	29,423	-	335,979	4.2
<i>EBITDA margin</i>	82.6%	60.3%	74.2%	64.9%	38.7%	n/a	67.8%	
Maintenance capital expenditure	(5,266)	(7,642)	(4,339)	(176)	(9,103)	-	(26,526)	(16.9)
Net external interest expense ⁽²⁾	(85,689)	(35,920)	(38,716)	(978)	(5,556)	-	(166,859)	5.3
SOLA interest expense	(491)	-	(2,679)	(125)	-	-	(3,295)	(79.0)
Net tax expense	-	-	-	(322)	-	-	(322)	(28.2)
Proportionate Earnings of Assets⁽³⁾								
	55,666	38,892	28,595	1,060	14,764	-	138,977	19.8
Interest income	-	-	-	-	-	4,054	4,054	(20.1)
SOLA interest income	-	-	-	-	-	2,744	2,744	(84.8)
Corporate interest expense	-	-	-	-	-	(6,188)	(6,188)	(70.0)
Corporate expenses	-	-	-	-	-	(11,931)	(11,931)	(7.8)
Realised gains/(losses) on FX hedge contracts	-	-	-	-	-	7,806	7,806	n/m
Proportionate Earnings of Group	55,666	38,892	28,595	1,060	14,764	(3,515)	135,462	25.9

⁽¹⁾ Operating expenses for Multinet include an accrual for potential settlement costs for unaccounted for gas (UAFG) from 2007 to 2011. MGH booked \$2.5m of UAFG in respect of calendar year 2007 to 2009 at 30 June 2011 (DUET's share: \$2.0 million when DUET owned 79.9%). MGH has also booked a further \$1.8m (DUET's share \$1.8m) in respect of calendar year 2010 and the first half of calendar year 2011 at 31 December 2011. There are likely to be further charges booked in the six months to 30 June 2012 in respect of the remainder of calendar year 2011 and the first half of calendar year 2012. All of these charges are yet to be settled with the respective retailers. Operating expenses for UED include \$16.0 million of transition costs borne in the period (DUET's share: \$10.6m).

⁽²⁾ Includes \$3.9m of SOLA interest rate hedge break costs for MGH incurred on repayment of the \$112m SOLA principal balance owing to DUET.

⁽³⁾ Proportionate earnings of DUET's energy utility assets are based on the relevant proportions that DUET holds beneficial ownership interests, weighted by days held in the period (DBP 78.2%; UED 66.0%; MGH 96.9%; WAGN 25.9%; and DQE 29.0%).

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Pro forma Results	Dampier Bunbury Pipeline	United Energy	Multinet	WA Gas Networks	Duquesne	Corporate	Total
6 months to 31 December 2010	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue							
Gas transmission	156,602	-	-	-	-	-	156,602
Electricity transmission	-	-	-	-	5,184	-	5,184
Customer contributions	6,647	2,718	626	33	-	-	10,024
Gas distribution	-	-	97,714	3,801	-	-	101,515
Electricity distribution	-	95,390	-	-	23,379	-	118,769
Other	2,782	24,141	3,566	100	37,900	-	68,489
	166,031	122,249	101,906	3,934	66,463	-	460,583
Operating expenses							
Operations and maintenance	(28,608)	(35,936)	(22,278)	(1,063)	(9,318)	-	(97,203)
Energy purchases	-	-	-	-	(32,957)	-	(32,957)
Other expenses	-	(697)	(1,767)	(262)	(5,121)	-	(7,847)
	(28,608)	(36,633)	(24,045)	(1,325)	(47,396)	-	(138,007)
Proportionate EBITDA	137,423	85,616	77,861	2,609	19,067	-	322,576
<i>EBITDA margin</i>	<i>82.8%</i>	<i>70.0%</i>	<i>76.4%</i>	<i>66.3%</i>	<i>28.7%</i>	<i>n/a</i>	<i>70.0%</i>
Maintenance capital expenditure	(5,439)	(16,284)	(2,931)	(218)	(7,044)	-	(31,916)
Net external interest expense	(76,883)	(34,477)	(40,446)	(809)	(5,906)	-	(158,521)
SOLA interest expense	(4,334)	(5,539)	(5,717)	(134)	-	-	(15,724)
Net tax expense	-	-	-	(449)	-	-	(449)
Proportionate Earnings of Assets							
	50,767	29,316	28,767	999	6,117	-	115,966
Interest income	-	-	-	-	-	5,072	5,072
SOLA interest income	-	-	-	-	-	18,046	18,046
Corporate interest expense	-	-	-	-	-	(18,176)	(18,176)
Corporate expenses	-	-	-	-	-	(12,952)	(12,952)
Net tax expense	-	-	-	-	-	-	-
Realised gains/(losses) on FX hedge contracts	-	-	-	-	-	(349)	(349)
Proportionate Earnings of Group	50,767	29,316	28,767	999	6,117	(8,359)	107,607

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Actual results	Dampier Bunbury Pipeline	United Energy	Multinet	WA Gas Networks	Duquesne	Corporate	Total
6 months to 31 December 2010	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue							
Gas transmission	122,674	-	-	-	-	-	122,674
Electricity transmission	-	-	-	-	14,462	-	14,462
Customer contributions	3,927	2,718	517	207	-	-	7,369
Gas distribution	-	-	80,536	19,049	-	-	99,585
Electricity distribution	-	95,390	-	-	65,219	-	160,609
Other	799	24,141	2,939	720	105,727	-	134,326
	127,400	122,249	83,992	19,976	185,408	-	539,025
Operating expenses							
Operations and maintenance	(21,952)	(35,936)	(18,361)	(6,598)	(25,995)	-	(108,842)
Energy purchases	-	-	-	-	(91,936)	-	(91,936)
Other expenses	-	(697)	(1,455)	(1,290)	(14,285)	-	(17,727)
	(21,952)	(36,633)	(19,816)	(7,888)	(132,216)	-	(218,505)
Proportionate EBITDA	105,448	85,616	64,176	12,088	53,192	-	320,520
<i>EBITDA margin</i>	<i>82.8%</i>	<i>70.0%</i>	<i>76.4%</i>	<i>60.5%</i>	<i>29.0%</i>	<i>n/a</i>	<i>59.5%</i>
Maintenance capital expenditure	(4,174)	(16,284)	(2,415)	(1,263)	(19,650)	-	(43,786)
Net external interest expense	(58,994)	(34,477)	(33,336)	(5,164)	(16,476)	-	(148,447)
SOLA interest expense	(3,326)	(5,539)	(4,712)	(793)	-	-	(14,370)
Net tax expense	-	-	-	(780)	-	-	(780)
Proportionate Earnings of Assets							
Interest income	-	-	-	-	-	5,072	5,072
SOLA interest income	-	-	-	-	-	18,046	18,046
Corporate interest expense	-	-	-	-	-	(18,176)	(18,176)
Corporate expenses	-	-	-	-	-	(12,952)	(12,952)
Net tax expense	-	-	-	-	-	-	-
Realised gains/(losses) on FX hedge contracts	-	-	-	-	-	(348)	(348)
Proportionate Earnings of Group	38,954	29,316	23,713	4,088	17,066	(8,358)	104,779

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Proportionate Gearing

	As at 31 December 2011 \$m	As at 30 June 2011 \$m
DUET's share of energy utility assets' net external debt	4,025.9	3,429.2
Corporate level debt	-	414.5
Corporate level cash	(181.6)	(125.5)
Declared and payable distributions	87.3	91.0
Total net debt	3,931.7	3,809.3
DUET's share of RAB	5,128.0	4,270.4
Gearing (%)	76.7%	89.2%

Gearing at 30 June 2011 included WA Gas Networks and excluded Duquesne. Gearing at 31 December 2011 excluded each of WA Gas Networks and Duquesne. RAB is based on management's calculations intra-regulatory period. DBP's RAB at 31 December 2011 is based on the ERA's final regulatory decision for the period 2011-2015 handed down in October 2011.

Proportionate Net External Debt

As at 31 December 2011	Dampier Bunbury Pipeline	United Energy	Multinet	Corporate	Total
	\$m	\$m	\$m	\$m	\$m
Capital market instruments	1,462.6	830.4	529.7	-	2,822.6
Bank facilities – term debt	655.0	158.4	347.4	-	1,160.9
Bank facilities – capex	-	120.1	16.0	-	136.1
Bank facilities – working cap.	-	19.8	0.0	-	19.8
Balance	2,117.7	1,128.7	893.1	0.0	4,139.4
Add: DUET distribution payable	-	-	-	87.3	87.3
Less: cash	(58.1)	(36.8)	(18.7)	(181.6)	(295.1)
DUET share of net external debt	2,059.6	1,091.9	874.4	(94.3)	3,931.7

As at 30 June 2011	Dampier Bunbury Pipeline	United Energy	Multinet	WA Gas Networks	Corporate	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Capital market instruments	1,065.0	830.3	623.1	64.8	-	2,583.3
Bank facilities – term debt	544.2	158.4	187.8	105.6	345.0	1,341.0
Bank facilities – capex	-	70.6	75.5	-	-	146.1
Bank facilities – working cap.	-	13.2	-	-	69.5	82.7
Balance	1,609.2	1,072.6	886.5	170.4	414.5	4,153.1
Add: DUET distribution payable	-	-	-	-	91.0	91.0
Less: cash	(56.6)	(40.3)	(209.8)	(2.6)	(125.5)	(434.9)
DUET share of net external debt	1,552.6	1,032.2	676.6	167.8	380.0	3,809.3

United Energy's and Multinet's US dollar denominated debt is reported in both periods at the hedged exchange rates.

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External Debt Maturities

	100% Facility Limit	100% Drawn Debt Balance	Proportionate Drawn Debt Balance	Maturity Date
	\$m	\$m	\$m	
Dampier Bunbury Pipeline				
<i>Capital market instruments</i>				
A\$ Wrapped FRNs - Tranche 1 ⁽¹⁾	275.0	275.0	226.6	Apr-12
A\$ Wrapped FRNs - Tranche 3	325.0	325.0	267.8	Apr-13
Floating Rate Notes 2015	425.0	425.0	350.2	Sep-15
Fixed Rate Notes 2015	150.0	150.0	123.6	Sep-15
A\$ Wrapped FRNs - Tranche 2	275.0	275.0	226.6	Apr-17
A\$ Wrapped FRNs - Tranche 4	325.0	325.0	267.8	Apr-18
<i>Bank facilities – term debt</i>				
SFA 2010 Series - 2013	150.0	139.0	114.5	Dec-13
SFA 2011 Series - 2014	400.0	356.0	293.3	Oct-14
SFA 2011 Series – 2016 ⁽¹⁾	235.0	-	-	Dec-16
SFA 2010 Series - 2017	300.0	300.0	247.2	Dec-17
<i>Bank facilities – working cap. facilities</i>				
Working Capital Facility	20.0	-	-	May-12
Total	2,880.0	2,570.0	2,117.7	

⁽¹⁾ On 23 December 2011, DBP announced it had raised a \$235 million five-year bank debt facility to refinance these bonds.

United Energy

<i>Capital market instruments</i>				
A\$ Guaranteed FRN	500.0	500.0	330.0	Oct-14
USPP - due 2014	77.0	77.0	50.8	Dec-14
US 144A Guaranteed Notes	279.3	279.3	184.4	Apr-16
USPP - due 2017	401.7	401.7	265.2	Dec-17
<i>Bank facilities – term debt</i>				
Senior Corporate Facility - Tranche B	120.0	120.0	79.2	Apr-14
Senior Corporate Facility - Tranche A	120.0	120.0	79.2	Apr-18
<i>Bank facilities – capex facilities</i>				
Smart Meter Debt Facility	150.0	98.0	64.7	Dec-13
Capex Facility - SCF Tranche C	260.0	84.0	55.4	Apr-14
<i>Bank facilities – working cap. facilities</i>				
Working Capital Facility	30.0	30.0	19.8	Dec-13
Total	1,938.1	1,710.1	1,128.7	

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	100% Facility Limit	100% Drawn Debt Balance	Proportionate Drawn Debt Balance	Maturity Date
	\$m	\$m	\$m	
Multinet				
<u>Capital market instruments</u>				
USPP - Aug-2015	61.6	61.6	61.6	Aug-15
USPP - Nov-2015	168.1	168.1	168.1	Nov-15
Credit Wrapped FRN	300.0	300.0	300.0	Jul-17
<u>Bank facilities – term debt</u>				
A\$70m SFA	70.0	70.0	70.0	Jul-14
Senior Corporate Facility - SCF Tranche A	300.0	277.4	277.4	Nov-16
<u>Bank facilities – capex facilities</u>				
Capex Facility – A\$50m SCF	50.0	-	-	Jul-14
Capex Facility - SCF Tranche B	120.0	16.0	16.0	Nov-14
<u>Bank facilities – working cap. facilities</u>				
Working Capital Facility	20.0	-	-	Apr-14
Total	1089.7	893.1	893.1	
DUET Group				
<u>Bank facilities – term debt</u>				
General purpose corporate revolver	200.0	-	-	Jun-14
Total	200.0	-	-	

Credit Ratings

Credit Rating Agency	DUET Group	Dampier Bunbury Pipeline	United Energy	Multinet
S&P	BBB- Stable outlook	BBB- Stable outlook	BBB Stable outlook	BBB- Stable outlook
Moody's	n/a	Baa3 Stable outlook	Baa2 Stable outlook	Baa3 Stable outlook

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Notes

Summary of Significant MIR Policies

The significant policies which have been adopted by the boards of AMPCI Macquarie Infrastructure Management No.1 Limited ("RE1"), AMPCI Macquarie Infrastructure Management No.2 Limited ("RE2") and DIHL and used in the preparation of this Management Information Report ("MIR") are stated to assist in providing a general understanding. Unless stated otherwise, these policies have been consistently applied to all periods presented in this MIR.

Ernst & Young ("EY") were engaged to perform certain procedures for the directors of RE1, RE2 and DIHL in relation to their preparation of the Proportionate Earnings, Gearing and Unconsolidated Cash Flow disclosures in this MIR. The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed by EY is that of the directors, and these procedures were performed solely to assist the directors of RE1, RE2 and DIHL in evaluating the accuracy of the disclosures.

EY conducted their engagement in accordance with Australian Auditing Standards applicable to agreed upon procedures and engagements. The procedures do not constitute either an audit or review in accordance with Australian Auditing Standards and accordingly EY have expressed no assurance over the accuracy of the Proportionate Earnings, Gearing or Unconsolidated Cash Flow disclosures or on any other aspect of this MIR.

Unconsolidated Cash Flows

Unconsolidated Cash Flows represent the aggregation of the cash flows attributable to DUET. This includes the cash flows of each of DUET's stapled entities and their wholly-owned subsidiaries, excluding entities which have non-recourse debt to DUET as these entities are considered to be part of the energy utility operator company groups. All information in this MIR relating to Unconsolidated Cash Flows is disclosed in Australian dollars using foreign currency exchange rates applicable to the relevant transactions included.

Proportionate Earnings

Current and prior period Proportionate Earnings information contained in this MIR involves the aggregation of the financial results of DUET's energy utility assets in the relevant proportions that DUET holds beneficial ownership interests. It is calculated as energy utility assets' revenues less the sum of energy utility assets' operating expenses, energy utility assets' maintenance capital expenditure, energy utility assets' net external interest expense, energy utility asset net tax expense, corporate net interest expense, net tax expense and corporate expenses ("Proportionate Earnings"). The proportionate earnings of the asset companies in this MIR exclude the impact of any changes in the fair value of derivatives and realised hedge break costs from the early refinancing of external debt.

Proportionate Earnings information also includes pro forma results. Pro forma results are produced to allow comparisons of the operational performance of energy utility assets between periods, as it removes the impact of changes in ownership interests, period of ownership and foreign currencies.

The principal policies adopted in the preparation of Proportionate Earnings in this MIR include:

Relevant energy utility assets

DUET's energy utility assets included in Proportionate Earnings are:

- Dampier Bunbury Pipeline;
- United Energy;
- Multinet;
- WA Gas Networks; and
- Duquesne.

Information for each of the assets is sourced from unaudited management accounts prepared under the relevant local generally accepted accounting standards applicable to the energy utility assets and are reconciled to the most recently published financial statements when available. It is DUET policy to restate prior period results to bring them into line should variances arise, with any subsequently produced statutory financial statement result.

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Foreign currency exchange

All Proportionate Earnings information contained in this MIR is disclosed in Australian dollars unless stated otherwise. Foreign currency exchange rates are calculated on an average basis being the 6 months to 31 December 2011 (each a "Period"). Where assets have been sold during a Period, the foreign currency exchange rates particular to that asset are calculated on an average basis from the beginning of that Period up to the date of sale. Similarly, where assets have been acquired during a Period, the foreign currency exchange rates particular to that asset are calculated on an average basis from the date of initial acquisition up to the end of the Period.

The foreign currency exchange rates, including those pertaining to the prior corresponding period, are set out in the table below:

	Average AUD/USD	Half Year end AUD/USD
Period to 13 September 2011⁽¹⁾	1.0629	n/a
6 months to 31 Dec 2010	0.9474	1.0226

⁽¹⁾ Date of DUET's sale of Duquesne.

DUET's beneficial ownership interest

The beneficial ownership interest of DUET for each of the relevant assets is calculated according to the number of days in the 6 month period to 31 December 2011 during which DUET held a beneficial ownership interest ("Beneficial Ownership Interest"). Where assets have been sold during a Period the Beneficial Ownership Interest is calculated according to the number of days from the beginning of the Period up to the date of sale. Where assets have been acquired during a Period the Beneficial Ownership Interest is calculated according to the number of days from date of initial acquisition to the end of the Period. Where an existing asset ownership percentage has changed during a Period, the Beneficial Ownership Interest is calculated according to the number of days from date of change to the end of the Period.

The Beneficial Ownership Interest of DUET in the relevant assets and reflected in the calculation of Proportionate Earnings for the 6 months to 31 December as well as the prior corresponding period is set out below:

Average Beneficial Ownership Interest percentages	Dampier Bunbury Pipeline	United Energy	Multinet	WA Gas Networks	Duquesne
30 June 2007	62.1	66.0	79.9	25.9	29.0
Movement	(0.4)	-	-	-	-
31 December 2007	61.7	66.0	79.9	25.9	29.0
Movement	1.2	-	-	-	-
30 June 2008	62.9	66.0	79.9	25.9	29.0
Movement	1.6	-	-	-	-
31 December 2008	64.5	66.0	79.9	25.9	29.0
Movement	(3.0)	-	-	-	-
30 June 2009	61.5	66.0	79.9	25.9	29.0
Movement	(1.5)	-	-	-	-
31 December 2009	60.0	66.0	79.9	25.9	29.0
Movement	-	-	-	-	-
30 June 2010	60.0	66.0	79.9	25.9	29.0
Movement	-	-	-	-	-
31 December 2010	60.0	66.0	79.9	25.9	29.0
Movement	-	-	-	-	-
30 June 2011	60.0	66.0	79.9	25.9	29.0
Movement	18.2	-	17.0	(25.9)	(29.0)
31 Dec 2011	78.2	66.0	96.9	-	-

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Asset operating revenue

Revenue is calculated by the aggregation of the product of DUET's beneficial ownership interest and the total revenue of each of the relevant energy utilities. Revenue is recognised under the GAAP applicable to each relevant energy utility. Revenue included within this MIR excludes the impact of any changes in the fair value of derivatives.

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.

Operating expenses

Operating expenses are calculated by the aggregation of the product of DUET's beneficial ownership interest and the total operating expenses incurred by each of the relevant energy utilities. Operating expenses exclude any profit or loss on sale of fixed assets. Operating expenses recognised are reported under the GAAP applicable to each relevant energy utility. Asset operating expenses included within this MIR exclude the impact of any changes in the fair value of derivatives.

Maintenance capital expenditure

The maintenance capital expenditure is sourced directly from capital maintenance expenditure, disclosed in unaudited management accounts.

Asset maintenance capital expenditure is calculated by the aggregation of the product of DUET's beneficial ownership interest and the total maintenance capital expenditure at each of the relevant energy utilities.

Net external interest expense

Net external interest expense is the aggregation of the product of DUET's beneficial ownership interest and the total net external interest expense incurred by:

- the energy utility; and
- entities interposed between any of DUET's stapled entities and the energy utility, which have debt that is non-recourse to DUET.

Net external interest expense includes all contractual interest expenses, borrowing expenses and interest revenues payable to, or payable by, third parties. Interest and borrowing expenses, or interest revenues, in respect of shareholder loan or similar agreements are excluded from the definition of net external interest expense. Interest and borrowing costs that are capitalised and/or amortised and any changes in the fair value of financial derivatives are also excluded from the definition of net external interest expense.

SOLA Interest expense

DUET's Australian assets had subordinated debt which was wholly provided by DUET under on-lending agreements known as SOLAs (Second On-Lending Agreements). DUET received 100% of the interest income on the SOLA, whilst at the asset level (on a proportionate ownership basis) DUET shared the SOLA interest expense with the other asset owners. All SOLA had been repaid to DUET by 31 December 2011.

Net tax expense

Net tax expense is the current tax expense determined with reference to the local GAAP applicable to each relevant energy utility and is made up of the aggregation of the following components:

- the product of DUET's beneficial ownership interest and the net current tax expense of each of the relevant energy utilities, where the operating company does not form part of a consolidated group for tax purposes; and
- the product of DUET's beneficial ownership interest in the ultimate holding company of the asset in a consolidated group for taxation purposes and the net current tax expense of the relevant consolidated group.

Corporate Items

Net interest income/(expense)

This is the aggregation of net interest income/(expense) incurred by:

- any of DUET's stapled entities; and
- entities interposed between any of DUET's stapled entities and the energy utility operator companies which have debt that is recourse to DUET.

Net interest income/(expense) includes all contractual interest expenses, borrowing expenses and interest revenues payable to, or payable by, third parties except:

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- interest and borrowing expenses or interest revenues in respect of shareholder loans or similar agreements, other than SOLA interest income; and
- interest and borrowing costs that are capitalised and/or amortised.

Expenses

Expenses are the aggregation of:

- all expenses paid by DUET (excluding divestment and acquisition costs and performance fees related to sale of assets), including base fees and performance fees (to the extent that either or both are payable in cash and subsequently not reinvested in DUET Group securities); and
- DUET's share of expenses from entities interposed between any of DUET's stapled entities and the energy utility operator companies not included in the assets' operating expenses.

SOLA interest income

SOLA interest income represents the SOLA interest paid to DUET by Australian asset companies. SOLA financing, unlike all other shareholder loans, was provided entirely by DUET. Therefore the interest income is only attributed to DUET.

Net tax expense

Net tax expense is the net current tax expense of any of DUET's stapled entities and entities interposed between any of DUET's stapled entities and the energy utility operator companies. This report excludes any US withholding tax deducted from interest receipts from Duquesne as the cost is passed through to security holders that have not completed the relevant US Internal Revenue Service W-8BEN or W-9BEN form.

Realised gains / (losses) on FX hedge contracts

Realised gains/(losses) on FX hedge contracts reflect the gains or losses on foreign exchange forward contracts entered into by DUET to hedge distributions from its operating assets and include amounts realised after the balance sheet date but which relate to asset operations' distributions of current period earnings.

Proportionate earnings per stapled security ("EPS")

The number of issued securities for the purpose of calculating ("EPS") is calculated by the aggregation of each issue of DUET Group securities weighted by the number of days each security was on issue during the period.

Proportionate Gearing

DUET's share of energy utility assets' net debt

This is calculated by the aggregation of:

- DUET's proportionate share of the net external debt at each of the energy utilities; and
- DUET's proportionate share of the net debt held by entities interposed between any of DUET's stapled entities and the energy utility assets that is non-recourse to DUET.

Net debt is calculated at each of the relevant operating energy utilities by subtracting total cash on hand from total debt at the end of the period.

Corporate net debt / (cash)

This is calculated by the aggregation of all net debt held by DUET's stapled entities and entities interposed between any of DUET's stapled entities and the asset companies subtracting available cash on hand, from total debt at the end of the period. Available cash is calculated by subtracting from total cash on hand, all distributions declared by DUET Group stapled entities but not paid at the end of the relevant period.

DUET's share of RAB

This is the aggregation of the product of DUET's beneficial ownership interest and the Regulated Asset Base (RAB) of each of the relevant energy utilities. The RAB is based on management's calculations intra-regulatory period.

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Appendix 1: Reconciliation of Proportionate and Statutory Results

A reconciliation of Proportionate EBITDA per the MIR to profit before income tax expense per the DUET Group Interim Financial Report is provided as follows:

	Dampier Bunbury Pipeline	United Energy	Multinet	WA Gas Networks	Duquesne	Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
DUET Group for the 6 months to 31 December 2011							
Proportionate EBITDA	147,112	82,454	74,329	2,661	29,423	-	335,979
Additional EBITDA from subsidiaries ⁽¹⁾	41,025	42,476	2,345	-	-	-	85,846
Exclude associates ⁽²⁾	-	-	-	(2,661)	(29,423)	-	(32,084)
Corporate expenses	-	-	-	-	-	(11,054)	(11,054)
Consolidated EBITDA							378,687
Gains/(losses) on disposal of associates, net of transaction costs and FX	-	-	-	-	-	8,682	8,682
Equity accounted profits ⁽²⁾	-	-	-	753	6,001	-	6,754
Subsidiaries							
Interest income	1,538	502	1,691	-	-	-	3,731
Depreciation and amortisation	(40,396)	(54,240)	(15,468)	-	-	-	(110,104)
Finance costs	(121,446)	(67,527)	(45,968)	-	-	-	(234,941)
Changes in fair value of derivatives	(7,246)	(6,617)	(1,355)	-	-	-	(15,218)
Associates							
Change in fair value of derivatives	-	-	-	-	-	-	-
Change in defined benefit pension plan	-	-	-	-	-	-	-
Corporate							
Interest income	-	-	-	-	-	9,144	9,144
Finance costs	-	-	-	-	-	(7,932)	(7,932)
Net foreign exchange gains/(losses)	-	-	-	-	-	(260)	(260)
Profit before income tax expense							38,543

⁽¹⁾ To consolidate 100% of subsidiary asset EBITDA.

⁽²⁾ Excludes proportionate EBITDA of associates and includes the equity accounted result.

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A reconciliation of the Statement of Cash Flows per the DUET Group Interim Financial Report to Unconsolidated Cash Flows per the MIR is provided as follows:

	DUET Group 1 Jul 11 - 31 Dec 11	DUET Group 1 Jul 10 - 31 Dec 10
	\$'000	\$'000
Net cash flows from operating activities per DUET Group Interim Financial Report	371,280	425,071
<i>Less:</i>		
United Energy – statutory cash flows from operating activities	(109,934)	(125,805)
Multinet – statutory cash flows from operating activities	(91,042)	(101,055)
DBP – statutory cash flows from operating activities	(177,432)	(183,088)
Corporate level – other interest and director fees received	(4,059)	(5,072)
Duquesne Promissory note – interest received	(5,553)	(14,558)
WAGN – SOLA interest received	(1,397)	(3,053)
WAGN – dividend received	-	(5,402)
Other	(1)	-
	<u>(18,138)</u>	<u>(12,962)</u>
<i>Add:</i>		
Transaction costs relating to the sale of WAGN and the acquisition of DBP and Multinet	6,523	-
Gain on close out of FX hedge contracts	3,475	-
Income tax paid	401	-
Net cash flows from operating activities per MIR	(7,739)	(12,962)
Net cash flows from investing activities per DUET Group Interim Financial Report	136,290	(854,618)
<i>Add:</i>		
United Energy – statutory cash flows from investing activities	133,492	575,012
Multinet – statutory cash flows from investing activities	39,823	219,478
DBP – statutory cash flows from investing activities	33,986	37,444
	<u>343,591</u>	<u>(22,684)</u>
<i>Less:</i>		
Investment in asset companies by DUET (inter-company elimination)	(172,540)	(42,047)
DUET3 FX hedge closure	(3,476)	-
Transaction costs relating to the sale of WAGN and the acquisition of DBP and Multinet	(6,523)	-
Net cash flows from investing activities per MIR	161,052	(64,731)
Net cash flows from financing activities per DUET Group Interim Financial Report	(726,572)	424,782
<i>Add:</i>		
United Energy – statutory cash flows from financing activities	(18,216)	(466,169)
Multinet – statutory cash flows from financing activities	295,094	(140,872)
DBP – statutory cash flows from financing activities	167,450	62,587
Bank interest	3,583	5,071
SOLA interest received from asset companies	5,770	17,959
Related party transactions (inter-company elimination)	69,972	(3,064)
	<u>(202,919)</u>	<u>(99,706)</u>
<i>Less:</i>		
Income tax paid	(401)	-
Other	(2,896)	(698)
Net cash flows from financing activities per MIR	(206,216)	(100,404)

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A reconciliation of the Interest Bearing Liabilities per the DUET Group Interim Financial Report to the Proportionate Net External Debt per the MIR is provided as follows:

	DUET Group 31 Dec 11	DUET Group 30 Jun 11
	\$m	\$m
Interest Bearing Liabilities per DUET Group Interim Financial Report	5,134.9	5,745.9
<i>Add:</i>		
United Energy – US\$ Debt / Fair Value Adjustment	121.5	163.9
Multinet – US\$ Debt / Fair Value Adjustment	43.3	57.9
DBP – capitalised borrowing costs	26.7	33.0
United Energy – capitalised borrowing costs	12.0	13.7
Multinet – capitalised borrowing costs	9.0	5.6
Corporate level – distribution declared and payable	87.3	91.0
WAGN – net external debt	-	646.9
<i>Less:</i>		
Cash on hand per DUET Group Interim Financial Report	(327.0)	(543.5)
DBP – finance lease liability	-	(21.6)
United Energy – minority share of RPS not eliminated on consolidation	(170.8)	(164.4)
Corporate level - capitalised borrowing costs and other	(2.8)	(3.1)
DUET Group Net External Debt	4,934.1	6,025.2
<i>Less:</i>		
DBP – minority share of Net External Debt	(439.7)	(1,035.1)
United Energy – minority share of Net External Debt	(562.7)	(531.8)
Multinet – minority share of Net External Debt	-	(170.0)
WAGN – outside share of Net External Debt	-	(479.1)
Proportionate Net External Debt per MIR	3,931.7	3,809.3

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Appendix 2: Consolidated Statutory Income Statement

This consolidated statutory income statement has been extracted from the DUET Group Interim Financial Report. A copy of the full report is available on the DUET website at www.duet.net.au.

	DUET Group 1 Jul 11 - 31 Dec 11 \$'000	DUET Group 1 Jul 10 - 31 Dec 10 \$'000
Revenue	599,044	582,179
Other Income	1,646	4,335
Total Revenue and other income	600,690	586,514
Share of net profit/(loss) of associates accounted for using the equity method	6,754	10,422
Net gains/(losses) on disposal of associates	8,682	-
Operating expenses	(196,542)	(165,587)
Other expenses	(28,064)	(18,665)
Depreciation and amortisation expense	(110,104)	(105,617)
Finance costs	(242,873)	(242,807)
Total expenses	(577,583)	(532,676)
Profit/(loss) before income tax expense	38,543	64,260
Income tax benefit/(expense)	1,456	(3,664)
Profit/(loss) for the half year	39,999	60,596
Profit/(loss) is attributable to:		
DUET1 unitholders	88,310	18,233
DUET2/DUET3 unitholders and DIHL shareholders as non-controlling interests	(45,463)	21,503
Stapled Securityholders	42,847	39,736
Other non-controlling interests	(2,848)	20,860
Profit/(loss) for the half year	39,999	60,596
Basic earnings/(loss) per stapled security/share/unit ⁽¹⁾	8.52c	2.06c
Diluted earnings/(loss) per stapled security/share/unit ⁽¹⁾	8.52c	2.06c

⁽¹⁾ The DUET Group calculation of earnings per share only include the earnings of the DUET Group parent entity, DUET1 in accordance with AASB 133 *Earnings per Share*.

Basis of preparation

The consolidated statutory income statement has been prepared in accordance with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("the Standards").

As required by the Standards, this consolidated statutory income statement includes:

- I. The consolidation of 100% of the statutory result of DBP, United Energy and Multinet (actual aggregated ownership percentage at 31 December 2011: DBP 82.4%, United Energy 66.0% Multinet 100.0%); and
- II. The change in the fair value (mark-to-market) of derivatives that reflects the movement in the termination value of those instruments during the period.

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Appendix 3: Consolidated Statutory Cash Flow Statement

This consolidated statutory cash flow statement has been extracted from the DUET Group Interim Financial Report. A copy of the full report is available on the DUET website at www.duet.net.au.

	DUET Group 1 Jul 11 - 31 Dec 11	DUET Group 1 Jul 10 - 31 Dec 10
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (including GST)	622,763	631,385
Payments to suppliers and employees (including GST)	(246,670)	(219,035)
Income tax (paid)/received	(401)	(358)
Interest received from associates	6,950	17,610
Interest received from related parties	-	-
Dividends received	-	5,402
Other interest received	8,172	11,916
Management and responsible entity fee paid	(9,540)	(10,078)
Indirect tax net (paid) /received	(9,994)	(11,771)
Net cash flows from operating activities	371,280	425,071
Cash flows (used in)/from investing activities		
Payments for purchase of property, plant and equipment	(157,178)	(149,552)
Payments for investments in term deposits	-	(682,500)
Payments for purchase of software	(50,217)	-
Payments for purchase of investments	(155,500)	(22,684)
Loans from related parties	-	-
Proceeds from the sale of investment net of cost	499,094	-
Proceeds from sale of non-current assets	91	118
Net cash flows (used in)/from investing activities	136,290	(854,618)
Cash flows from financing activities		
Proceeds from issue of stapled securities, net of costs	266,545	-
Proceeds from securities issued to non-controlling interests	12,096	13,458
Proceeds from borrowings from external parties	486,923	2,330,455
Repayment of borrowings from external parties	(1,144,500)	(1,619,580)
Loans to related parties	-	-
Finance costs paid	(243,170)	(237,013)
Dividends paid to non-controlling interest	(13,903)	(2,912)
Distributions paid to DUET securityholders, net of DRP	(90,563)	(59,626)
Net cash flow from/(used in) financing activities	(726,572)	424,782
Net increase/(decrease) in cash and cash equivalents held	(219,002)	(4,765)
Cash and cash equivalents at the beginning of the half year	543,482	464,682
Effects of exchange rate changes on cash and cash equivalents	2,484	629
Cash and cash equivalents at the end of the half year	326,964	460,546

Basis of preparation

As required by the Standards, this consolidated statutory cash flow statement includes the consolidated cash flows not only of the DUET Group corporate level but also 100% of the cash flows of its, in aggregate, majority controlled asset companies, DBP, United Energy and Multinet.

Appendix 4: DUET Group Detailed Asset Information Pack

For the half year ended 31 December 2011

APPENDIX 4

DUET GROUP

DETAILED ASSET INFORMATION PACK

For the half year ended 31 December 2011

Appendix 4: DUET Group Detailed Asset Information Pack

For the half year ended 31 December 2011

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Appendix 4: DUET Group Detailed Asset Information Pack

For the half year ended 31 December 2011

1. Introduction

This Detailed Asset Information Pack (“DAIP”) sets out financial information for each of DUET’s energy utility assets and reflects earnings attributable to all equity holders of each utility asset, rather than just DUET’s relevant beneficial ownership interest (as presented in the MIR).

The DAIP and MIR include the same EBITDA values, which exclude:

- changes in fair value arising from non-cash MTM movements from revenue and cost hedging;
- non-cash costs for the reduction in goodwill; and
- significant one off items such as merger and severance costs.

The key differences between the DAIP and MIR include:

	DAIP	MIR
Depreciation & Amortisation (“D&A”)	Reports D&A	Replaces D&A with maintenance capital expenditure
Revenue (United Energy only)	Includes TUOS revenue	Excludes TUOS revenue
Operating expenses (United Energy)	Includes Grid Fees	Excludes Grid Fees
Interest expense	Separately reports external interest payments and SOLA interest payments under the Net Borrowing Costs category.	Reports net external interest payments together with SOLA interest payments. SOLA was 100% funded by DUET. Excludes amortisation of deferred borrowing costs. Excludes any impact of MTM movements of derivatives reported by asset companies within interest expense.

This DAIP is not intended to replace the Financial Report of DUET and provides a summary to assist an assessment of the performance of DUET’s energy utility assets. Where necessary, comparative figures have been adjusted to conform with changes in the presentation in the current period.

Note that, due to rounding, certain totals presented in this DAIP may not be the exact sum of the individual line items they comprise.

Dampier Bunbury Pipeline

2. Dampier Bunbury Pipeline

2.1. Financial Summary

	6 months to 31 Dec 10 (pcp) \$m	6 months to 30 Jun 11 \$m	12 months to 30 Jun 11 \$m	6 months to 31 Dec 11 \$m	Change on pcp %
Transport Revenue	200	205	405	214	7.1
Total Revenue ¹	212	219	431	228	7.3
EBITDA ²	176	184	360	188	7.0
EBIT	138	144	281	148	7.2
NPAT	34	111	145	15	(55.7)

	6 months to 31 Dec 10 \$m	6 months to 30 Jun 11 (pcp) \$m	12 months to 30 Jun 11 \$m	6 months to 31 Dec 11 \$m	Change on pcp %
Total Capex	53	32	85	35	11.1
RAB ³	3,571	3,643	3,643	3,557	(2.4)

¹ Total revenue excludes interest income and unrealised foreign exchange gains and losses.

² EBITDA excludes unrealised foreign exchange gains and losses.

³ RAB is based on management's calculations intra-regulatory period. DBP's RAB at 31 December 2011 is based on the ERA's final regulatory decision for the period 2011-2015 handed down on 31 October 2011.

Commentary on key items

- Transport Revenue and EBITDA benefited from a full period contribution of the Stage 5B expansion project.
- NPAT was impacted by an increase in senior interest costs and unfavourable unrealised fair value movements in interest rate hedges, which more than offset the increase in Transport Revenue.

Dampier Bunbury Pipeline

2.2. Income Statement

	6 months to 31 Dec 10 (pcp) \$m	6 months to 30 Jun 11 \$m	12 months to 30 Jun 11 \$m	6 months to 31 Dec 11 \$m	Change on pcp %
Revenue¹	212.3	219.1	431.4	227.8	7.3
<i>Transport Revenue</i>	200.3	205.1	405.4	214.4	7.1
<i>Chargeable Works</i>	8.5	7.8	16.3	8.1	(5.2)
<i>Other Revenue</i>	3.5	6.2	9.8	5.3	49.1
Other Revenue	0.0	(0.0)	(0.0)	0.1	n/m
<i>FX Gains / (Losses)</i>	0.0	(0.0)	(0.0)	0.1	n/m
Operating Expenses	36.6	34.6	71.2	39.7	8.5
<i>Operating Services Fees</i>	2.4	2.5	4.9	4.1	73.9
<i>Salaries, Licenses, Fees and Other</i>	15.8	13.8	29.6	16.1	2.1
<i>Employee Expenses</i>	12.1	11.4	23.5	14.0	15.8
<i>Fuel Gas</i>	6.3	6.9	13.2	5.4	(14.3)
D&A and Abandonments	38.0	40.8	78.9	40.4	6.3
<i>Depreciation</i>	37.6	37.3	74.8	39.1	4.1
<i>Amortisation</i>	0.5	2.9	3.3	1.3	n/m
<i>Abandonments</i>	0.0	0.7	0.7	(0.0)	n/m
Net Borrowing Costs	100.2	142.2	242.4	126.3	26.1
<i>Interest Income</i>	(2.6)	(2.8)	(5.4)	(1.5)	(40.3)
<i>Senior Interest</i>	99.7	107.4	207.0	107.5	7.9
<i>SOLA Interest</i>	5.5	3.3	8.9	0.6	(88.7)
<i>Interest Rate Hedge – Fair Value Movements</i>	(10.3)	20.3	10.0	5.8	n/m
<i>Amortisation and Other Financing Costs</i>	7.8	14.1	21.8	13.9	78.6
Income Tax Expense	3.9	(110.0)	(106.0)	6.5	65.3
Net Profit After Tax	33.7	111.4	145.0	14.9	(55.7)

¹ Revenue excludes interest income which has been reclassified under the "Net Borrowing Cost" category for the purposes of this report.

Commentary on key items

- Transport Revenue increased by 7.1% on pcp driven by increased capacity and tariffs from the Stage 5B expansion project and a CPI uplift in tariffs.
- Operating Expenses increased by 8.5% on pcp due to higher salaries along with a total of \$2.0m in respect of the 2011-15 regulatory appeal lodgement and the AET&D sale; these costs were partially offset by a reduction of 14.3% on pcp in fuel gas expenses.
- Net Borrowing Costs increased 26.1% on pcp due to mark-to-market movements in interest rate hedges, higher senior interest costs on debt draws to fund the Stage 5B expansion project, the impact of higher interest costs on debt which was refinanced in FY2011 and the write off of capitalised borrowing costs associated with debt repaid during the period. These increases more than offset the reduction in interest costs this period from the \$200m equity recapitalisation committed by DUET and Alcoa in October 2011.
- SOLA interest expense decreased as a result of the repayment of the \$32m SOLA principal balance by DBP to DUET in October 2011.

Dampier Bunbury Pipeline

2.3. Cash Flow Statement

	6 months to 31 Dec 10 (pcp) \$m	6 months to 30 Jun 11 \$m	12 months to 30 Jun 11 \$m	6 months to 31 Dec 11 \$m	Change on pcp %
Cash Flows from Operating Activities	183.1	190.1	373.2	177.4	(3.1)
<i>Cash Receipts (including GST)</i>	242.8	245.8	488.6	241.9	(0.4)
<i>Cash Payments (including GST and indirect taxes)</i>	(59.7)	(55.7)	(115.4)	(64.5)	8.0
<i>Income Tax Payment</i>	0.0	0.0	0.0	0.0	n/m
Cash Flows from Investing Activities	(17.0)	(48.3)	(65.2)	(34.0)	100.1
<i>Purchase of PP&E</i>	(32.9)	(30.3)	(63.2)	(34.0)	3.2
<i>Proceeds from Sale of Non-Current Assets</i>	0.0	0.0	0.0	0.0	n/m
<i>Payments for Short Term Investments</i>	(4.5)	0.0	(4.5)	0.0	n/m
<i>Proceeds from Short Term Investments</i>	20.5	4.5	25.0	0.0	n/m
<i>Payment for Other Financial Assets</i>	0.0	(22.5)	(22.5)	0.0	n/m
Cash Flows from Financing Activities	(62.6)	(228.7)	(291.3)	(167.5)	167.5
<i>Movement in Borrowings</i>	52.0	(68.8)	(16.8)	(144.0)	(377.0)
<i>Equity Contributions</i>	5.1	78.1	83.2	165.6	n/m
<i>Senior Borrowing Costs</i>	(114.2)	(108.4)	(222.6)	(115.7)	1.3
<i>SOLA Interest</i>	(5.5)	(3.3)	(8.9)	(1.0)	(82.1)
<i>Distributions</i>	0.0	(126.2)	(126.2)	(72.4)	n/m
Net Cash Movement	103.5	(86.8)	16.7	(24.0)	(123.2)
<i>Opening Cash</i>	77.7	181.2	77.7	94.4	21.5
<i>Effect of FX Changes on Cash</i>	(0.0)	(0.0)	(0.0)	0.1	n/m
<i>Closing Cash</i>	181.2	94.4	94.4	70.5	(61.1)

Commentary on key items

- Movements in Borrowings totalled \$144.0m for the period included the repayment of \$128.0m of external debt and the remaining \$32.0m SOLA balance as a result of additional equity contributions of \$165.6m for the period (DUET: \$160m, Alcoa \$5.6m).
- SOLA Interest payments decreased by \$4.5m as a result of the SOLA principal balance being repaid by DBP to DUET.

Dampier Bunbury Pipeline

2.4. Balance Sheet

	31 Dec 10	30 Jun 11 (pcp)	31 Dec 11	Change on pcp
	\$m	\$m	\$m	%
Current Assets	221.3	130.8	124.9	(4.5)
<i>Cash</i>	181.2	94.4	70.5	(25.4)
<i>Accounts Receivable</i>	5.2	10.3	14.6	41.6
<i>Derivative Financial Instruments</i>	0.0	0.0	0.0	n/m
<i>Inventories and Other Assets</i>	34.9	26.1	39.9	52.9
Non-Current Assets	3,712.8	3,725.7	3,720.2	(0.1)
<i>Plant, Property and Equipment</i>	3,043.7	3,029.1	3,023.9	(0.2)
<i>Intangibles</i>	669.1	674.6	674.5	(0.0)
<i>Other</i>	0.0	22.0	21.7	(1.0)
Current Liabilities	90.7	618.3	372.2	(39.8)
<i>Payables & Other Liabilities</i>	74.6	81.0	88.5	9.2
<i>External Debt</i>	0.0	523.8	275.0	(47.5)
<i>Finance Lease Liability</i>	0.8	0.8	0.8	2.0
<i>Derivative Financial Instruments</i>	7.9	4.0	0.0	n/m
<i>Provisions</i>	7.4	8.8	8.0	(9.0)
Non-Current Liabilities	3,247.2	2,580.0	2,766.5	7.2
<i>External Debt</i>	2,677.1	2,158.3	2,295.1	6.3
<i>Capitalised Borrowing Costs</i>	(45.5)	(33.0)	(26.7)	(18.9)
<i>Finance Lease Liability</i>	22.0	21.6	21.2	(1.8)
<i>SOLA Debt</i>	108.0	32.0	0.0	n/m
<i>Deferred Tax Liabilities</i>	382.7	272.2	253.3	(7.0)
<i>Derivative Financial Instruments</i>	87.4	113.4	207.9	83.3
<i>Provisions</i>	15.4	15.3	15.8	2.7
Net Assets	596.2	658.2	706.3	7.3
Equity	596.2	658.2	706.3	7.3
<i>Contributed Equity</i>	902.4	980.4	1,146.1	16.9
<i>Reserves</i>	(53.2)	(54.5)	(113.8)	108.7
<i>Retained Earnings</i>	(252.9)	(267.7)	(326.0)	21.7

Commentary on key items

- Cash decreased as a result of higher distributions paid to equity holders and the utilisation of a \$20m equity reserve account set aside to fund the Stage 5B expansion.
- External Debt in Current Liabilities reflects the \$275m A\$ Wrapped Notes - Tranche 1 maturing in April 2012. On 23 December 2011, DBP announced it had raised a \$235 million five-year bank debt facility to refinance these bonds.
- Derivative Financial Instruments in Non-Current Liabilities increase 83.3% on pcp reflecting mark-to-market movements in interest rate swaps.

Dampier Bunbury Pipeline

2.5. Capital Expenditure Summary

	6 months to 31 Dec 10	6 months to 30 Jun 11 (pcp)	12 months to 30 Jun 11	6 months to 31 Dec 11	Change on pcp
	\$m	\$m	\$m	\$m	%
Total Capex	53.0	31.7	84.7	35.2	11.1
Growth Capex	46.0	18.9	64.9	28.4	50.4
<i>Pipeline Expansion</i>	40.5	15.3	55.7	23.3	52.7
<i>Shipper Funded Capex</i>	5.5	3.7	9.2	5.1	40.5
Maintenance Capex	7.0	12.8	19.8	6.7	(47.2)

The capital expenditure allocated to the main programmes are summarised above. Note that this relates to capital expenditure incurred rather than the cash expenses paid as presented in the Cash Flow Statement.

Commentary on key items

- Expansion Capex for the period was \$23.3m which related to expenditure for the Stage 5B expansion.

Dampier Bunbury Pipeline

2.6. Key Operating Statistics

	6 months to		6 months to		12 months to		6 months to		Change
	31 Dec 10 (pcp)	%	30 Jun 11	%	30 Jun 11	%	31 Dec 11	%	on pcp
Throughput (TJ)									
Full Haul	120,845	75	112,627	75	233,472	75	118,871	75	(1.6)
Part Haul	18,442	11	19,021	13	37,463	12	19,848	13	7.6
Back Haul	21,086	13	17,679	12	38,764	13	19,226	12	(8.8)
Total	160,372	100	149,327	100	309,699	100	157,945	100	(1.5)

	1 month to		1 month to		1 month to		Change
	31 Dec 10 (pcp)	%	30 Jun 11	%	31 Dec 11	%	on pcp
Contracted Capacity (Average TJ/day)							
Full Haul	805	69	835	70	848	70	5.3
Part Haul	214	18	214	18	214	18	0.1
Back Haul	150	13	147	12	151	12	0.2
Total	1,169	100	1,196	100	1,213	100	3.7

	As at		As at		As at		Change
	31 Dec 10 (pcp)	%	30 Jun 11	%	31 Dec 11	%	on pcp
Line Length (km)							
Mainline	1,530	50	1,530	50	1,530	50	-
Looping	1,252	41	1,252	41	1,252	41	-
Laterals	299	10	299	10	299	10	-
Total	3,081	100	3,081	100	3,081	100	-

Compression	As at		As at		As at		Change
	31 Dec 10 (pcp)	%	30 Jun 11	%	31 Dec 11	%	on pcp
No. Of Compressors	27		27		27		-

3. United Energy

3.1. Financial Summary

	6 months to 31 Dec 10 (pcp) \$m	6 months to 30 Jun 11 \$m	12 months to 30 Jun 11 \$m	6 months to 31 Dec 11 \$m	Change on pcp %
Distribution Revenue ¹	145	158	303	150	3.0
Total Revenue ²	186	219	405	207	11.4
EBITDA ³	130	144	274	125	(3.7)
EBIT	77	90	166	70	(8.5)
NPAT	6	(8)	(2)	(16)	n/m

	6 months to 31 Dec 10 \$m	6 months to 30 Jun 11 (pcp) \$m	12 months to 30 Jun 11 \$m	6 months to 31 Dec 11 \$m	Change on pcp %
Total Capex	107	119	226	138	16.4
RAB ⁴	1,546	1,642	1,642	1,777	8.3

¹ Distribution revenue excludes TUoS revenue and other pass-throughs.

² Total revenue excludes TUoS revenue and other pass-throughs, interest income and unrealised foreign exchange gains and losses.

³ EBITDA excludes unrealised foreign exchange gains and losses.

⁴ RAB is based on management's calculations intra-regulatory period.

Commentary on key items

- Distribution Revenue increased 3.0% on pcp resulting from a tariff increase of 3.16% (being CPI+X of 2.79% plus 0.37%) which was partially offset by lower volumes.
- Total Revenue increased due to higher Distribution Revenue and additional Metering Revenue from the continued roll out of the Smart Meter Program.
- EBITDA decreased 3.7% as a result of higher operating costs which more than offset the increase in Distribution Revenue.
- The net loss after tax for the period was driven by higher operating costs and an increase in borrowing costs driven by unrealised fair value movements in interest rate hedges.
- RAB increased 8.3% for the period driven by an increase in Total Capex associated the Smart Meter program and network capex in line with UED's regulatory growth mandate.

3.2. Income Statement

	6 months to 31 Dec 10 (pcp) \$m	6 months to 30 Jun 11 \$m	12 months to 30 Jun 11 \$m	6 months to 31 Dec 11 \$m	Change on pcp %
Total Revenue¹	284.5	211.9	496.5	255.1	(10.3)
Distribution Revenue	193.1	200.9	394.0	197.6	2.3
<i>TUoS Revenue and other Pass-Throughs</i>	<i>47.8</i>	<i>43.4</i>	<i>91.3</i>	<i>48.0</i>	<i>0.3</i>
<i>DUoS Revenue</i>	<i>145.3</i>	<i>157.5</i>	<i>302.8</i>	<i>149.7</i>	<i>3.0</i>
<i>Residential</i>	69.8	75.7	145.5	72.1	3.3
<i>Business</i>	37.2	39.7	76.8	37.6	1.2
<i>Industrial</i>	38.3	42.2	80.5	40.0	4.3
Other Revenue	40.7	61.7	102.4	57.5	41.4
<i>Metering Revenue</i>	<i>26.4</i>	<i>41.3</i>	<i>67.7</i>	<i>42.0</i>	<i>59.2</i>
<i>New Connections Revenue</i>	<i>1.1</i>	<i>1.1</i>	<i>2.2</i>	<i>1.4</i>	<i>29.9</i>
<i>Customer Contributions</i>	<i>4.1</i>	<i>7.4</i>	<i>11.5</i>	<i>4.4</i>	<i>5.7</i>
<i>Other (incl. Miscellaneous Electricity Revenue)</i>	<i>9.2</i>	<i>11.9</i>	<i>21.0</i>	<i>9.8</i>	<i>7.3</i>
Unrealised FX Gains	50.7	(50.7)	0.0	0.0	n/m
Operating Expenses	105.6	117.8	223.3	128.6	21.9
<i>Grid Fees</i>	<i>47.6</i>	<i>45.0</i>	<i>92.6</i>	<i>51.1</i>	<i>7.3</i>
<i>Operating Fees (incl. Smart Meter)</i>	<i>44.8</i>	<i>52.6</i>	<i>97.4</i>	<i>46.8</i>	<i>4.4</i>
<i>Other Operating Expenses</i>	<i>11.7</i>	<i>21.1</i>	<i>32.8</i>	<i>32.4</i>	<i>176.6</i>
<i>Unrealised FX Losses</i>	<i>1.5</i>	<i>(0.9)</i>	<i>0.6</i>	<i>(1.6)</i>	<i>n/m</i>
D&A and Abandonments	53.1	54.1	107.2	54.8	3.3
<i>Depreciation</i>	<i>42.4</i>	<i>43.5</i>	<i>85.9</i>	<i>38.8</i>	<i>(8.4)</i>
<i>Amortisation</i>	<i>9.8</i>	<i>9.6</i>	<i>19.4</i>	<i>15.4</i>	<i>57.4</i>
<i>Abandonments</i>	<i>0.9</i>	<i>1.0</i>	<i>1.9</i>	<i>0.6</i>	<i>(34.6)</i>
Net Borrowing Costs	120.5	57.8	178.3	96.4	(20.0)
<i>Interest Income</i>	<i>(1.9)</i>	<i>(8.4)</i>	<i>(10.3)</i>	<i>(0.5)</i>	<i>(73.1)</i>
<i>Senior Interest</i>	<i>50.0</i>	<i>57.9</i>	<i>107.9</i>	<i>53.4</i>	<i>6.8</i>
<i>SOLA Interest</i>	<i>8.4</i>	<i>5.6</i>	<i>14.0</i>	<i>0.0</i>	<i>n/m</i>
<i>RPS Interest</i>	<i>25.0</i>	<i>27.9</i>	<i>53.0</i>	<i>32.1</i>	<i>28.5</i>
<i>Capex Shareholder Loan Interest</i>	<i>4.6</i>	<i>1.9</i>	<i>6.5</i>	<i>0.0</i>	<i>n/m</i>
<i>Interest Rate Hedge – Fair Value Movements</i>	<i>28.8</i>	<i>(35.6)</i>	<i>(6.9)</i>	<i>8.2</i>	<i>(71.5)</i>
<i>Amortisation and Other Financing Costs</i>	<i>5.7</i>	<i>8.4</i>	<i>14.1</i>	<i>3.2</i>	<i>(43.2)</i>
Income Tax Expense	(0.6)	(9.4)	(10.0)	(8.3)	n/m
Net Profit / (Loss) After Tax	6.0	(8.3)	(2.4)	(16.4)	n/m

¹ Revenue excludes interest income which has been reclassified under the “Net Borrowing Cost” category for the purposes of this report.

Commentary on key items

- DUoS Revenue increased 3.0% on pcp from a tariff increase of 3.16% (being CPI+X of 2.79% plus 0.37%) which was partially offset by a decline in volumes.
- Other Revenue increased 41.4% on pcp primarily as a result of the increase in Metering Revenue driven by higher Smart Meter revenue and an increase in requests for special meter readings.
- Operating Expenses increased 21.9% on pcp mainly from the increase in Other Operating Expenses. Other Operating Expenses included \$0.8m of costs incurred in respect of the 2011-15 regulatory appeal lodgement and transition costs of \$16.0m related to the internalisation of the operating model.
- Net Borrowing Costs decreased 20.0% on pcp due to unrealised fair value movements in interest rate hedges which were partially offset by higher Senior Interest costs.

3.3. Cash Flow Statement

	6 months to 31 Dec 10 (pcp) \$m	6 months to 30 Jun 11 \$m	12 months to 30 Jun 11 \$m	6 months to 31 Dec 11 \$m	Change on pcp %
Cash Flows from Operating Activities	125.8	156.0	281.8	109.9	(12.6)
<i>Cash Receipts (including GST)</i>	259.6	302.9	562.6	258.3	(0.5)
<i>Cash Payments (including GST and indirect taxes)</i>	(133.8)	(147.0)	(280.8)	(148.4)	10.9
<i>Income Tax (Payment) / Refund</i>	0.0	0.0	0.0	0.0	n/m
Cash Flows from Investing Activities	(97.0)	(118.6)	(215.6)	(133.5)	37.6
<i>Purchase of PP&E and Intangibles</i>	(97.1)	(118.8)	(215.9)	(133.6)	37.5
<i>Proceeds from Sale of PP&E</i>	0.1	0.2	0.3	0.1	(28.4)
Cash Flows from Financing Activities	(11.8)	(28.5)	(40.3)	18.2	n/m
<i>Equity Contributions</i>	25.0	178.8	203.8	19.0	(24.0)
<i>Movement in Borrowings</i>	48.3	(91.0)	(42.7)	85.0	76.0
<i>Interest Paid – Senior</i>	(47.5)	(76.9)	(124.4)	(53.7)	13.0
<i>Interest Paid – SOLA</i>	(8.3)	(8.1)	(16.4)	0.0	n/m
<i>Interest Paid – RPS</i>	(25.0)	(27.9)	(52.9)	(32.1)	28.3
<i>Interest Paid – Capex Shareholder Loans</i>	(4.3)	(3.3)	(7.6)	0.0	n/m
<i>Distributions</i>	0.0	0.0	0.0	0.0	n/m
Net Cash Movement	17.0	8.9	25.9	(5.3)	(131.5)
<i>Opening Cash</i>	32.5	49.4	32.5	61.1	88.0
<i>Effect of FX Changes on Cash</i>	0.0	2.7	2.7	0.0	n/m
<i>Closing Cash</i>	49.4	61.1	61.1	55.7	12.7

Commentary on key items

- \$75.0m of the total \$85.0m Movement in Borrowings for the period, and Equity Contributions of \$19.0m were applied to fund the Smart Meter program and network capex. The remaining \$10.0m Movement in Borrowings reflects an additional \$10.0m drawdown on UED's working capital facility in this period compared to pcp.

United Energy

3.4. Balance Sheet

	31 Dec 10	30 Jun 11 (pcp)	31 Dec 11	Change on pcp
	\$m	\$m	\$m	%
Current Assets	591.6	114.4	140.9	23.2
<i>Cash</i>	49.4	61.1	55.7	(8.7)
<i>Accounts Receivable</i>	55.1	50.7	78.4	54.6
<i>Derivative Financial Instruments</i>	0.0	1.1	0.0	n/m
<i>Other Assets (incl. Inventory and Tax Assets)</i>	487.0	1.6	6.8	n/m
Non-Current Assets	2,347.9	2,455.8	2,535.1	3.2
<i>Plant, Property & Equipment</i>	1,453.7	1,504.7	1,567.9	4.2
<i>Deferred Tax Asset</i>	13.0	70.8	78.3	10.6
<i>Intangibles</i>	853.1	868.6	888.9	2.3
<i>Derivative Financial Instruments</i>	28.2	11.6	0.0	n/m
<i>Other Assets</i>	0.0	0.0	0.0	n/m
Current Liabilities	849.0	135.3	170.4	26.0
<i>Payables (incl. Unearned Revenue)</i>	113.1	92.9	115.3	24.1
<i>Derivative Financial Instruments</i>	122.8	21.4	24.6	14.9
<i>External Debt</i>	718.6	20.0	30.0	50.0
<i>US\$ Debt / Fair Value Adjustment</i>	(106.2)	0.0	0.0	n/m
<i>Current Tax Liabilities</i>	0.0	0.0	0.0	n/m
<i>Provisions</i>	0.6	1.0	0.5	(49.8)
Non-Current Liabilities	2,034.7	2,193.3	2,316.6	5.6
<i>External Debt</i>	1,322.1	1,605.1	1,680.1	4.7
<i>Capitalised Borrowing Costs</i>	(11.6)	(13.7)	(12.0)	(12.4)
<i>US\$ Debt / Fair Value Adjustment</i>	(109.6)	(163.9)	(121.5)	(25.9)
<i>SOLA Debt</i>	183.7	0.0	0.0	n/m
<i>Capex Shareholder Loans</i>	85.0	0.0	0.0	n/m
<i>Redeemable Preference Shares</i>	369.5	483.5	502.3	3.9
<i>Deferred Tax Liabilities</i>	108.4	163.5	147.1	(10.1)
<i>Derivative Financial Instruments</i>	85.3	108.3	110.1	1.6
<i>Other Liabilities</i>	1.9	10.4	10.4	-
Net Assets	55.8	241.6	189.1	(21.8)
Equity	55.8	241.6	189.1	(21.8)
<i>Contributed Equity</i>	28.7	207.5	207.7	0.1
<i>Reserves</i>	(2.5)	13.0	(23.4)	n/m
<i>Retained Profits / (Loss)</i>	29.5	21.2	4.8	(77.4)

Commentary on key items

- Plant, Property and Equipment increased 4.2% on pcp principally as a result of higher IT capex spend.

3.5. Capital Expenditure Summary

	6 months to 31 Dec 10	6 months to 30 Jun 11 (pcp)	12 months to 30 Jun 11	6 months to 31 Dec 11	Change on pcp
	\$m	\$m	\$m	\$m	%
Total Capex	106.9	118.9	225.7	138.4	16.4
Growth Capex	82.2	73.4	155.6	126.8	72.7
<i>Network and IT</i>	40.8	15.4	56.2	70.5	361.3
<i>Smart Meter</i>	20.5	37.5	58.0	31.0	(17.4)
<i>Customer Initiated Capital</i>	20.9	20.5	41.4	25.4	20.7
Maintenance Capex	24.7	45.4	70.1	11.6	(74.5)

The capital expenditure allocated to the main programmes are summarised above. Note that this relates to capital expenditure incurred rather than the cash expenses paid as presented in the Cash Flow Statement.

Commentary on key items

- Maintenance capex decreased as a result of increased renewal and expansion of UED's network and IT systems to enhance network performance and accommodate increases in peak demand.

3.6. Key Operating Statistics

	6 months to 31 Dec 10 (pcp)		6 months to 30 Jun 11		12 months to 30 Jun 11		6 months to 31 Dec 11		Change on pcp
		%		%		%		%	%
Electricity load (GWh)									
Small Tariff	1,549	38	1,488	38	3,037	38	1,515	37	(2.2)
Medium Tariff	764	19	734	19	1,497	19	748	18	(2.1)
Large Tariff	1,800	44	1,737	44	3,537	44	1,799	44	(0.0)
Total Electricity Load	4,112	100	3,959	100	8,071	100	4,062	100	(1.2)

	As at 31 Dec 10 (pcp)		As at 30 Jun 11		As at 31 Dec 11		Change on pcp
		%		%		%	%
Connections							
Small (residential and unmetered)	576,057	91	579,136	91	582,217	91	1.1
Medium Size Business	55,642	9	55,503	9	55,525	9	(0.2)
Commercial and Industrial	3,278	1	3,352	1	3,387	1	3.3
Total	634,977	100	637,991	100	641,130	100	1.0

	As at 31 Dec 10 (pcp)		As at 30 Jun 11		As at 31 Dec 11		Change on pcp
		%		%		%	%
Distribution Network Statistics (km)							
Overhead	10,282	80	10,276	80	10,277	80	(0.0)
Underground	2,516	20	2,556	20	2,574	20	2.3
Total Length	12,798	100	12,832	100	12,851	100	0.4

	12 months to 31 Dec 10	12 months to 30 Jun 11	12 months to 31 Dec 11
Distribution Network Statistics¹			
Maximum Demand (MW)	2,016	1,962	1,962
System average interruption frequency index (SAIFI) ²	1.0	1.0	1.0
Momentary average interruption frequency index (MAIFI) ³	1.0	1.1	1.1
System average interruption duration index (SAIDI) ⁴	130	117	90

¹ Does not include Excluded Events, as defined by the Australian Energy Regulator.

² Measures how often customers lost supply for a sustained period of greater than one minute.

³ Measures how often customers lost supply for a momentary period of less than one minute.

⁴ Measures the average number of minutes of lost service per customer per year.

4. Multinet

4.1. Financial Summary

	6 months to 31 Dec 10 (pcp) \$m	6 months to 30 Jun 11 \$m	12 months to 30 Jun 11 \$m	6 months to 31 Dec 11 \$m	Change on pcp %
Distribution Revenue	101	85	186	99	(2.2)
Total Revenue ¹	105	89	194	103	(1.7)
EBITDA ²	80	64	144	77	(4.3)
EBIT	64	48	112	60	(5.6)
NPAT	27	5	31	9	(66.9)

	6 months to 31 Dec 10 \$m	6 months to 30 Jun 11 (pcp) \$m	12 months to 30 Jun 11 \$m	6 months to 31 Dec 11 \$m	Change on pcp %
Total Capex	19	23	42	39	72.4
RAB ³	955	978	978	1,024	4.8

¹ Total revenue excludes interest income and unrealised foreign exchange gains and losses.

² EBITDA excludes unrealised revenue hedge movements.

³ The RAB stated is based on management's calculations intra-regulatory period.

Commentary on key items

- Distribution Revenue fell 2.2% on pcp due to lower volumes for the period which were partially offset by an average overall increase in tariffs of 2.45%.
- EBITDA decreased 4.3% on pcp as a result of lower Distribution Revenue and an increase in Operating Expenses driven by UAFG charges, consultancy, legal and IT costs.
- NPAT decreased 66.9% on pcp largely from an increase in Net Borrowing Costs from higher Senior Interest expenses and unrealised fair value movements in interest rate hedges.

4.2. Income Statement

	6 months to 31 Dec 10 (pcp) \$m	6 months to 30 Jun 11 \$m	12 months to 30 Jun 11 \$m	6 months to 31 Dec 11 \$m	Change on pcp %
Revenue¹	105.1	88.9	194.0	103.3	(1.7)
Distribution Revenue	100.8	84.8	185.6	98.6	(2.2)
<i>Tariff V (Variable)</i>	80.1	64.0	144.0	77.3	(3.5)
<i>Fixed Charges</i>	19.8	20.1	39.9	20.5	3.3
<i>Other Distribution Revenue (Tariff D and Tariff L)</i>	0.9	0.8	1.7	0.8	(6.9)
Other Revenue	4.3	4.0	8.4	4.7	8.4
<i>CPI Revenue Hedge</i>	(0.0)	0.1	0.1	0.2	n/m
<i>Customer Contributions</i>	0.6	0.6	1.3	0.7	9.0
<i>Miscellaneous</i>	3.7	3.3	7.0	3.8	3.9
Operating Expenses	24.9	25.0	49.9	26.6	7.0
<i>Operating Fees</i>	20.5	20.9	41.4	16.5	(19.5)
<i>Unrealised CPI Revenue Hedge Expense</i>	(0.1)	0.1	0.0	0.0	n/m
<i>Other Operating Expenses</i>	4.5	4.0	8.5	10.1	125.8
D&A and Abandonments	16.4	16.1	32.6	16.5	0.4
<i>Depreciation</i>	14.8	14.8	29.6	14.9	0.9
<i>Amortisation</i>	0.6	0.6	1.2	0.6	(9.8)
<i>Abandonments</i>	1.0	0.7	1.8	1.0	(0.2)
Net Borrowing Costs	37.0	43.2	80.2	51.3	38.6
<i>Interest Income</i>	(2.6)	(6.4)	(9.0)	(1.7)	(34.8)
<i>Senior Interest</i>	37.6	41.2	78.8	41.6	10.8
<i>SOLA Interest</i>	5.9	5.8	11.7	2.8	(53.1)
<i>Hybrid Interest</i>	0.0	0.0	0.0	2.9	n/m
<i>Interest Rate Hedge – Fair Value Movements</i>	(7.2)	(0.2)	(7.4)	1.4	(118.8)
<i>Amortisation and Other Financing Costs</i>	3.4	2.8	6.1	4.3	28.9
Income Tax Expense	0.0	0.0	0.0	0.0	n/m
Net Profit / (Loss) After Tax	26.8	4.5	31.3	8.9	(66.9)

¹ Revenue excludes interest income which has been reclassified under the “Net Borrowing Cost” category for this report.

Commentary on key items

- Operating Expenses increased 7.0% on pcp; the reduction in Operating Fees of 19.5% as a result of the corporate transition was more than offset by an increase in Other Operating Expenses. Operating Expenses included \$0.2m of costs incurred in respect of preparation for the 2013-17 regulatory submission and \$1.3m of costs related to internalisation of parts of the operating model.
- Other Operating Expenses include an accrual for potential settlement costs for unaccounted for gas from 2007 to 2011. MGH booked \$2.5m of UAFG in respect of calendar year 2007 to 2009 at 30 June 2011 (DUET’s share: \$2.0 million when DUET owned 79.9%). MGH has also booked a further \$1.8m (DUET’s share \$1.8m) in respect of calendar year 2010 and the first half of calendar year 2011 at 31 December 2011. There are likely to be further charges booked in the six months to 30 June 2012 in respect of the remainder of calendar year 2011 and the first half of calendar year 2012. All of these charges are yet to be settled with the respective retailers.
- Net Borrowing Costs increased 38.6% on pcp due to higher Senior Interest expenses and unrealised fair value movements in interest rate hedges. Amortisation and Other Financing Costs includes \$3.9m of SOLA interest rate hedge break costs incurred on repayment of the \$112.2m SOLA principal balance owing to DUET.

4.3. Cash Flow Statement

	6 months to 31 Dec 10 (pcp) \$m	6 months to 30 Jun 11 \$m	12 months to 30 Jun 11 \$m	6 months to 31 Dec 11 \$m	Change on pcp %
Cash Flows from Operating Activities	101.1	51.6	152.6	91.0	(9.9)
<i>Cash Receipts (including GST)</i>	135.6	85.2	220.9	126.6	(6.6)
<i>Cash Payments (including GST and indirect taxes)</i>	(34.6)	(33.7)	(68.2)	(35.6)	2.9
Cash Flows from Investing Activities	(19.5)	180.7	161.3	(39.8)	104.5
<i>Purchase of PP&E</i>	(19.5)	(19.3)	(38.7)	(39.8)	104.5
<i>Proceeds from Redemption of Investments</i>	0.0	200.0	200.0	0.0	n/m
Cash Flows from Financing Activities	(59.1)	(8.9)	(68.0)	(295.1)	n/m
<i>Movement in Borrowings</i>	(15.3)	39.0	23.7	(216.1)	n/m
<i>Equity Contributions</i>	14.5	14.5	29.0	0.0	n/m
<i>Interest Paid - Senior</i>	(37.8)	(42.2)	(80.0)	(49.7)	31.3
<i>Interest Paid - SOLA</i>	(6.0)	(5.8)	(11.8)	(8.1)	34.6
<i>Interest Paid - Hybrid</i>	0.0	0.0	0.0	(2.9)	n/m
<i>Distributions</i>	(14.5)	(14.5)	(29.0)	(18.5)	27.6
<i>CPI Revenue Hedge Paid</i>	(0.0)	0.1	0.1	0.1	n/m
Net Cash Movement	22.4	223.4	245.9	(243.9)	n/m
<i>Opening Cash</i>	16.7	39.1	16.7	262.5	n/m
<i>Closing Cash</i>	39.1	262.5	262.5	18.7	(52.3)

Commentary on key items

- Cash Flows from Financing Activities were an outflow of \$295.1m, reflecting the repayment of \$150m Credit Wrapped MTN's and \$100m Credit Wrapped FRN's in July 2011 after the redemption of a \$200m term deposit.
- Interest Paid on SOLA includes an interest rate swap break fee of \$3.9m resulting from the repayment of the \$112.2m SOLA principal by Multinet to DUET.

4.4. Balance Sheet

	31 Dec 10	30 Jun 11 (pcp)	31 Dec 11	Change on pcp
	\$m	\$m	\$m	%
Current Assets	263.5	302.5	49.3	(83.7)
<i>Cash</i>	39.1	262.5	18.7	(92.9)
<i>Accounts Receivable</i>	22.6	39.1	29.1	(25.5)
<i>Derivative Financial Instruments</i>	0.6	0.4	0.2	(58.9)
<i>Other Assets</i>	201.2	0.4	1.3	213.3
Non-Current Assets	1,273.5	1,279.9	1,302.8	1.8
<i>Plant, Property & Equipment</i>	786.7	787.4	796.4	1.1
<i>Intangibles</i>	486.5	492.4	506.3	2.8
<i>Derivative Financial Instruments</i>	0.4	0.1	0.0	n/m
Current Liabilities	292.9	642.6	67.6	(89.5)
<i>Payables (incl. Deferred Revenue)</i>	40.2	41.3	39.7	(3.9)
<i>Derivative Financial Instruments</i>	2.1	21.6	27.9	29.0
<i>External Debt</i>	250.0	579.5	0.0	n/m
<i>US\$ Debt / Fair Value Adjustment</i>	0.6	0.1	0.0	n/m
<i>Provisions</i>	0.0	0.0	0.0	n/m
Non-Current Liabilities	1,055.0	744.3	1,095.7	47.2
<i>External Debt</i>	820.2	529.7	893.1	68.6
<i>Capitalised Borrowing Costs</i>	(7.0)	(5.6)	(9.0)	61.1
<i>US\$ Debt / Fair Value Adjustment</i>	(51.7)	(58.1)	(43.3)	(25.4)
<i>SOLA Debt</i>	112.2	112.2	0.0	n/m
<i>Hybrid Instrument</i>	0.0	0.0	112.2	n/m
<i>Deferred Tax Liabilities</i>	74.1	73.0	74.3	1.7
<i>Derivative Financial Instruments</i>	82.9	69.0	45.0	(34.8)
<i>Other Liabilities</i>	24.2	24.0	23.4	(2.6)
Net Assets	189.2	195.5	188.7	(0.2)
Equity	189.2	195.5	188.7	(3.4)
<i>Contributed Equity</i>	269.3	283.8	283.8	-
<i>Reserves</i>	(18.8)	(17.0)	(14.1)	(17.1)
<i>Retained Profits / (Loss)</i>	(61.4)	(71.3)	(81.0)	13.5

Commentary on key items

- Cash is \$243.8m lower than pcp largely due to the redemption of a \$200.0m term deposit which was used to repay \$150.0m Credit Wrapped MTN's and \$100.0m Credit Wrapped FRN's in July 2011.
- External Debt in Current Liabilities has decreased by \$579.7m as a result of the repayment of the two bond tranches above, as well as the refinancing of a \$70.0m Senior Corporate Facility in July 2011, and the refinancing of Tranche A (\$205.0m) and Tranche B (\$130.0m) Senior Corporate Facilities in November 2011.
- The movement in SOLA Debt and Hybrid Instrument in Non-Current Liabilities of \$112.2m resulted from the repayment of the \$112.2m SOLA principal by Multinet to DUET and the issuance of a hybrid instrument by Multinet to DUET in September 2011.

4.5. Capital Expenditure Summary

	6 months to 31 Dec 10	6 months to 30 Jun 11 (pcp)	12 months to 30 Jun 11	6 months to 31 Dec 11	Change on pcp
	\$m	\$m	\$m	\$m	%
Total Capex	19.1	22.9	42.0	39.5	72.4
Growth Capex	16.1	15.8	31.9	35.0	121.1
<i>Network and IT</i>	8.7	9.3	18.0	25.9	177.6
<i>Customer Initiated Capital</i>	7.4	6.5	13.9	9.1	39.7
Maintenance Capex	3.0	7.1	10.1	4.5	(36.7)

The capital expenditure allocated to the main programmes are summarised above. Note that this relates to capital expenditure incurred rather than the cash expenses paid as presented in the Cash Flow Statement.

Commentary on key items

- Network and IT Growth Capex increased 177.6% on pcp due to the transition to a new data centre, a ramp up in the pipeworks replacement program and the commencement of the Lilydale Pipeline project.

4.6. Key Operating Statistics

	6 months to		6 months to		12 months to		6 months to		Change	
	31 Dec 10 (pcp)	%	30 Jun 11	%	30 Jun 11	%	31 Dec 11	%	on pcp	%
Usage – Gas Volumes (TJ)										
Tariff V	28,423	82	20,310	79	48,733	80	24,802	81	(12.7)	
Tariff D	6,381	18	5,516	21	11,897	20	5,938	19	(6.9)	
Total	34,805	100	25,826	100	60,630	100	30,741	100	(11.7)	

	As at		As at		As at		Change	
	31 Dec 10 (pcp)	%	30 Jun 11	%	31 Dec 11	%	on pcp	%
Distribution Network Profile – User Connections								
Tariff V Residential	651,551	97	653,774	97	657,005	98	0.8	
Tariff V Business	16,552	2	16,533	2	16,526	2	(0.2)	
Tariff D	270	0	267	0	264	0	(2.2)	
Total	668,373	100	670,574	100	673,795	100	0.8	

	12 months to	12 months to	12 months to
	31 Dec 10	30 Jun 11	31 Dec 11
Distribution Network Statistics			
Priority Emergency Response	96.5%	96.9%	97.1%
Number of Unplanned Outages (> 5 consumers)	18	22	12
Publicly Reported Gas Leaks (per 1,000 consumers)	17	17	16