

Management Information Report



For the year ended 30 June 2010



DUET Group Management Information Report

For the year ended 30 June 2010

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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). 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 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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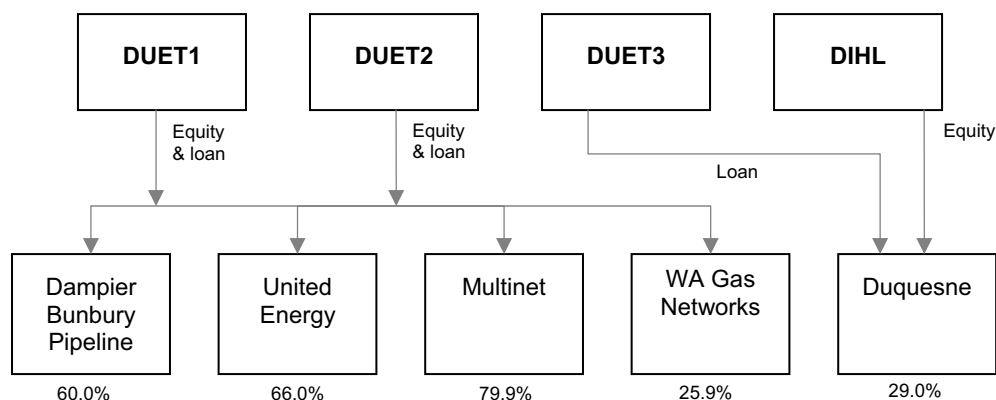
Overview of DUET Group

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 30 June 2010 is illustrated below.



The combined interest of DUET1 and DUET2 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. DUET holds non-controlling interests in WA Network Holdings Pty Limited ("WAGN" or "WA Gas Networks") and DQE Holdings LLC ("Duquesne").

Energy Utility Assets

DUET is an investor in energy utility assets. At 30 June 2010, DUET's portfolio of energy utility assets and interests were as follows:

	Dampier Bunbury Pipeline %	United Energy %	Multinet %	WA Gas Networks %	Duquesne %
As at 30 June 2010	60.0	66.0	79.9	25.9	29.0
As at 30 June 2009	60.0	66.0	79.9	25.9	29.0
Change	-	-	-	-	-

Dampier Bunbury Pipeline

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 a 60.0% interest in DBP and 100% of the subordinated SOLA debt.

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% interest in United Energy and 100% of the subordinated SOLA debt.

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Multinet

Multinet is a Victorian gas distribution company with a network covering 1,940 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 79.9% interest in Multinet and 100% of the subordinated SOLA debt.

WA Gas Networks

WAGN (formerly AlintaGas Networks) owns, operates and holds distribution licences for four gas distribution systems in Western Australia. These gas distribution networks supply natural gas to residential, commercial and industrial customers in metropolitan Perth, Geraldton, Bunbury, Busselton and Kalgoorlie-Boulder and liquefied petroleum gas to Albany. WAGN's customers represent the majority of Western Australian households and a range of commercial customers – all are supplied gas through its four networks. WAGN's networks include 12,856 kilometres of pipelines covering an area of approximately 3,800 square kilometres. DUET holds a 25.9% interest in WAGN and 100% of the subordinated debt.

Duquesne

Duquesne is an energy utility based in Pennsylvania, USA. It provides essential electricity distribution and transmission services and, as Provider of Last Resort (PoLR) has a statutory obligation to approximately 588,000 customers in a service territory of over 2,116 square kilometres in Pittsburgh and surrounding regions. DUET holds a 29.0% interest in Duquesne.

Key asset statistics are set out below as at 30 June 2010:

	Dampier Pipeline	Bunbury	United Energy	Multinet	WA Gas Networks	Duquesne
Length of network	1,530 km (mainline)		12,767 km	9,946 km	12,856 km	940 circuit-km (trans.) 11,716 circuit-km (dist.)
	1,252 km (Looping)					
	299 km (Laterals)					
Area of network	n/a		1,472 km ²	1,940 km ²	3,800 km ² (3)	2,116 km ²
Connections	n/a		631,206	665,451	627,205	Approx. 588,000
30 June 2010 load	826 TJ/day ⁽²⁾		8,114 GWh	55.1 PJ	27.9 PJ	13,424 GWh
Next regulatory reset date	Jan 2011 ⁽¹⁾		Jan 2011	Jan 2013	Jan 2011 ⁽⁴⁾	No set regulatory period ⁽⁵⁾

⁽¹⁾ The reference tariffs do not presently apply to the existing gas transportation contracts. On 1 January 2016 the tariffs will revert to the regulated tariff for the shippers other than Alcoa.

⁽²⁾ Average contracted full-haul capacity per day for the 1 month to 30 June 2010.

⁽³⁾ Includes regulated and unregulated networks.

⁽⁴⁾ Represents the date WAGN's regulatory tariff adjustment will become effective.

⁽⁵⁾ Duquesne's annual transmission revenue rate adjustments are effective on each 1 June following an annual formula update. On 23 July 2010, Duquesne submitted a distribution tariff increase request to PaPUC. The tariff adjustment on distribution revenues is expected to become effective in late April 2011.

Report Summary

This MIR contains Proportionate Earnings, Gearing and Unconsolidated Cash Flows for DUET Group for the year ended 30 June 2010. 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.

The purpose of this MIR is to provide information supplementary to the Financial Report of DUET Group. This MIR has been prepared on a different basis to the 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 Financial Report. This MIR should be read in conjunction with the Financial Report of DUET Group, which can be found on the DUET website at www.duet.net.au.

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

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For the year ended 30 June 2010

Proportionate Earnings

	Actual Results 12 months to 30 June 2010 \$'000	Pro forma Results 12 months to 30 June 2009 \$'000	Actual Results 12 months to 30 June 2009 \$'000
Energy Utility Assets			
Revenue	1,032,230	987,458	1,064,503
Operating expenses	(420,627)	(402,452)	(448,989)
Energy utility asset EBITDA	611,603	585,006	615,514
Maintenance capital expenditure	(95,990)		(94,164)
Net external interest expense	(257,712)		(255,655)
SOLA interest expense	(33,146)		(34,951)
Net tax expense	(1,648)		(24,415)
Proportionate earnings (pre-corporate items)	223,107		206,329
Net interest income	14,899		9,104
Hybrid capital interest expense	-		(10,090)
SOLA interest income	36,204		51,921
Corporate interest expense	(35,161)		(37,691)
Corporate expenses	(22,639)		(23,748)
Net tax expense	-		(438)
Realised gains/(losses) on FX hedge contracts	384		(2,715)
Proportionate earnings	216,794		192,672

EBITDA commentary

Proportionate EBITDA of \$611.6 million increased 4.5% on the prior corresponding period's (pcp) pro forma result of \$585.0 million, due to:

- Dampier Bunbury Pipeline: increased by 15.3% to \$189.5 million mostly due to higher revenues following the full period contribution of the Stage 5A expansion;
- United Energy: increased 4.7% to \$173.8 million due to the ramp up in revenue from the smart meter program;
- Multinet: increased by 1.8% to \$108.6 million due to higher tariff prices due to CPI partially offset by lower volumes from mild weather in the second half of the financial year;
- WA Gas Networks: increased by 4.3% to \$24.8 million due to new connections and higher tariffs due to CPI; and
- Duquesne: decreased by 7.5% to \$114.9 million due to higher operating and maintenance costs including actuarial site restoration costs (non-cash).

Proportionate Earnings commentary

Proportionate earnings of \$216.8m increased 12.5% due to Duquesne's lower net tax expense during the year.

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Energy Utility Asset Operating Performance

Actual results – 12 months to 30 June 2010

	Dampier Bunbury Pipeline	United Energy	Multinet	WA Gas Networks	Duquesne	Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue							
Gas transmission	222,842	-	-	-	-	-	222,842
Electricity transmission	-	-	-	-	34,389	-	34,389
Gas distribution	-	-	138,922	35,460	-	-	174,382
Electricity distribution	-	197,869	-	-	127,087	-	324,956
Other	12,181	46,309	6,227	1,631	209,314	-	275,662
	235,023	244,178	145,149	37,091	370,790	-	1,032,231
Operating expenses							
Operations and maintenance	(45,553)	(56,223)	(32,733)	(11,779)	(63,879)	-	(210,167)
Energy purchases	-	-	-	-	(170,286)	-	(170,286)
Other expenses ⁽¹⁾	-	(14,116)	(3,776)	(558)	(21,725)	-	(40,175)
	(45,553)	(70,339)	(36,509)	(12,337)	(255,890)	-	(420,628)
Proportionate EBITDA	189,470	173,839	108,640	24,754	114,900	-	611,603
<i>EBITDA margin</i>	80.6%	71.2%	74.8%	66.7%	31.0%		59.3%
Maintenance capital expenditure	(9,707)	(37,412)	(6,899)	(2,675)	(39,297)	-	(95,990)
Net interest expense	(92,415)	(60,534)	(54,239)	(9,249)	(41,275)	-	(257,712)
SOLA interest expense	(8,856)	(10,989)	(11,896)	(1,405)	-	-	(33,146)
Net tax expense ⁽²⁾	-	-	-	(1,648)	-	-	(1,648)
Proportionate earnings (pre-corporate items)	78,492	64,904	35,606	9,777	34,328	-	223,107
Interest income	-	-	-	-	-	14,899	14,899
SOLA interest income	-	-	-	-	-	36,204	36,204
Hybrid capital interest expense	-	-	-	-	-	-	-
Corporate interest expense	-	-	-	-	-	(35,161)	(35,161)
Corporate expenses	-	-	-	-	-	(22,639)	(22,639)
Net tax expense	-	-	-	-	-	-	-
Realised gains/(losses) on FX hedge contracts	-	-	-	-	-	384	384
Proportionate earnings	78,492	64,904	35,606	9,777	34,328	(6,313)	216,794

⁽¹⁾ Other expenses for United Energy include costs of \$3.7 million in the current period relating to consulting costs incurred on its regulatory reset submission and OSA re-tendering process.

⁽²⁾ Net tax expense for Duquesne was \$nil versus \$23.0 million in the prior period due to the favourable resolution of outstanding tax matters.

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Actual results – 12 months to 30 June 2009

	Dampier Bunbury Pipeline	United Energy	Multinet	WA Gas Networks	Duquesne	Corporate	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue							
Gas transmission	218,563	-	-	-	-	-	218,563
Electricity transmission	-	-	-	-	40,923	-	40,923
Gas distribution	-	-	138,185	33,766	-	-	171,951
Electricity distribution	-	194,111	-	-	148,662	-	342,773
Other	1,980	33,886	5,696	1,613	247,118	-	290,293
	220,543	227,997	143,881	35,379	436,703	-	1,064,503
Operating expenses							
Operations and maintenance	(48,176)	(53,237)	(31,879)	(11,185)	(57,885)	-	(202,362)
Energy purchases	-	-	-	-	(205,147)	-	(205,147)
Other expenses	-	(8,714)	(5,267)	(457)	(27,042)	-	(41,480)
	(48,176)	(61,951)	(37,146)	(11,642)	(290,074)	-	(448,989)
Proportionate EBITDA	172,367	166,046	106,735	23,737	146,629	-	615,514
<i>EBITDA margin</i>	78.2%	72.8%	74.2%	67.1%	33.6%		57.8%
Maintenance capital expenditure	(12,194)	(35,444)	(7,855)	(1,862)	(36,809)	-	(94,164)
Net interest expense	(86,739)	(57,728)	(54,037)	(9,527)	(47,624)	-	(255,655)
SOLA interest expense	(9,861)	(11,744)	(11,678)	(1,668)	-	-	(34,951)
Net tax expense	-	208	-	(1,617)	(23,006)	-	(24,415)
Proportionate earnings (pre-corporate items)	63,573	61,338	33,165	9,063	39,190	-	206,329
Interest income	-	-	-	-	-	9,104	9,104
SOLA interest income	-	-	-	-	-	51,921	51,921
Hybrid capital interest expense	-	-	-	-	-	(10,090)	(10,090)
Corporate interest expense	-	-	-	-	-	(37,691)	(37,691)
Corporate expenses	-	-	-	-	-	(23,748)	(23,748)
Net tax expense	-	-	-	-	-	(438)	(438)
Realised gains/(losses) on FX hedge contracts	-	-	-	-	-	(2,715)	(2,715)
Proportionate earnings	63,573	61,338	33,165	9,063	39,190	(13,657)	192,672

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Pro forma Results – 12 months to 30 June 2009

	Dampier Bunbury Pipeline	United Energy	Multinet	WA Gas Networks	Duquesne	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue						
Gas transmission	208,334	-	-	-	-	208,334
Electricity transmission	-	-	-	-	34,668	34,668
Gas distribution	-	-	138,185	33,766	-	171,951
Electricity distribution	-	194,111	-	-	125,940	320,051
Other	1,910	33,886	5,696	1,613	209,348	252,453
	210,244	227,997	143,881	35,379	369,956	987,457
Operating expenses						
Operations and maintenance	(45,974)	(53,237)	(31,879)	(11,185)	(49,038)	(191,313)
Energy sales	-	-	-	-	(173,792)	(173,792)
Other expenses	-	(8,714)	(5,267)	(457)	(22,908)	(37,346)
	(45,974)	(61,951)	(37,146)	(11,642)	(245,738)	(402,451)
Proportionate EBITDA	164,270	166,046	106,735	23,737	124,218	585,006
<i>EBITDA margin</i>	78.1%	72.8%	74.2%	67.1%	33.6%	59.0%

Dampier Bunbury Pipeline

Dampier Bunbury Pipeline (DBP) transmitted 317.9 PJ of gas (2009: 285.4 PJ).

In April 2010 the Stage 5B expansion project achieved practical completion, increasing pipeline capacity by 112TJ/day. Stage 5B represents the culmination of a three stage expansion programme which has seen \$1.8 billion invested in the DBNGP since DBP assumed ownership in 2004.

United Energy

United Energy distributed 8,114 GWh of electricity (2009: 7,928 GWh).

United Energy continues to progress its smart meter project in Victoria. As at mid July 2010, approximately 55,000 meters were installed. This project will replace over 650,000 electricity meters, deploying a new communications network, installing new supporting IT systems and redesigning business processes to accommodate the new meters. Deployment of the new AMI meters is expected to be completed by the end of 2013.

Multinet

Multinet distributed 55.1 PJ of gas (2009: 58.5 PJ).

Multinet's South Gippsland Natural Gas expansion project was complete at 31 December 2009. The project involved further expansion of Multinet's network, including construction of approximately 300km of transmission, supply and distribution mains, passing 11,300 homes and businesses.

WA Gas Networks

WAGN distributed 27.9 PJ of gas (2009: 28.0 PJ) and made net new connections of approximately 16,900.

Duquesne

DUET is conducting a process to sell its 29% ownership interest in Duquesne, a regulated electric transmission and distribution business based in Pittsburgh. The process is expected to be completed by the end of the 2010 calendar year subject to receiving a satisfactory offer and DUET bank and regulatory approvals. Completion of this sale will provide DUET with further funds to finance growth opportunities within Australia and/or capital management initiatives.

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Proportionate Earnings per Stapled Security

	Actual Results For the year end 30 June 2010	Actual Results For the year end 30 June 2009
Weighted average DUET Group securities on issue ('000's)	861,923	673,660
Proportionate EPS - cents	25.2	28.6

Gearing

	As at 30 June 2010 \$m	Pro forma as at 30 June 2009 \$m	As at 30 June 2009 \$m
DUET's share of energy utility assets' net external debt	3,974.2	3,800.7	3,829.6
Corporate net debt (includes declared and payable distributions)	354.7	248.7	248.7
Total net debt	4,328.8	4,049.4	4,078.2
DUET's share of total assets	6,522.9	6,123.2	6,180.1
Gearing (%)	66.4%	66.1%	66.0%

Pro forma gearing reflects the retranslation of Duquesne's US dollar denominated net debt and assets. United Energy's US dollar denominated debt is reported in both periods at the hedged exchange rates.

Proportionate net external debt

As at 30 June 2010	Dampier Bunbury Pipeline \$m	United Energy \$m	Multinet \$m	WA Gas Networks \$m	Duquesne \$m	Corporate \$m	Total \$m
Capital market instruments	720.0	754.0	439.5	64.8	262.4	-	2,240.7
Bank facilities – term debt	384.0	105.6	193.4	83.0	349.0	585.0	1,700.0
Bank facilities – capex	469.7	139.6	62.7	14.3	-	-	686.3
Bank facilities – working cap.	-	8.6	12.0	2.9	-	-	23.4
Preferred Stock	-	-	-	-	37.2	-	37.2
Balance	1,573.7	1,007.8	707.5	165.0	648.5	585.0	4,687.5
Add: DUET distribution payable	-	-	-	-	-	87.1	87.1
Less: cash	(58.9)	(21.4)	(13.3)	(3.1)	(31.6)	(317.4)	(445.7)
DUET share of net external debt	1,514.8	986.4	694.2	161.9	617.0	354.7	4,328.8

As at 30 June 2009	Dampier Bunbury Pipeline \$m	United Energy \$m	Multinet \$m	WA Gas Networks \$m	Duquesne \$m	Corporate \$m	Total \$m
Capital market instruments	720.0	754.0	547.3	116.7	273.6	-	2,411.6
Bank facilities – term debt	384.0	105.6	125.4	31.1	396.2	585.0	1,627.4
Bank facilities – capex	330.4	56.1	51.9	6.5	-	-	444.9
Bank facilities – working cap.	-	8.6	-	2.5	9.0	-	20.0
Preferred Stock	-	-	-	-	38.7	-	38.7
Balance	1,434.4	924.3	724.7	156.8	717.5	585.0	4,542.6
Add: DUET distribution payable	-	-	-	-	-	84.7	84.7
Less: cash	(53.0)	(17.8)	(41.8)	(2.9)	(12.6)	(421.1)	(549.2)
DUET share of net external debt	1,381.4	906.5	682.9	153.9	704.9	248.7	4,078.2

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External Debt Maturities

	100% Facility Limit \$m	100% Drawn Debt Balance \$m	Proportionate Drawn Debt Balance \$m	Maturity Date
Dampier Bunbury Pipeline				
<i>Capital market instruments</i>				
A\$ Wrapped FRNs	275.0	275.0	165.0	Apr-12
A\$ Wrapped FRNs	325.0	325.0	195.0	Apr-13
A\$ Wrapped FRNs	275.0	275.0	165.0	Apr-17
A\$ Wrapped FRNs	325.0	325.0	195.0	Apr-18
<i>Bank facilities – term debt</i>				
Syndicated Loan	160.0	160.0	96.0	May-11
Stage 5A SFA Tranche 1	253.0	253.0	151.8	Jun-12
Stage 5A SFA Tranche 2	227.0	227.0	136.2	Jun-14
<i>Bank facilities – capex</i>				
Capex Facility (Stage 4)	322.1	322.1	193.2	May-11
Capex Facility (Stage 5B)	340.0	272.4	163.5	Jun-11
Capex Facility (Stage 5A2)	190.0	188.3	113.0	Aug-11
<i>Bank facilities – working capital</i>				
Working Capital Facility	20.0	-	-	May-11
Total	2,712.1	2,622.8	1,573.7	
United Energy				
<i>Capital market instruments</i>				
US 144A Guaranteed Notes - Tranche A ⁽¹⁾	363.1	363.1	239.7	Apr-11
A\$ Guaranteed FRN	500.0	500.0	330.0	Oct-14
US 144A Guaranteed Notes - Tranche B	279.3	279.3	184.4	Apr-16
<i>Bank facilities – term debt</i>				
Senior Corporate Facility	250.0	160.0	105.6	Jun-11
<i>Bank facilities – capex</i>				
Capex Facility	200.0	159.5	105.3	Jun-11
Smart Meter Debt Facility	150.0	52.0	34.3	Dec-13
<i>Bank facilities – working capital</i>				
Working Capital Facility	25.0	13.0	8.6	Dec-10
Total	2,246.2	1,527.0	1,007.8	

⁽¹⁾ On 30 April 2010, United Energy priced \$479m of US private placement bonds to refinance these notes. The bonds will be issued on 27 October 2010.

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	100% Facility Limit \$m	100% Drawn Debt Balance \$m	Proportionate Drawn Debt Balance \$m	Maturity Date
Multinet				
<i>Capital market instruments</i>				
Credit Wrapped MTN ⁽¹⁾	150.0	150.0	119.9	Jul-11
Credit Wrapped FRN ⁽¹⁾	100.0	100.0	79.9	Jul-11
Credit Wrapped FRN	300.0	300.0	239.7	Jul-17
<i>Bank facilities – term debt</i>				
A\$100m SFA	100.0	100.0	79.9	Apr-12
Senior Corporate Facility - SCF Tranche A	205.0	142.0	113.5	Jun-12
<i>Bank facilities – capex</i>				
Capex Facility - SCF Tranche B	130.0	78.5	62.7	Jun-12
<i>Bank facilities – working capital</i>				
Working Capital Facility	20.0	15.0	12.0	Apr-11
Total	1,234.7	885.5	707.7	
⁽¹⁾ On 8 June 2010, Multinet priced \$229.7m of US private placement bonds to refinance these notes. US\$50m of the bonds were issued on 9 August 2010 and US\$135m of the bonds will be issued on 8 November 2010.				
WA Gas Networks				
<i>Capital market instruments</i>				
Credit Wrapped Medium Term Notes	250.0	250.0	64.8	Sep-12
<i>Bank facilities – term debt</i>				
Senior - Term Loan	120.0	70.0	18.2	Sep-11
Senior Debt Facility	250.0	250.0	64.8	Oct-11
<i>Bank facilities – capex</i>				
Capex Facility	55.0	55.0	14.3	Sep-11
<i>Bank facilities – working capital</i>				
Working Capital Facility	20.0	11.0	2.9	Sep-10
Total	695.0	636.0	165.0	
Duquesne				
<i>Capital market instruments</i>				
DLC 4.05% PCRB ACIDA Series 1999 B	57.0	57.0	16.5	Sep-11
DLC 6.70% First Mortgage Bond	237.8	237.8	68.8	Apr-12
DLC 4.35% PCRB ACIDA Series 1999 A	59.4	59.4	17.2	Dec-13
DLC 6.57% First Mortgage Bond	118.9	118.9	34.4	Feb-14
DLH 5.50% Unsecured Note	237.8	237.8	68.8	Aug-15
DLC 4.50% PCRB BCIDA Series 1999 D	52.6	52.6	15.2	Nov-29
DLH 6.25% Unsecured Note	142.7	142.7	41.3	Aug-35
<i>Bank facilities – term debt</i>				
DLH Term Loan - Tranche B	118.9	5.3	1.5	Sep-11
DLH Term Loan - Tranche A	1,272.1	1,200.2	347.5	May-12
<i>Bank facilities – working capital</i>				
DLC Revolver	89.2	-	-	May-12
DLH Revolver	237.8	-	-	May-12
<i>Preferred Stock</i>				
DLC Preferred Stock	128.3	128.3	37.2	Perpetual
Total	2,752.4	2,240.0	648.5	

DUET Group Management Information Report

For the year ended 30 June 2010

	100% Facility Limit \$m	100% Drawn Debt Balance \$m	Proportionate Drawn Debt Balance \$m	Maturity Date
DUET Corporate				
<i>Bank facilities – term debt</i>				
Senior Corporate Facility - Tranche A ⁽¹⁾	317.3	317.3	317.3	Aug-11
Senior Corporate Facility - Tranche B ⁽¹⁾	267.7	267.7	267.7	Aug-13
<i>Bank facilities – working capital</i>				
Senior Corporate Facility - Tranche C	100.0	-	-	Aug-11
Total	685.0	585.0	585.0	

⁽¹⁾ \$71m of SOLA repayments received from DBP and Multinet will be applied by DUET to prepay the drawn Tranche A and B balances on a pro rata basis on or around 1 September 2010.

Credit Ratings

Credit Rating Agency	DUET Corporate	DBP	United Energy	Multinet	WA Gas Networks	Duquesne
S&P	BBB- Stable outlook	BBB- Stable outlook	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	Baa2 Stable outlook	Ba1 Stable outlook

DUET Group Management Information Report

For the year ended 30 June 2010

Unconsolidated Cash Flows

	12 months to 30 June 2010 \$'000	12 months to 30 June 2009 \$'000
Cash flows from energy utility assets		
Dampier Bunbury Pipeline	61,975	64,322
United Energy	43,222	47,358
Multinet	23,176	19,116
WA Gas Networks	5,161	5,169
Duquesne	47,025	46,536
Cash inflows from energy utility assets	180,559	182,501
Cash flows from operating activities		
Other income received	300	2,813
Operating expenses paid (inclusive of GST)	(2,610)	(9,968)
Responsible entity and advisor fees paid (inclusive of GST)	(19,587)	(23,262)
Net cash inflows from energy utility assets and operations	158,662	152,084
Cash flows from investing activities		
Further investment in energy utility assets	(215,494)	(49,893)
Net cash outflows from investing activities	(215,494)	(49,893)
Cash flows from financing activities		
Proceeds received from issue of stapled securities	-	265,357
Capital raising costs paid	2,938	(10,154)
Borrowing from DUET Senior Facility	-	585,000
Repayment of POWERS	-	(564,220)
DUET senior facility establishment fees	-	(15,916)
Repayment of SOLA from energy utility assets	71,000	-
Borrowing costs paid	(33,313)	(52,349)
SOLA interest received from energy utility assets	35,860	53,668
Bank interest income	10,725	12,445
Distributions paid to DUET Group security holders (net of DRP)	(130,818)	(135,685)
Net cash flows from financing activities	(43,608)	138,146
Net (decrease)/increase in cash assets held	(100,440)	240,337
Cash assets at the beginning of the year	421,057	179,863
Exchange rate movements	(3,248)	857
Cash assets at the end of the year	317,369	421,057

DUET Group Management Information Report

For the year ended 30 June 2010

Notes

Summary of Significant Report 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 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.

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 interest expense, energy utility asset net tax expense, corporate net interest expense, hybrid capital 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.

Proportionate Earnings information also includes pro forma Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA"). Pro forma EBITDA is derived by restating the prior period results with DUET's energy utility assets' ownership percentages and foreign currency exchange rates from the current period ("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 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.

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 12 months to 30 June (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.

DUET Group Management Information Report

For the year ended 30 June 2010

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

	Average AUD/USD	Year end AUD/USD
12 months to 30 June 2010	0.8824	0.8411
12 months to 30 June 2009	0.7476	0.8067

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 12 month period to 30 June 2010 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 12 months to 30 June as well as the prior corresponding period is set out below:

	Dampier Bunbury Pipeline ¹	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

¹ Average Beneficial Ownership Interest percentage for the period.

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.

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.

DUET Group Management Information Report

For the year ended 30 June 2010

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 have subordinated debt which has been 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 shares the SOLA interest expense with the other asset owners.

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 Funding 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:

- 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.

Hybrid capital interest expense in the prior year

The hybrid capital interest expense reflects the contractual interest payable on POWERS.

Corporate Expenses

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

DUET Group Management Information Report

For the year ended 30 June 2010

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.

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 total assets

This is the aggregation of the product of DUET's beneficial ownership interest and the total assets of each of the relevant energy utilities, together with the total assets of the DUET stapled entities and wholly-owned entities. Total assets exclude any inter-entity loans receivable and cash and cash equivalents.

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.

Appendix 1: DUET Group Detailed Asset Information Pack

For the full year ended 30 June 2010

APPENDIX 1

DUET GROUP

DETAILED ASSET INFORMATION PACK

For the full year ended 30 June 2010

Appendix 1: DUET Group Detailed Asset Information Pack

For the full year ended 30 June 2010

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Appendix 1: DUET Group Detailed Asset Information Pack

For the full year ended 30 June 2010

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 now 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)	Includes TUOS revenue.	Excludes TUOS revenue.
Operating expenses (United Energy)	Includes Grid Fees.	Excludes Grid Fees.
Interest expense	Reports net interest expense (net Borrowing Costs).	Reports net external interest payments together with SOLA interest payments. SOLA is 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

As at 30 June 2010, DUET owned 60.0% of DBP and 100% of the subordinated debt.

2.1. Financial Summary

	6 months to 31 Dec 08	6 months to 30 Jun 09	12 months to 30 Jun 09	6 months to 31 Dec 09	6 months to 30 Jun 10	12 months to 30 Jun 10
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
Transport Income	166	181	347	186	185	371
Total Revenue	167	183	351	194	198	392
EBITDA	133	142	274	149	167	316
EBIT	104	112	216	117	133	250
Net Profit After Tax	15	17	32	23	23	45
Total Assets	3,392	3,541	3,541	3,769	3,831	3,831
Net Assets	337	468	468	532	526	526
Total Capex	147	197	344	228	120	347
RAB ¹	2,961	3,138	3,138	3,379	3,516	3,516

¹ RAB is based on management's calculations. However, it is not until the relevant regulatory authority has reviewed the RAB, at the next regulatory period, that it is approved.

Dampier Bunbury Pipeline

2.2. Income Statement

The current period is the 12 months to 30 June 2010. The pcp is the 12 months to 30 June 2009.

	6 months to 31 Dec 08	6 months to 30 Jun 09	12 months to 30 Jun 09	6 months to 31 Dec 09	6 months to 30 Jun 10	12 months to 30 Jun 10
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
Revenue	167.5	183.3	350.8	193.8	197.9	391.7
Revenue consists of transport revenue and other revenue.						
Transport (Transmission) Revenue	167.1	183.3	350.4	193.8	197.9	391.7
<i>Transport Income</i>	166.4	180.9	347.2	186.1	185.3	371.4
<i>Chargeable Works & Other Transport Income</i>	0.8	2.4	3.2	7.7	12.6	20.3
Transport Revenue of \$391.7m increased by 11.8% pcp driven by increased capacity and tariffs from the Stage 5A expansion project.						
Other Revenue	0.3	0.0	0.3	0.0	0.0	0.0
<i>Realised Foreign Exchange Gains</i>	0.3	0.0	0.3	0.0	0.0	0.0
Expenses from Ordinary Activities	152.7	165.9	318.5	171.1	175.3	346.4
Expenses from Ordinary Activities consist of Operating Expenses, D&A, Net Borrowing Costs, and Income Tax Expense.						
Operating Expenses	44.0	55.9	100.0	44.8	31.1	75.9
<i>Operating Services Fees</i>	19.6	14.1	33.7	1.8	(1.7)	0.1
<i>Salaries, Licenses, Fees and Other Expenses</i>	7.9	11.8	19.7	22.0	13.1	35.1
<i>Employee Expenses</i>	0.9	6.3	7.1	11.9	13.5	25.4
<i>Fuel Gas</i>	6.5	9.6	16.1	9.1	6.2	15.3
<i>Reduction in Goodwill (pre- acquisition tax losses)</i>	9.1	14.2	23.3	0.0	0.0	0.0
Operating expenses of \$75.9m were \$24.1m lower than pcp. After adjusting for the reduction in goodwill, the operating expenses of \$75.9m were \$0.8m lower than the pcp. The decrease in Operating Services Fees of \$33.6m was primarily due to the internalisation of asset management functions into DBP (now largely reflected in Salaries, Licenses and Fees and Employee Expenses line items). Higher easement charges were also accrued during the period (these charges have not been paid as they are in dispute).						
D&A and Abandonments	29.0	29.1	58.1	31.8	33.9	65.7
<i>Depreciation</i>	28.8	28.8	57.6	31.0	33.5	64.4
<i>Amortisation</i>	0.3	0.3	0.5	0.9	0.5	1.4
<i>Abandonments</i>	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)	(0.1)
D&A and abandonments expense of \$65.7m increased 13.2% pcp primarily due to additional depreciation charges from the Stage 5A plant.						
Net Borrowing Costs	80.1	80.2	160.3	95.1	112.5	207.6
<i>Interest Income</i>	(1.2)	(0.7)	(1.9)	(1.2)	(1.8)	(3.0)
<i>Senior Interest</i>	68.8	69.1	137.9	77.4	77.0	154.4
<i>SOLA Interest</i>	8.4	7.3	15.7	7.7	7.0	14.8
<i>Interest Rate Hedge – Fair Value Movements</i>	1.2	1.6	2.8	5.3	23.4	28.8
<i>Amortisation & Other Financing Costs</i>	2.9	2.9	5.8	5.8	6.9	12.6
Net Borrowing Costs of \$207.6m increased \$47.3m pcp due to a \$26.0m increase in non-cash MTM movements on interest rate hedges and an increase in interest resulting from interest being expensed following the commissioning of the Stage 5A expansion project and the refinance of the Stage 5A Capex facility.						
Income Tax Expense	(0.4)	0.6	0.2	(0.7)	(2.2)	(2.9)
Income Tax Expense for the current period was (\$2.9m).						
Net Profit After Tax	14.8	17.4	32.2	22.7	22.6	45.3
NPAT of \$45.3m increased 40.7% pcp due to the increased capacity and tariffs from the Stage 5A expansion project.						

Dampier Bunbury Pipeline

2.3. Cash Flow Statement

The current period is the 12 months to 30 June 2010. The pcp is the 12 months to 30 June 2009.

	6 months to 31 Dec 08	6 months to 30 Jun 09	12 months to 30 Jun 09	6 months to 31 Dec 09	6 months to 30 Jun 10	12 months to 30 Jun 10
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
Cash Flows from Operating Activities	137.8	153.7	291.5	153.7	160.7	314.4
<i>Cash Receipts</i>	172.7	220.2	392.9	205.8	228.2	433.9
<i>Cash Payments</i>	(34.9)	(66.5)	(101.3)	(52.1)	(67.4)	(119.5)
<i>Income Tax Payment</i>	0.0	0.0	0.0	(0.0)	0.0	0.0
Cash Flows from Operating Activities of \$314.4m increased 7.9% pcp due to higher Transport Income.						
Cash Flows from Investing Activities	(108.6)	(236.1)	(344.7)	(209.8)	(111.9)	(321.7)
<i>Purchase of PP&E</i>	(108.7)	(236.1)	(344.8)	(209.8)	(111.9)	(321.8)
<i>Proceeds from Sale of Non-Current Assets</i>	0.1	0.0	0.1	0.1	0.0	0.1
Cash Flows applied to investing activities of \$321.7m were mostly related to the Stage 5B expansion project.						
Cash Flows from Financing Activities	(21.1)	98.0	76.8	82.6	(65.5)	17.1
<i>Movement in Borrowings</i>	58.8	182.4	241.1	146.0	27.0	173.0
<i>Equity Contributions</i>	31.8	73.5	105.3	69.0	52.5	121.5
<i>Senior Borrowing Costs</i>	(62.7)	(89.3)	(152.1)	(73.3)	(85.4)	(158.7)
<i>SOLA Interest</i>	(8.3)	(7.4)	(15.8)	(7.9)	(7.5)	(15.4)
<i>Distributions</i>	(40.7)	(61.1)	(101.8)	(51.2)	(52.1)	(103.3)
Debt drawdowns and equity calls continued during the current period to fund the capital expenditure associated with the Stage 5B expansion project. Payment of Senior Borrowing Costs increased 4.3% pcp due to higher borrowing costs resulting from the Stage 5A Capex Facility refinancing and borrowing costs for the Stage 5B expansion project.						
Net Cash Movement	8.1	15.6	23.6	26.5	(16.7)	9.8
<i>Opening Cash</i>	64.3	72.7	64.3	88.3	88.3	88.3
<i>Effect of Exchange Rate Changes on Cash</i>	0.3	0.0	0.3	0.0	0.0	0.0
<i>Closing Cash</i>	72.7	88.3	88.3	114.8	71.7	98.2

Dampier Bunbury Pipeline

2.4. Balance Sheet

30 June 2009 is the pcp.

	31 Dec 08	30 Jun 09	31 Dec 09	30 Jun 10
	\$ millions	\$ millions	\$ millions	\$ millions
Current Assets	127.1	125.5	157.8	135.4
<i>Cash and Financial Assets</i>	72.7	88.3	114.8	98.2
<i>Accounts Receivable</i>	10.2	9.0	7.8	7.6
<i>Derivative Financial Instruments</i>	20.1	0.0	0.7	0.1
<i>Inventories and Other Assets</i>	24.0	28.2	34.4	29.6
Current Assets of \$135.4m increased 7.9% pcp primarily due to additional equity contributions received (and held in reserve) during the 2010 financial year.				
Non-Current Assets	3,265.2	3,415.1	3,611.5	3,695.9
<i>Plant, Property and Equipment</i>	2,581.0	2,745.4	2,941.4	3,026.3
<i>Intangibles</i>	684.2	669.7	670.0	669.6
<i>Other</i>	0.0	0.0	0.0	0.0
Non-Current Assets of \$3,695.9m increased by 8.2% pcp mainly due to the \$280.9m increase in PP&E which was mostly attributable to the Stage 5B expansion project.				
Current Liabilities	554.1	77.2	101.5	831.5
<i>Payables</i>	82.4	43.1	74.2	42.9
<i>Interest Bearing Liabilities</i>	450.5	0.0	0.0	754.5
<i>Derivative Financial Instruments</i>	0.0	0.1	0.0	0.0
<i>Provisions & Other Liabilities</i>	21.2	34.0	27.3	34.1
Interest Bearing Liabilities increased by \$754.5m pcp. This increase is the result of the reclassification of near term maturities from non-current to current liabilities. The near term maturities are: the \$322m Stage 4 capex facility maturing in May 2011; the \$160m syndicated bank loan maturing in May 2011; and the \$272m drawn balance of the Stage 5B capex facility maturing in June 2011.				
Non-Current Liabilities	2,501.1	2,995.7	3,136.1	2,473.7
<i>Interest Bearing Liabilities</i>	1,734.2	2,348.2	2,504.3	1,834.6
<i>SOLA Debt</i>	150.0	150.0	150.0	108.0
<i>Deferred Tax Liabilities</i>	328.8	370.8	379.8	365.3
<i>Derivative Financial Instruments</i>	276.5	114.2	87.0	150.5
<i>Other Liabilities</i>	11.6	12.5	15.0	15.3
Non-Current Liabilities of \$2,473.7m decreased by \$522.0m pcp. The \$754.5m reclassification of near term maturities to current liabilities included \$224m of debt drawdowns to fund the Stage 5B expansion during the period. SOLA debt repayments of \$42m were partially offset by the \$36.3m increase in derivative financial instruments due to the MTM movement of hedges.				
Net Assets	337.0	467.7	531.6	526.1
Equity	337.0	467.7	531.6	526.1
<i>Contributed Equity</i>	447.8	460.2	478.0	478.4
<i>Reserves</i>	(180.4)	(79.5)	(56.1)	(84.6)
<i>Retained Earnings</i>	69.6	87.0	109.7	132.3
Equity of \$526.1m increased \$58.4m pcp primarily due to additional contributed equity and the \$45.3m profit for the current period.				

Dampier Bunbury Pipeline

2.5. Capital Expenditure Summary

The current period is the 12 months to 30 June 2010. The pcip is the 12 months to 30 June 2009.

	6 months to 31 Dec 08 \$ millions	6 months to 30 Jun 09 \$ millions	12 months to 30 Jun 09 \$ millions	6 months to 31 Dec 09 \$ millions	6 months to 30 Jun 10 \$ millions	12 months to 30 Jun 10 \$ millions
Total Capex	147.4	196.9	344.3	227.6	119.7	347.3
Growth Capex	140.8	181.5	322.3	213.0	105.2	318.3
<i>Stage 5A Expansion</i>	20.6	6.1	26.7	3.4	1.0	4.4
<i>Stage 5B Expansion</i>	120.2	175.4	295.5	209.6	104.2	313.8
Maintenance Capex	5.9	13.6	19.5	9.1	7.1	16.2
<i>Microwave Capex</i>	2.5	3.3	5.9	1.2	0.2	1.4
<i>Stay in Business</i>	2.4	2.4	4.8	4.7	5.8	10.5
<i>Engine Replacement Capex</i>	1.0	7.9	8.9	3.2	1.1	4.3
Customer Funded Capex	0.7	1.8	2.5	5.5	7.4	12.9

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.

Dampier Bunbury Pipeline

2.6. Key Operating Statistics

	12 months to		12 months to		12 months to		12 months to	
	31 Dec 08	%	30 Jun 09	%	31 Dec 09	%	30 Jun 10	%
Throughput (TJ)								
Full Haul	223,472	80	227,329	80	239,264	77	240,353	76
Part Haul	33,858	12	33,569	12	30,092	10	32,969	10
Back Haul	23,085	8	24,468	9	40,418	13	44,586	14
Total	280,415	100	285,366	100	309,774	100	317,908	100

	1 month to		1 month to		1 month to		1 month to	
	31 Dec 08	%	30 Jun 09	%	31 Dec 09	%	30 Jun 10	%
Contracted Capacity (Average TJ/day)								
Full Haul	779	79	810	79	773	77	826	70
Part Haul	85	9	96	9	87	9	206	17
Back Haul	122	12	120	12	150	15	147	12
Total	986	100	1,026	100	1,010	100	1,179	100

	As at		As at		As at		As at	
	31 Dec 08	%	30 Jun 09	%	31 Dec 09	%	30 Jun 10	%
Line Length (Km)								
Main Line	1,530	58	1,530	58	1,530	53	1,530	50
Loop Line	813	31	813	31	1,048	36	1,252	41
Laterals	299	11	299	11	299	10	299	10
Total	2,641	100	2,641	100	2,877	100	3,081	100

Compression	As at		As at		As at		As at	
	31 Dec 08		30 Jun 09		31 Dec 09		30 Jun 10	
No. Of Compressors	26		26		26		27	

United Energy

3. United Energy

As at 30 June 2010, DUET owned 66.0% of United Energy and 100% of the subordinated debt.

3.1. Financial Summary

	6 months to 31 Dec 08	6 months to 30 Jun 09	12 months to 30 Jun 09	6 months to 31 Dec 09	6 months to 30 Jun 10	12 months to 30 Jun 10
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
Distribution Revenue ¹	144	150	294	145	154	300
Total Revenue ¹	170	176	345	173	197	370
EBITDA	124	127	252	123	141	263
EBIT	83	86	169	82	100	183
Net Profit After Tax	3	(1)	2	1	33	34
Total Assets	2,250	2,200	2,200	2,315	2,422	2,422
Net Assets	(43)	(24)	(24)	(16)	19	19
Total Capex	85	80	165	130	104	234
RAB ²	1,321	1,400	1,400	1,473	1,543	1,543

¹ Excluding TUoS revenue.

¹ RAB is based on management's calculations. However, it is not until the relevant regulatory authority has reviewed the RAB, at the next regulatory period, that it is approved.

United Energy

3.2. Income Statement

The current period is the 12 months to 30 June 2010. The pcp is the 12 months to 30 June 2009.

	6 months to 31 Dec 08	6 months to 30 Jun 09	12 months to 30 Jun 09	6 months to 31 Dec 09	6 months to 30 Jun 10	12 months to 30 Jun 10
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
Total Revenue (incl. TUoS revenue)	207.7	214.1	421.8	219.3	244.2	463.6
Revenue consists of distribution revenue and other revenue.						
Distribution Revenue (incl. TUoS revenue)	182.5	188.0	370.5	191.8	201.6	393.4
Distribution revenue consists of Distribution Use of System ("DUoS") and Transmission Use of System ("TUoS") revenue.						
TUoS Revenue	38.0	38.4	76.4	46.5	47.1	93.6
TUoS revenue of \$93.6m increased 22.5% pcp due to increased grid fee charges from VenCorp and SP AusNet. Grid fees are a pass-through cost to retailers.						
DUoS Revenue	144.4	149.7	294.1	145.3	154.5	299.8
<i>Residential</i>	70.5	72.5	143.0	71.5	73.5	145.0
<i>Business</i>	40.0	39.8	79.8	38.0	39.2	77.2
<i>Industrial</i>	34.0	37.3	71.3	35.8	41.9	77.6
DUoS revenue of \$299.8m increased 1.9% pcp primarily due to higher industrial volumes.						
Other Revenue	25.3	26.1	51.3	27.6	42.6	70.2
<i>Metering Revenue</i>	10.0	11.9	21.9	12.8	3.0	15.8
<i>Smart Meter Revenue</i>	0.0	0.0	0.0	0.0	22.6	22.6
<i>New Connections Revenue</i>	1.1	0.7	1.8	0.8	0.7	1.5
<i>Customer Contributions</i>	3.3	2.7	6.0	5.6	7.4	12.9
<i>Other (incl. Miscellaneous Electricity Revenue)</i>	10.8	10.7	21.6	8.4	8.9	17.3
Other revenue of \$70.2m increased 36.7% pcp primarily due to the recognition of \$22.6m in smart meter revenue and a \$6.9m increase in customer contributions, which were partially offset by a \$4.3m decrease in other revenue and a \$6.1m decrease in traditional metering revenue.						
Expenses from Ordinary Activities	205.0	215.2	420.2	218.2	211.4	429.6
Expenses from ordinary activities consist of operating expenses, D&A and abandonments, net borrowing costs and income tax expense						
Operating Expenses	83.4	87.1	170.5	96.6	103.9	200.5
<i>Grid Fees</i>	38.0	38.4	76.4	46.5	47.1	93.6
<i>Operating Fees (incl. Smart Meter)</i>	41.1	41.6	82.7	42.5	46.9	89.4
<i>Other Operating Expenses</i>	4.3	6.9	11.1	7.6	9.6	17.1
<i>Unrealised Foreign Exchange Losses</i>	0.0	0.3	0.3	0.1	0.2	0.3
Operating Expenses of \$200.5m increased 17.6% pcp. The primary reason for this was the \$17.2m increase in grid fees (see TUoS revenue above). Operating Fees increased \$6.8m pcp primarily due to higher metering costs, associated with operating new and enhanced systems to support advanced metering infrastructure and inflation on the operating services agreement. Other operating expenses increased by \$6.0m pcp, primarily due to a \$3.3m increase in legal and consulting costs incurred for the regulatory submission and OSA re-tendering process.						

United Energy

3.2 Income Statement (cont'd)

	6 months to 31 Dec 08	6 months to 30 Jun 09	12 months to 30 Jun 09	6 months to 31 Dec 09	6 months to 30 Jun 10	12 months to 30 Jun 10
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
D&A and Abandonments	41.0	41.2	82.2	40.6	40.2	80.8
<i>Depreciation</i>	36.1	36.1	72.2	35.3	35.9	71.3
<i>Amortisation</i>	4.2	3.9	8.1	3.9	3.9	7.8
<i>Abandonments</i>	0.7	1.2	1.9	1.3	0.4	1.7

D&A and abandonments expense of \$80.8m decreased 1.8% pcp.

Net Borrowing Costs	79.5	88.8	168.3	82.0	59.5	141.5
<i>Interest Income</i>	(0.7)	(0.3)	(1.0)	(0.3)	(0.6)	(0.9)
<i>Senior Interest</i>	45.2	41.8	87.0	46.1	44.7	90.8
<i>SOLA Interest</i>	8.2	9.0	17.2	8.4	8.3	16.7
<i>RPS Interest</i>	24.1	24.5	48.6	25.0	24.6	49.6
<i>Shareholder Loan Interest</i>	1.5	1.9	3.4	2.7	3.7	6.4
<i>Interest Rate Hedge – Fair Value Movements</i>	(0.2)	9.2	9.0	(2.3)	(23.5)	(25.7)
<i>Amortisation & Other Financing Costs</i>	1.4	2.8	4.2	2.4	2.3	4.7

Net borrowing costs of \$141.5m decreased 15.9% pcp primarily due to a \$34.7m decrease in non-cash MTM movements on interest rate hedges. This decrease was partially offset by drawdowns on the capex debt facilities, RPS and shareholder loans for funding growth capex and the smart meter project.

Income Tax Expense	1.1	(2.0)	(0.8)	(1.0)	7.9	6.8
Net Profit After Tax	2.7	(1.1)	1.6	1.1	32.8	33.9

NPAT of \$33.9m increased \$32.3m pcp.

3.3. Cash Flow Statement

The current period is the 12 months to 30 June 2010. The pcp is the 12 months to 30 June 2009.

	6 months to 31 Dec 08	6 months to 30 Jun 09	12 months to 30 Jun 09	6 months to 31 Dec 09	6 months to 30 Jun 10	12 months to 30 Jun 10
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
Cash Flows from Operating Activities	119.5	141.6	261.1	103.3	135.2	238.5
<i>Cash Receipts</i>	199.1	259.4	458.5	223.9	276.4	500.3
<i>Cash Payments to Suppliers and Employees (including GST)</i>	(79.3)	(118.0)	(197.2)	(121.6)	(142.3)	(263.9)
<i>Income Tax (Payment) / Refund</i>	(0.3)	0.1	(0.2)	1.1	1.0	2.1
Cash flows from operating activities of \$238.5m decreased 8.7% pcp primarily due to the timing of customer receipts and higher creditor payments due to higher grid fees and operating expenses.						
Cash Flows from Investing Activities	(76.2)	(71.5)	(147.7)	(127.5)	(94.4)	(221.9)
<i>Purchase of PP&E and Intangibles</i>	(76.4)	(71.6)	(148.1)	(127.8)	(95.1)	(222.9)
<i>Proceeds from Sale of PP&E</i>	0.2	0.1	0.4	0.2	0.7	0.9
Cash flows from investing activities of a \$221.9m cash outflow increased by \$74.2m pcp primarily due to increased capital expenditure and intangibles purchases for the smart meter project.						
Cash Flows from Financing Activities	(64.0)	(54.0)	(118.0)	35.2	(49.0)	(13.8)
<i>Equity Contributions (incl. RPS)</i>	0.0	15.5	15.5	0.0	0.0	0.0
<i>Movement in Borrowings</i>	30.0	19.0	49.0	125.5	33.5	159.0
<i>Interest Paid - Senior</i>	(46.2)	(43.2)	(89.4)	(44.4)	(46.2)	(90.5)
<i>Interest Paid - SOLA</i>	(9.2)	(8.8)	(18.1)	(8.5)	(8.3)	(16.7)
<i>Interest Paid - RPS</i>	(24.0)	(24.6)	(48.6)	(25.0)	(24.6)	(49.6)
<i>Interest Paid - Shareholder Loans</i>	(1.4)	(1.8)	(3.2)	(2.4)	(3.5)	(5.9)
<i>Distributions</i>	(10.0)	(10.0)	(20.0)	(10.0)	0.0	(10.0)
<i>Smart Meter Debt Facility Cost</i>	(3.2)	(0.0)	(3.2)	0.0	0.0	0.0
Movement in borrowings of \$13.8m during the period included drawdowns on capital expenditure facilities of \$126.5m for the smart meter project and growth capex and a \$32.5m drawdown on the Shareholder Loan.						
Net Cash Movement	(20.7)	16.1	(4.6)	11.0	(8.2)	2.8
<i>Opening Cash</i>	31.6	10.9	31.6	27.0	38.0	27.0
<i>Effect of Exchange Rate Changes on Cash</i>	0.0	0.0	0.0	0.0	2.7	2.7
<i>Closing Cash</i>	10.9	27.0	27.0	38.0	32.5	32.5

3.4. Balance Sheet

30 June 2009 is the pcp.

	31 Dec 08	30 Jun 09	31 Dec 09	30 Jun 10
	\$ millions	\$ millions	\$ millions	\$ millions
Current Assets	62.6	69.5	100.6	86.4
<i>Cash</i>	10.9	27.0	38.0	32.5
<i>Accounts Receivable</i>	48.8	38.2	57.4	52.3
<i>Other Assets (incl. Inventory and Tax Assets)</i>	2.9	4.3	5.2	1.6

Cash increased \$5.5m pcp primarily due to drawings on the working capital facility and timing of customer receipts. Accounts receivable increased by \$14.1m pcp primarily due to increased TUoS accruals to compensate for the higher grid fees.

Non-Current Assets	2,187.3	2,130.1	2,214.4	2,335.8
<i>Plant, Property & Equipment</i>	1,280.6	1,308.7	1,364.9	1,399.6
<i>Deferred Tax Asset</i>	34.4	24.7	19.5	18.4
<i>Intangibles</i>	781.7	792.3	826.0	853.5
<i>Derivative Financial Instruments</i>	90.7	4.4	4.0	64.3
<i>Other Assets</i>	0.0	0.0	0.0	0.0

PP&E and Intangibles increased by \$152.1m pcp, primarily due to smart meter capital expenditure. Derivative Financial Instruments increased \$59.9m pcp primarily as a result of the MTM movement of cross currency hedges for US\$ denominated debt.

Current Liabilities	79.4	108.1	129.6	836.9
<i>Payables (incl. Deferred Revenue)</i>	78.8	90.6	100.2	90.5
<i>Derivative Financial Instruments</i>	0.0	4.0	5.9	100.7
<i>Interest Bearing Liabilities</i>	0.0	13.0	23.0	645.1
<i>Current Tax Liabilities</i>	0.0	0.0	0.0	0.0
<i>Provisions</i>	0.6	0.5	0.6	0.6

Interest Bearing Liabilities increased by \$632.1m reflecting the A\$363m of US\$ denominated bonds maturing in April 2011 and the A\$320m bank debt facility maturing in Jun 2011. This increase was partially offset by a \$49.8m movement in the fair value of the US\$ denominated bonds maturing in April 2011. Derivative Financial Instruments increased by \$96.7m primarily due to the MTM movement of cross currency hedges for the US\$363m denominated debt which matures in April 2011.

Non-Current Liabilities	2,213.2	2,115.8	2,201.4	1,566.4
<i>Interest Bearing Liabilities</i>	1,463.5	1,334.8	1,364.4	807.8
<i>SOLA Debt</i>	183.7	183.7	183.7	183.7
<i>Shareholder Loans</i>	30.0	36.0	58.5	68.5
<i>Redeemable Preference Shares</i>	354.1	369.5	369.5	369.5
<i>Deferred Tax Liabilities</i>	100.5	103.4	104.3	111.9
<i>Derivative Financial Instruments</i>	76.5	83.6	116.1	14.7
<i>Other Liabilities</i>	4.9	4.9	4.9	10.4

Interest Bearing Liabilities decreased \$527.0m pcp mainly as a result of the reclassification of debt facilities to current liabilities, which was partially offset by drawdowns on the capex facilities. Derivative financial instruments decreased \$68.9m pcp primarily due to the MTM movement of the instruments used to hedge the US\$ denominated debt and the movement of the hedge position on the A\$363m to current liabilities.

Net Assets	(42.7)	(24.3)	(16.0)	18.9
Equity	(42.7)	(24.3)	(16.0)	18.9
<i>Contributed Equity</i>	3.6	3.7	3.7	3.7
<i>Reserves</i>	(57.0)	(27.7)	(10.5)	(8.5)
<i>Retained Profits / (Loss)</i>	10.7	(0.3)	(9.2)	23.6

Equity increased by \$43.2m pcp primarily due to the higher NPAT for the current period.

3.5. Capital Expenditure Summary

The current period is the 12 months to 30 June 2010. The pcp is the 12 months to 30 June 2009.

	6 months to 31 Dec 08	6 months to 30 Jun 09	12 months to 30 Jun 09	6 months to 31 Dec 09	6 months to 30 Jun 10	12 months to 30 Jun 10
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
Total Capex	84.6	80.2	164.8	130.2	103.6	233.7
Growth Capex	54.7	56.4	111.1	98.8	78.3	177.1
<i>Customer Initiated Capital</i>	22.7	16.8	39.6	16.8	14.8	31.6
<i>Demand Capital</i>	13.1	19.8	32.9	33.8	16.5	50.3
<i>Smart Meter</i>	17.9	19.9	37.7	50.2	41.7	91.9
<i>Other Growth Capex</i>	1.0	(0.0)	0.9	(2.0)	5.3	3.3
Maintenance Capex	30.0	23.7	53.7	31.4	25.3	56.7
<i>Asset Replacement</i>	20.9	17.7	38.6	24.3	18.7	42.9
<i>Performance Capital</i>	4.9	4.4	9.3	5.7	2.4	8.0
<i>Metering</i>	2.2	0.7	2.9	0.0	0.0	0.0
<i>Information Systems</i>	2.0	0.8	2.9	1.5	4.3	5.7

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.

3.6. Key Operating Statistics

	As at 31 Dec 08		As at 30 Jun 09		As at 31 Dec 09		As at 30 Jun 10	
		%		%		%		%
Connections								
Small (residential and unmetered)	565,787	91	567,055	91	569,607	91	572,658	91
Medium Size Business	55,537	9	55,185	9	55,037	9	55,342	9
Commercial and Industrial	2,814	0	2,922	0	3,102	0	3,206	1
Total	624,138	100	625,162	100	627,746	100	631,206	100

	12 months to 31 Dec 08		12 months to 30 Jun 09		12 months to 31 Dec 09		12 months to 30 Jun 10	
		%		%		%		%
Electricity load (GWh)								
Small Tariff	3,096	39	3,094	39	3,085	38	3,098	38
Medium Tariff	1,575	20	1,526	19	1,517	19	1,518	19
Large Tariff	3,225	41	3,308	42	3,411	43	3,498	43
Total Electricity Load (GWh)	7,896	100	7,928	100	8,013	100	8,114	100

	As at 31 Dec 08		As at 30 Jun 09		As at 31 Dec 09		As at 30 Jun 10	
		%		%		%		%
Distribution Network Statistics								
Overhead (km)	10,275	81	10,277	81	10,282	81	10,282	81
Underground (km)	2,396	19	2,419	19	2,447	19	2,485	19
Total Length (km)	12,671	100	12,696	100	12,729	100	12,767	100

	12 months to 31 Dec 08	12 months to 30 Jun 09	12 months to 31 Dec 09	12 months to 30 Jun 10
Distribution Network Statistics¹				
Maximum Demand (MW)	1,893	2,068	2,070	2,016
System average interruption frequency index (SAIFI) ²	1.0	1.2	1.4	1.2
Momentary average interruption frequency index (MAIFI) ³	1.2	1.1	1.3	1.1
System average interruption duration index (SAIDI) ⁴	83	102	107	71

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.

Multinet

4. Multinet

As at 30 June 2010, DUET owned 79.9% of Multinet and 100% of the subordinated debt.

4.1. Financial Summary

	6 months to 31 Dec 08	6 months to 30 Jun 09	12 months to 30 Jun 09	6 months to 31 Dec 09	6 months to 30 Jun 10	12 months to 30 Jun 10
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
Distribution Revenue	92	81	173	97	77	174
Total Revenue	96	84	180	100	81	182
EBITDA	73	60	134	78	58	136
EBIT	57	44	101	62	41	103
Net Profit After Tax	(14)	13	(1)	21	(1)	20
Total Assets	1,317	1,365	1,365	1,335	1,333	1,333
Net Assets	91	125	125	156	154	154
Total Capex	17	21	38	15	19	34
RAB ¹	932	973	973	957	962	962

¹ The RAB stated is based on management's calculations. However, it is not until the relevant regulatory authority has reviewed the RAB, at the next regulatory period, that it is approved.

4.2. Income Statement

The current period is the 12 months to 30 June 2010. The pcp is the 12 months to 30 June 2009.

	6 months to 31 Dec 08	6 months to 30 Jun 09	12 months to 30 Jun 09	6 months to 31 Dec 09	6 months to 30 Jun 10	12 months to 30 Jun 10
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
Revenue	95.9	84.2	180.1	100.5	81.2	181.7
Revenue consists of distribution revenue and other revenue.						
Distribution Revenue	91.8	81.2	172.9	96.9	76.9	173.9
<i>Tariff V (Variable)</i>	73.0	61.1	134.2	76.5	56.7	133.2
<i>Fixed Charges</i>	17.9	19.2	37.2	19.6	19.4	39.1
<i>Other Distribution Revenue (Tariff D and Tariff L)</i>	0.8	0.8	1.6	0.8	0.9	1.6
Distribution Revenue of \$173.9m increased \$1.0m pcp. The tariff increase due to CPI was partially offset due a reduction in volumes due to mild weather.						
Other Revenue	4.2	3.0	7.1	3.5	4.3	7.8
<i>CPI Revenue Hedge</i>	0.0	(0.8)	(0.8)	(0.8)	(0.0)	(0.8)
<i>Miscellaneous</i>	4.2	3.7	7.9	4.3	4.3	8.6
Other Revenue of \$7.8m increased by \$0.7m pcp due to an increase in miscellaneous revenue.						
Expenses from Ordinary Activities	109.9	71.6	181.5	79.3	82.2	161.5
Expenses from ordinary activities consist of operating expenses, depreciation, amortisation, abandonments, net borrowing costs and income tax expense.						
Operating Expenses	18.9	24.2	43.1	25.1	21.0	46.1
<i>Operating Fees</i>	19.3	20.6	39.9	20.5	20.5	41.0
<i>Unrealised CPI Revenue Hedge Expense</i>	(3.6)	0.2	(3.4)	2.6	(2.1)	0.4
<i>Other Operating Expenses</i>	3.2	3.4	6.6	2.1	2.6	4.7
Operating expenses of \$46.1m increased 7.0% pcp primarily due to the \$3.8m increase in the unrealised CPI revenue hedge expense due to the MTM movement on the underlying CPI revenue hedges.						
D&A and Abandonments	16.2	16.7	32.9	16.2	17.1	33.3
<i>Depreciation</i>	14.5	14.6	29.1	14.6	14.7	29.3
<i>Amortisation</i>	0.7	0.7	1.4	0.7	0.7	1.4
<i>Abandonments</i>	1.0	1.4	2.4	0.9	1.7	2.6
D&A and abandonment expenses of \$33.3m were in line with pcp.						
Net Borrowing Costs	74.8	30.7	105.5	37.9	44.2	82.1
<i>Interest Income</i>	(0.8)	(0.3)	(1.1)	(0.3)	(0.3)	(0.7)
<i>Senior Interest</i>	35.3	33.4	68.7	34.4	34.2	68.6
<i>SOLA Interest</i>	7.0	7.6	14.6	7.2	7.7	14.9
<i>Interest Rate Hedge – Fair Value Movements</i>	32.3	(10.9)	21.5	(4.6)	1.2	(3.4)
<i>Amortisation & Other Financing Costs</i>	0.9	0.9	1.8	1.3	1.4	2.8
Net Borrowing Costs of \$82.1m decreased 22.2% pcp primarily due to the MTM movement on hedges for the period which resulted in a decrease in the hedge expense of \$24.9m from the pcp.						
Income Tax Expense	0.0	0.0	0.0	0.0	0.0	0.0
No income tax expense was incurred in the current period.						
Net Profit After Tax	(14.0)	12.6	(1.4)	21.2	(1.0)	20.2
NPAT of \$20.2m increased \$21.6m pcp primarily due to the decrease in net borrowing costs driven by derivative movements as described above.						

4.3. Cash Flow Statement

The current period is the 12 months to 30 June 2010. The pcp is the 12 months to 30 June 2009.

	6 months to 31 Dec 08	6 months to 30 Jun 09	12 months to 30 Jun 09	6 months to 31 Dec 09	6 months to 30 Jun 10	12 months to 30 Jun 10
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
Cash Flows from Operating Activities	88.7	45.0	133.6	92.5	44.4	136.9
<i>Cash Receipts</i>	118.2	86.5	204.7	129.0	71.7	200.7
<i>Cash Payments</i>	(29.5)	(41.5)	(71.0)	(36.6)	(27.3)	(63.8)
Cash Flows from Operating Activities of \$136.9m increased 2.5% pcp primarily due to timing of customer receipts.						
Cash Flows from Investing Activities	(15.8)	(10.6)	(26.4)	(22.4)	(13.8)	(36.2)
<i>Purchase of PP&E</i>	(15.8)	(15.7)	(31.6)	(22.4)	(17.3)	(39.7)
<i>Proceeds from Sale of PP&E</i>	0.0	0.0	0.0	0.0	0.0	0.0
<i>Proceeds from Government Grant</i>	0.0	5.2	5.2	0.0	3.4	3.4
Cash Flows from Investing Activities of \$36.2m decreased \$9.8m pcp primarily due to the timing of capex payments.						
Cash Flows from Financing Activities	(76.5)	(6.4)	(82.8)	(83.2)	(53.1)	(136.3)
<i>Movement in Borrowings</i>	(11.0)	42.0	31.0	(40.0)	(11.0)	(51.0)
<i>Equity Contributions</i>	0.0	0.0	0.0	14.5	14.5	29.0
<i>Senior Borrowing Costs</i>	(33.7)	(41.4)	(75.1)	(35.2)	(34.2)	(69.4)
<i>SOLA Borrowing Costs</i>	(7.8)	(6.9)	(14.8)	(7.2)	(7.9)	(15.2)
<i>Distributions</i>	(23.9)	0.0	(23.9)	(14.5)	(14.5)	(29.0)
<i>CPI Revenue Hedge Paid</i>	0.0	0.0	0.0	(0.8)	(0.0)	(0.8)
A \$51.0m decrease in borrowings during the period resulted from a \$29.0m of repayment of the SOLA debt funded by equity contributions and \$22.0m of bank debt repayments. Senior borrowing costs paid decreased by \$5.7m pcp, primarily due to a \$2.8m borrowing fee payment in the pcp.						
Net Cash Movement	(3.6)	28.0	24.4	(13.1)	(22.5)	(35.6)
<i>Opening Cash</i>	27.9	24.3	27.9	52.3	39.2	52.3
<i>Closing Cash</i>	24.3	52.3	52.3	39.2	16.7	16.7

4.4. Balance Sheet

30 June 2009 is the pcp.

	31 Dec 08	30 Jun 09	31 Dec 09	30 Jun 10
	\$ millions	\$ millions	\$ millions	\$ millions
Current Assets	45.1	89.7	64.9	61.2
<i>Cash</i>	24.3	52.3	39.2	16.7
<i>Accounts Receivable</i>	19.7	36.7	24.5	37.4
<i>Derivative Financial Instruments</i>	0.4	0.3	0.0	4.3
<i>Other Assets</i>	0.7	0.4	1.2	2.9
Cash of \$16.7m decreased \$35.6m primarily due to the timing of customer receipts and supplier payments, a \$5.7m Government grant in relation to the South Gippsland project which was received late in June 2009 and net senior debt repayments for the current period.				
Non-Current Assets	1,271.4	1,274.8	1,269.8	1,272.2
<i>Plant, Property & Equipment</i>	778.8	783.1	782.4	784.6
<i>Intangibles</i>	486.1	486.1	486.0	485.8
<i>Derivative Financial Instruments</i>	6.5	5.6	1.4	1.9
<i>Other Assets</i>	0.0	0.0	0.0	0.0
Non-Current Assets of \$1,272.2m decreased by \$2.6m pcp due to a \$3.7m MTM movement in derivatives which was offset by a \$1.5m increase in PP&E.				
Current Liabilities	179.4	184.1	36.8	56.3
<i>Payables</i>	37.5	39.5	31.0	37.0
<i>Derivative Financial Instruments</i>	0.0	9.6	5.8	4.4
<i>Interest Bearing Liabilities</i>	141.9	135.0	0.0	14.9
Interest Bearing Liabilities decreased \$120.1m pcp primarily due to the refinance of the \$135m Medium Term Notes which matured in July 2009. As at 30 June 2010, \$15m was drawn down on the working capital facility.				
Non-Current Liabilities	1,046.1	1,055.2	1,141.8	1,123.0
<i>Interest Bearing Liabilities</i>	721.9	767.0	859.2	863.6
<i>SOLA Debt</i>	141.2	141.2	141.2	112.2
<i>Deferred Tax Liabilities</i>	57.6	66.8	71.0	70.6
<i>Derivative Financial Instruments</i>	109.0	58.7	45.7	52.1
<i>Other Liabilities</i>	16.4	21.4	24.6	24.4
Non-Current Liabilities increased by \$67.8m pcp due to the refinance of the \$135m Medium Term notes which matured in July 2009. SOLA Debt decreased by \$29.0m due to a part repayment of this facility funded by equity injections.				
Net Assets	91.0	125.2	156.1	154.2
Equity	91.0	125.2	156.1	154.2
<i>Contributed Equity</i>	225.8	225.8	240.3	254.8
<i>Reserves</i>	(57.4)	(35.8)	(26.1)	(27.0)
<i>Retained Profits / (Loss)</i>	(77.4)	(64.8)	(58.2)	(73.7)
Equity of \$154.2m increased \$29.0m pcp reflecting the \$29.0m equity contribution to fund the partial repayment of SOLA. The current year profit was offset by the MTM movement of derivatives.				

4.5. Capital Expenditure Summary

The current period is the 12 months to 30 June 2010. The pcp is the 12 months to 30 June 2009.

	6 months to 31 Dec 08 \$ millions	6 months to 30 Jun 09 \$ millions	12 months to 30 Jun 09 \$ millions	6 months to 31 Dec 09 \$ millions	6 months to 30 Jun 10 \$ millions	12 months to 30 Jun 10 \$ millions
Total Capex	16.6	21.0	37.5	15.4	19.1	34.5
Growth Capex	12.9	14.8	27.7	13.1	12.7	25.8
<i>Customer Initiated Capital</i>	6.2	7.2	13.4	7.2	5.7	12.8
<i>South Gippsland</i>	4.9	3.1	8.0	2.6	1.0	3.6
<i>Demand Capital</i>	1.8	3.2	5.1	1.0	2.3	3.3
<i>Other Growth Capex</i>	0.0	1.3	1.3	2.4	3.8	6.1
Maintenance Capex	3.7	6.2	9.8	2.3	6.3	8.6
<i>Replacement Capex</i>	3.0	4.1	7.1	0.9	4.6	5.5
<i>Metering</i>	0.2	1.3	1.5	0.8	1.2	2.0
<i>Other Maintenance Capex</i>	0.5	0.8	1.3	0.6	0.5	1.2

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.

4.6. Key Operating Statistics

	As at 31 Dec 08		As at 30 Jun 09		As at 31 Dec 09		As at 30 Jun 10	
		%		%		%		%
Distribution Network Profile – User Connections								
Tariff V Residential	640,187	97	643,344	97	646,520	97	648,648	97
Tariff V Business	16,614	3	16,583	3	16,545	2	16,537	2
Tariff D	262	0	264	0	265	0	266	0
Total	657,063	100	660,191	100	663,330	100	665,451	100

	12 months to 31 Dec 08		12 months to 30 Jun 09		12 months to 31 Dec 09		12 months to 30 Jun 10	
		%		%		%		%
Usage – Gas Volumes (TJ)								
Tariff V	46,019	79	46,693	80	45,501	79	43,479	79
Tariff D	12,576	21	11,812	20	11,945	21	11,643	21
Total	58,595	100	58,505	100	57,446	100	55,122	100

	12 months to 31 Dec 08	12 months to 30 Jun 09	12 months to 31 Dec 09	12 months to 30 Jun 10
Distribution Network Statistics				
Priority Emergency Response	97.2%	97.8%	97.8%	96.9%
Number of Unplanned Outages (> 5 consumers)	16	21	13	11
Publicly Reported Gas Leaks (per 1,000 consumers)	18	18	18	16

WA Gas Networks

5. WA Gas Networks

As at 30 June 2010, DUET owned 25.9% of WA Gas Networks and 100% of the subordinated debt.

5.1. Financial Summary

	6 months to 31 Dec 08	6 months to 30 Jun 09	12 months to 30 Jun 09	6 months to 31 Dec 09	6 months to 30 Jun 10	12 months to 30 Jun 10
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
Distribution Revenue	70	61	130	74	63	137
Total Revenue	73	64	136	77	66	143
EBITDA	51	40	92	55	41	95
EBIT	39	28	67	42	28	70
Net Profit After Tax	12	6	18	15	7	22
Total Assets	868	882	882	889	916	916
Net Assets	82	92	92	93	101	101
Total Capex	19	21	40	23	29	52

WA Gas Networks

5.2. Income Statement

The current period is the 12 months to 30 June 2010. The pcp is the 12 months to 30 June 2009.

	6 months to 31 Dec 08 \$ millions	6 months to 30 Jun 09 \$ millions	12 months to 30 Jun 09 \$ millions	6 months to 31 Dec 09 \$ millions	6 months to 30 Jun 10 \$ millions	12 months to 30 Jun 10 \$ millions
Revenue	72.8	63.6	136.4	77.3	65.8	143.0
<i>Distribution Revenue</i>	69.6	60.6	130.2	73.6	63.1	136.7
<i>Other Revenue</i>	3.3	3.0	6.2	3.6	2.6	6.3
Revenue of \$143.0m increased 4.8% pcp.						
Expenses from Ordinary Activities	60.9	57.4	118.3	62.2	58.8	121.1
Expenses from Ordinary Activities consist of Operating Expenses, D&A, Net Borrowing Costs and Income Tax Expense.						
Operating Expenses	21.6	23.3	44.9	22.7	24.8	47.6
<i>Cost of Goods Sold</i>	2.5	4.7	7.2	3.7	5.3	8.9
<i>Other Operating Expenses</i>	19.1	18.6	37.7	19.0	19.6	38.6
Operating Expenses of \$47.6m increased \$2.7m pcp.						
D&A and Abandonments	12.0	12.4	24.4	12.6	13.0	25.6
<i>Depreciation</i>	11.5	11.7	23.2	11.9	12.3	24.3
<i>Amortisation</i>	0.6	0.6	1.2	0.7	0.7	1.4
Depreciation and Amortisation of \$25.6m increased \$1.2m pcp.						
Net Borrowing Costs	22.2	20.6	42.8	21.0	20.0	41.1
<i>Interest Income</i>	(0.3)	(0.1)	(0.4)	(0.2)	(0.3)	(0.5)
<i>Senior Interest</i>	18.5	18.3	36.7	18.7	17.4	36.2
<i>SOLA Interest</i>	4.0	2.4	6.4	2.6	2.8	5.4
Net Borrowing Costs of \$41.1m decreased \$1.7m pcp.						
Income Tax Expense	5.1	1.1	6.2	5.9	0.9	6.8
Income Tax Expense of \$6.8m increased \$0.6m pcp.						
Net Profit After Tax	11.9	6.2	18.1	15.0	6.9	22.0
Net Profit After Tax of \$22.0m increased by 21.5% pcp.						

WA Gas Networks

5.3. Cash Flow Statement

The current period is the 12 months to 30 June 2010. The pcp is the 12 months to 30 June 2009.

	6 months to 31 Dec 08 \$ millions	6 months to 30 Jun 09 \$ millions	12 months to 30 Jun 09 \$ millions	6 months to 31 Dec 09 \$ millions	6 months to 30 Jun 10 \$ millions	12 months to 30 Jun 10 \$ millions
Cash Flows from Operating Activities	49.8	38.1	87.9	54.7	26.9	81.6
<i>Cash Receipts and Payments</i>	55.0	39.8	94.8	58.3	32.8	91.0
<i>Tax Paid</i>	(5.2)	(1.7)	(6.9)	(3.6)	(5.8)	(9.4)
Cash Flows from Operating Activities of \$81.6m decreased \$6.3m pcp.						
Cash Flows from Investing Activities	(22.8)	(25.7)	(48.5)	(25.3)	(28.6)	(53.9)
<i>Purchase of PP&E</i>	(22.8)	(25.7)	(48.5)	(25.3)	(28.6)	(53.9)
Cash Flows from Investing Activities of \$53.9m decreased \$5.4m pcp.						
Cash Flows from Financing Activities	(32.4)	(6.3)	(38.7)	(30.1)	3.1	(27.0)
<i>Movement in Borrowings</i>	13.0	12.2	25.2	6.5	25.0	31.5
<i>Equity Contributions</i>	0.0	0.0	0.0	3.6	0.0	3.6
<i>Dividends Paid</i>	(19.9)	0.0	(19.9)	(19.9)	0.0	(19.9)
<i>Interest Received</i>	0.3	0.1	0.4	0.3	0.3	0.6
<i>Senior Interest and Borrowing Costs Paid</i>	(21.2)	(16.1)	(37.2)	(18.1)	(19.4)	(37.5)
<i>SOLA Interest Paid</i>	(4.6)	(2.5)	(7.1)	(2.5)	(2.8)	(5.2)
Cash Flows from Financing Activities of \$27.0m increased \$11.7m pcp.						
Net Cash Movement	(5.4)	6.0	0.7	(0.7)	1.4	0.7
<i>Opening Cash</i>	10.6	5.2	10.6	11.2	10.5	11.2
<i>Closing Cash</i>	5.2	11.2	11.2	10.5	12.0	12.0

WA Gas Networks

5.4. Balance Sheet

30 June 2009 is the pcp.

	31 Dec 08	30 Jun 09	31 Dec 09	30 Jun 10
	\$ millions	\$ millions	\$ millions	\$ millions
Current Assets	30.8	37.7	34.6	44.0
<i>Cash</i>	5.2	11.2	10.5	12.0
<i>Accounts Receivable</i>	23.3	26.4	24.0	29.3
<i>Other Current Assets (including Inventories and Tax Assets)</i>	2.4	0.1	0.1	2.7
Current Assets of \$44.0m increased by \$6.3m pcp.				
Non-Current Assets	837.0	844.0	854.9	871.7
<i>Plant, Property and Equipment</i>	623.4	630.4	641.3	658.1
<i>Intangibles</i>	213.6	213.6	213.6	213.6
Non-Current Assets of \$871.7m increased by \$27.7m pcp.				
Current Liabilities	34.7	32.1	220.4	277.7
<i>Payables</i>	30.4	20.4	15.3	15.3
<i>Interest Bearing Liabilities</i>	3.0	9.5	200.0	261.0
<i>Current Tax Liabilities</i>	0.5	0.4	2.8	0.0
<i>Provisions and Other Liabilities</i>	0.8	1.8	2.4	1.4
Interest bearing liabilities increased mainly due to the \$250m bank debt facility used to refinance the \$200m credit wrapped notes.				
Non-Current Liabilities	750.8	758.0	575.9	537.6
<i>Interest Bearing Liabilities</i>	584.2	590.6	407.4	368.3
<i>SOLA Debt</i>	79.8	79.8	79.8	79.8
<i>Deferred Tax Liabilities</i>	86.8	87.6	88.7	89.4
Non-Current Liabilities of \$537.6m decreased by \$220.4m pcp. Interest bearing liabilities decreased mainly due to the \$250m bank debt facility used to refinance the \$200m credit wrapped notes.				
Net Assets	82.3	91.6	93.2	100.5
Equity	82.3	91.6	93.2	100.5
<i>Contributed Equity</i>	169.6	169.6	173.2	173.2
<i>Reserves</i>	(5.9)	(2.8)	0.0	0.4
<i>Retained Earnings</i>	(81.4)	(75.2)	(80.1)	(73.1)
Equity was \$100.5m at the end of the period.				

WA Gas Networks

5.5. Capital Expenditure Summary

The current period is the 12 months to 30 June 2010. The pcp is the 12 months to 30 June 2009.

	6 months to 31 Dec 08 \$ millions	6 months to 30 Jun 09 \$ millions	12 months to 30 Jun 09 \$ millions	6 months to 31 Dec 09 \$ millions	6 months to 30 Jun 10 \$ millions	12 months to 30 Jun 10 \$ millions
Total Capex	19.1	20.9	39.9	22.7	29.2	51.9
Growth Capex	14.7	18.0	32.7	17.9	23.6	41.5
<i>Customer Initiated Capital</i>	12.4	11.4	23.7	12.3	12.1	24.4
<i>Demand Capital</i>	2.2	6.7	8.9	5.6	11.5	17.1
<i>Other Growth Capex (incl. Recoverable)</i>	0.1	0.0	0.2	0.0	0.0	0.0
Maintenance Capex	4.4	2.8	7.2	4.8	5.5	10.3
<i>Asset replacement</i>	4.3	2.6	6.9	2.9	3.8	6.7
<i>Other Maintenance Capex</i>	0.0	0.3	0.3	0.1	0.2	0.3
<i>Information Systems</i>	0.0	0.0	0.0	1.7	1.6	3.3

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.

WA Gas Networks

5.6. Key Operating Statistics

	12 months to		12 months to		12 months to		12 months to	
	31 Dec 08	%	30 Jun 09	%	31 Dec 09	%	30 Jun 10	%
Usage (TJ)								
Tariff A	14,346	51	14,470	52	14,362	51	14,210	51
Tariff B	13,449	48	13,186	47	13,346	48	13,345	48
Kalgoorlie	180	1	185	1	191	1	190	1
Albany	135	0	136	0	139	0	135	0
Total Distribution Volumes	28,109	100	27,977	100	28,038	100	27,880	100

	As at		As at		As at		As at	
	31 Dec 08		30 Jun 09		31 Dec 09		30 Jun 10	
Number of Connections	602,821		610,294		618,834		627,205	

	As at		As at		As at		As at	
	31 Dec 08		30 Jun 09		31 Dec 09		30 Jun 10	
Performance Indicators								
SAIFI (Per 1000)	0.23		0.28		0.42		0.31	
Priority Emergency Response	100%		99.94%		100%		100%	

Duquesne

6. Duquesne

As at 30 June 2010, DUET owned 29.0% of Duquesne.

All balances reported are stated in US Dollars. Both the Income Statement and Balance Sheet are presented in US GAAP and accordingly are not AIFRS compliant. Duquesne's financial year end is 31 December.

6.1. Financial Summary

	6 months to 31 Dec 08	6 months to 30 Jun 09	12 months to 30 Jun 09	6 months to 31 Dec 09	6 months to 30 Jun 10	12 months to 30 Jun 10
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
Total Revenue ¹	577	551	1,128	558	573	1,130
EBITDA	186	192	379	175	175	350
EBIT	141	147	288	119	125	244
Net Profit After Tax	(212)	18	(194)	25	3	28
Total Assets	3,958	3,914	3,914	4,265	4,205	4,205
Net Assets	149	167	167	455	503	503
Total Capex	97	95	192	117	113	230

¹ Before limited partners' interest and discontinued operations.

Duquesne

6.2. Income Statement

The current period presented for Duquesne is the 12 months to 30 June 2010. The pcp is the 12 months to 30 June 2009.

	6 months to 31 Dec 08	6 months to 30 Jun 09	12 months to 30 Jun 09	6 months to 31 Dec 09	6 months to 30 Jun 10	12 months to 30 Jun 10
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
Total Revenue	577.0	550.5	1,127.6	557.5	572.6	1,130.1
Total Revenue Includes Retail Sales of Electricity and Other Revenues.						
Retail Sales of Electricity Revenue	527.3	512.0	1,039.3	522.5	533.3	1,055.9
<i>Transmission</i>	53.7	51.9	105.7	54.0	50.8	104.8
<i>Distribution</i>	191.8	182.0	373.7	189.1	198.2	387.3
<i>Supply</i>	281.8	278.2	559.9	279.4	284.3	563.7
Retail sales of electricity increased by \$16.6m pcp, primarily due to an increase in distribution revenue. Distribution revenues increased by \$13.6m pcp primarily due to the commencement of a surcharge for the Act 129 program and flat volumes on pcp following a second half increase in volumes during current the period. Supply revenues were flat on pcp and are associated with PoLR supply and competitive retail supply revenues.						
Other Revenue	49.7	38.5	88.2	35.0	39.2	74.2
<i>Other</i>	49.7	38.5	88.2	35.0	39.2	74.2
Other revenue decreased \$14.0m pcp primarily due to a decrease in generation revenues following a reduction in the spot power price. Other Revenue is associated with non-regulated activities which include generation revenues, communications revenues, and other non-regulated revenues.						
Expenses	638.6	401.7	1,040.3	346.8	396.5	743.2
<i>Fuel and Purchased Power</i>	286.8	242.9	529.7	255.7	263.3	519.0
<i>Mark-to-Market Value of Derivative Energy Contracts</i>	247.8	43.5	291.4	(35.7)	(1.0)	(36.7)
<i>Other Operating and Maintenance</i>	69.7	79.7	149.4	87.0	82.9	169.9
<i>Movement in Regulatory Assets and Liabilities</i>	0.4	2.4	2.8	7.1	15.3	22.4
<i>Taxes other than Income Taxes</i>	33.8	33.2	67.0	32.7	35.9	68.6
Expenses of \$743.2m decreased \$297.1m pcp predominantly from a \$328.1m MTM movement in derivative energy contracts. Other Operating and Maintenance expense increased by \$20.5m pcp primarily due to higher labour-related costs (including filing vacant positions), a non-cash actuarial adjustment related to a site restoration liability and the timing of contractor expenditures. The movement in Regulatory Assets and Liabilities increased by \$19.6m pcp primarily due to an increase in Regulatory Liabilities associated with Act 129 revenue collected in advance and a decrease in Regulatory Assets due to pension and post-retirement accounting movements.						

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6.2. Income Statement (cont'd)

	6 months to 31 Dec 08	6 months to 30 Jun 09	12 months to 30 Jun 09	6 months to 31 Dec 09	6 months to 30 Jun 10	12 months to 30 Jun 10
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
Depreciation and Amortisation	45.2	45.1	90.2	55.9	50.2	106.1
Depreciation and Amortisation of \$106.1m increased by \$15.9m pcp predominantly due to an increase in amortisation expense relating to POLR IV contracts.						
Net Borrowing Costs	220.4	63.2	283.6	110.4	131.9	242.3
<i>Investment and Other Income / (Loss)</i>	1.9	1.0	2.9	(0.2)	(2.1)	(2.3)
<i>Senior Interest</i>	61.6	57.2	118.7	61.1	63.8	124.9
<i>Shareholder Loan Interest</i>	46.2	45.4	91.6	48.3	45.4	93.7
<i>Amortisation of Capitalised Borrowing Costs</i>	3.2	4.1	7.3	1.6	3.1	4.6
<i>Mark-to-Market Value of Interest Rate Hedges</i>	107.6	(45.8)	61.7	(1.9)	20.1	18.2
<i>Movement on Regulatory Asset</i>	0.0	1.4	1.4	1.6	1.6	3.2
Net Borrowing Costs of \$242.3m decreased \$41.3m pcp predominantly from a \$43.5m decrease in the MTM of interest rate hedges.						
Income Tax Expense	(111.3)	26.1	(85.1)	21.9	(8.8)	13.1
The income tax expense of \$13.1m increased \$98.2m pcp predominantly as a result of the MTM movement of derivative energy and interest rate contracts as described above. This was partially offset by income tax reserve write-offs which provided an income tax benefit for the current period.						
Other	4.2	3.5	7.7	2.6	(0.1)	2.5
<i>Benefit from Limited Partners' Interest</i>	4.1	3.5	7.6	2.3	(0.0)	2.2
<i>Profit / (Loss) from Discontinued Operations</i>	0.1	(0.0)	0.0	0.3	(0.1)	0.3
Net Profit After Tax	(211.7)	17.9	(193.8)	25.1	2.8	27.9

6.3. Cash Flow Statement

The current period presented for Duquesne is the 12 months to 30 June 2010. The pcp is the 12 months to 30 June 2009.

	6 months to 31 Dec 08	6 months to 30 Jun 09	12 months to 30 Jun 09	6 months to 31 Dec 09	6 months to 30 Jun 10	12 months to 30 Jun 10
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
Cash Flows from Operating Activities	189.2	128.6	317.8	223.6	142.2	365.8
<i>Cash Receipts</i>	636.5	609.0	1,245.6	594.2	603.3	1,197.4
<i>Cash Payments to Suppliers</i>	(407.3)	(462.8)	(870.1)	(370.7)	(466.6)	(837.3)
<i>Income Tax (Payment) / Refund</i>	(40.0)	(17.6)	(57.6)	0.1	5.5	5.6
Cash Flows from Operating Activities of \$365.8m increased \$48.0m pcp predominantly due an income tax refund received during the period, partially offset by a decrease in net cash receipts.						
Cash Flows from Investing Activities	(90.2)	(93.9)	(184.0)	(100.4)	(137.1)	(237.5)
<i>Purchase of PP&E</i>	(86.1)	(92.3)	(178.4)	(98.3)	(136.9)	(235.2)
<i>Proceeds from Sale of Investments</i>	0.0	0.0	0.0	0.0	0.0	0.0
<i>Other</i>	(4.0)	(1.5)	(5.6)	(2.1)	(0.1)	(2.3)
Cash Flows from Investing Activities of \$237.5m decreased \$53.5m pcp due to an increase in PP&E expenditures.						
Cash Flows from Financing Activities	(137.7)	(71.9)	(209.6)	82.5	(154.2)	(71.7)
<i>Movement in Borrowings</i>	7.8	(10.8)	(2.9)	(24.2)	(90.0)	(114.2)
<i>Equity Contributions</i>	0.0	0.0	0.0	200.0	0.0	200.0
<i>Senior Borrowing Costs</i>	(67.3)	(52.0)	(119.3)	(55.1)	(59.6)	(114.7)
<i>Shareholder Loan Interest</i>	(47.0)	(28.9)	(75.9)	(7.1)	0.0	(7.1)
<i>Consortium Dividends</i>	(28.2)	0.0	(28.2)	0.0	0.0	0.0
<i>Preferred Stock Dividends</i>	(3.1)	(3.1)	(6.2)	(3.1)	(3.1)	(6.2)
<i>Deferral of Member Debt Interest Payments</i>	0.0	22.8	22.8	(22.8)	0.0	(22.8)
<i>Other</i>	0.0	0.0	0.0	(5.2)	(1.5)	(6.7)
Cash Flows from Financing Activities of \$71.7m increased by \$137.9m pcp primarily due to the \$200m equity injection by consortium members in late December 2009 and the reinvestment of Shareholder Loan Interest payments as ordinary equity. This was partially offset by a repayment of senior debt in the current period.						
Net Cash Movement	(38.7)	(37.1)	(75.8)	205.7	(149.1)	56.6
<i>Opening Cash</i>	110.9	72.3	110.9	35.1	240.9	35.1
<i>Closing Cash</i>	72.3	35.1	35.1	240.9	91.8	91.8

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6.4. Balance Sheet

The pcp is 30 June 2009.

	31 Dec 08 US\$ millions	30 Jun 09 US\$ millions	31 Dec 09 US\$ millions	30 Jun 10 US\$ millions
Current Assets	302.0	225.1	460.6	343.3
<i>Cash and Cash Equivalents</i>	72.3	35.1	240.9	91.8
<i>Receivables</i>	144.8	135.7	138.0	149.0
<i>Deferred Tax Assets</i>	47.7	5.8	51.0	52.0
<i>Derivative Financial Instruments</i>	8.6	1.1	0.3	1.2
<i>Other</i>	28.6	47.4	30.5	49.3
Current Assets of \$343.3m increased \$118.2m pcp primarily due an increase in cash as a result of the equity recapitalisation by consortium members in December 2009 and an increased in deferred tax assets due to the MTM movement of derivative instruments.				
Non-Current Assets	3,656.2	3,688.7	3,803.9	3,862.0
<i>Long-Term Investments</i>	17.1	16.0	15.3	14.8
<i>Net Property, Plant and Equipment</i>	2,038.0	2,088.8	2,163.1	2,223.5
<i>Regulatory Assets</i>	508.1	501.9	562.4	558.4
<i>Goodwill</i>	1,017.8	1,017.8	1,017.8	1,017.8
<i>Derivative Financial Instruments</i>	5.4	0.0	0.0	1.3
<i>Pension Assets</i>	0.0	0.0	0.0	0.0
<i>Other</i>	69.9	64.1	45.2	46.2
Non-Current Assets of \$3,862.0m increased \$173.3m pcp primarily due to a \$134.7m increase in PP&E and a \$56.5m increase in Regulatory Assets.				
Current Liabilities	286.8	295.5	296.5	257.0
<i>Short Term Debt and Current Maturities</i>	0.2	0.3	0.3	0.0
<i>Accounts Payable</i>	92.3	87.6	108.7	78.2
<i>Deferred Income Tax-Net</i>	0.0	0.0	0.0	0.0
<i>Derivative Financial Instruments</i>	82.4	106.5	96.0	79.0
<i>Other Current Liabilities</i>	111.9	101.2	91.6	99.9
Current Liabilities of \$257.0m decreased \$38.5m pcp due to a \$9.4m decrease in Accounts Payable and a \$27.5m decrease in Derivative Instruments.				
Non-Current Liabilities	3,522.7	3,451.7	3,513.4	3,445.7
<i>Deferred Income Taxes - Net</i>	327.0	290.8	370.7	378.2
<i>Derivative Financial Instruments</i>	124.8	82.8	59.1	94.8
<i>Pension Liability</i>	218.0	217.5	266.0	267.4
<i>Federal Income Tax Reserve</i>	42.0	42.5	44.0	13.4
<i>Other Post Retirement Benefits</i>	51.0	51.5	55.1	55.4
<i>Other Non-Current Liabilities</i>	69.6	64.8	66.8	75.3
<i>Long-Term Debt</i>	1,874.0	1,865.1	1,841.4	1,751.9
<i>Limited Partners Interest</i>	13.0	10.7	7.3	6.2
<i>Investor Debt</i>	695.0	717.8	695.0	695.0
<i>Preferred and Preference Stock</i>	108.1	108.1	108.1	108.1
Non-Current Liabilities of \$3,445.7m decreased \$6.0m pcp due to a decrease in Long-Term Debt of \$113.2m and a \$29.1m decrease in the Federal Income Tax Reserve. This was partially offset by an increase in net Deferred Income Taxes of \$87.4m and an increase in Pension Liability of \$49.9m.				
Net Assets	148.7	166.6	454.5	502.6
Equity	148.7	166.6	454.5	502.6
<i>Common Equity</i>	148.7	166.6	454.5	502.6
Equity of \$502.6m increased \$336.0m pcp primarily due to the \$200m equity recapitalisation and the MTM movement in derivatives.				

6.5. Capital Expenditure Summary

The current period is the 12 months to 30 June 2010. The pcp is the 12 months to 30 June 2009.

	6 months to 31 Dec 08	6 months to 30 Jun 09	12 months to 30 Jun 09	6 months to 31 Dec 09	6 months to 30 Jun 10	12 months to 30 Jun 10
	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions	US\$ millions
Total Capex	97.1	94.8	191.8	116.6	113.2	229.8
Growth Capex	37.6	45.6	83.2	63.1	34.7	97.9
<i>Growth Transmission</i>	29.4	35.8	65.2	51.7	25.9	77.6
<i>Associated Distribution</i>	8.2	9.8	18.0	11.5	8.8	20.3
Maintenance Capex	51.4	43.6	95.0	46.3	73.5	119.8
<i>Transmission & Distribution Maintenance</i>	36.4	35.9	72.3	36.6	65.4	102.0
<i>Utility Support</i>	15.1	7.7	22.7	9.6	8.1	17.7
Other Capex	8.1	5.5	13.6	7.2	5.0	12.2
<i>Keystone & Conemaugh</i>	7.2	3.7	10.9	4.8	2.1	6.9
<i>Communications</i>	0.9	1.8	2.6	2.4	2.8	5.2

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.

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6.6. Key Operating Statistics

	12 months to 31 Dec 08		12 months to 30 Jun 09		12 months to 31 Dec 09		12 months to 30 Jun 10	
		%		%		%		%
Electricity Delivered (GWh)								
Residential	4,060	29	4,031	30	3,945	30	4,031	30
Commercial & Lighting	6,698	49	6,660	50	6,602	50	6,645	49
Industrial	3,009	22	2,732	20	2,575	20	2,748	20
Total	13,767	100	13,423	100	13,123	100	13,424	100