



Management Information Report

For the half year ended 31 December 2013

DUET Group Management Information Report

For the half year ended 31 December 2013

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At 31 December 2013 the DUET Group comprised DUET Company Limited (DUETCo) (ABN 93 163 100 061), DUET Finance Limited (DFL) (ABN 15 108 014 062) (AFSL 269287) in its personal capacity and as Responsible Entity for DUET Finance Trust (DFT) (ARSN 109 363 135) (ABN 85 482 841 876), DUET Investment Holdings Limited (DIHL) (ABN 22 120 456 573) and its controlled entities. In DUETCo, DFT, DFL and DIHL referred to as "DUET" or "DUET Group". DUET may refer to any entity of the DUET Group or all of them or any combination thereof. 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.

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DUET Group Management Information Report

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Introduction

This Management Information Report ("MIR") contains financial information including unconsolidated cash flows, group gearing and energy utility management accounts for DUET Group ("DUET") for the half year ended 31 December 2013.

Information for each of DUET's energy utilities is sourced from unaudited management accounts prepared under the relevant local generally accepted accounting standards applicable to each energy utility and are reconciled to the most recently published financial statements when available. It is DUET's policy to restate prior period results to bring them into line should variances arise, with any subsequently produced statutory financial statement result. Note that, due to rounding, certain totals presented in this document may not be the exact sum of the individual line items they comprise.

DUET's boards have reviewed and approved the MIR and endorse its release as a supplement to the Interim Financial Report.

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

Ernst & Young ("EY") was engaged to perform certain procedures for the directors of DUET in relation to their preparation of 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 in evaluating the accuracy of the disclosures. EY conducted their engagement in accordance with Australian Auditing Standards applicable to agreed upon procedures and engagements. The procedures do not constitute either an audit or review in accordance with Australian Auditing Standards and accordingly EY have expressed no assurance over the accuracy of the disclosures or on any other aspect of this MIR.

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Group Cash Flows

Unconsolidated Cash Flows

Unconsolidated Cash Flows represent the aggregation of the cash flows attributable to DUET.

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.

	6 months to 31 December 2013 \$'000	6 months to 31 December 2012 \$'000
<i>Cash flows from energy utilities</i>		
DBP	48,306	51,846
United Energy	37,605	31,686
Multinet Gas ⁽¹⁾	46,553	24,581
DBP Development Group (DDG)	1,798	-
Cash flows from energy utilities	134,262	108,113
<i>Cash flows from operating activities</i>		
Other income received	137	76
Head Office operating expenses paid (inclusive of GST) ⁽²⁾	(9,055)	(1,712)
Responsible entity fees paid (inclusive of GST)	-	(11,328)
Cash flows from operating activities	(8,918)	(12,964)
Net cash inflows from energy utilities and operations (A)	125,344	95,149
<i>Cash flows from investing activities</i>		
Internalisation and group simplification project	(5,060)	(13,140)
Investment in energy utilities ⁽³⁾	(88,035)	(29,553)
Cash flows from investing activities	(93,095)	(42,693)
<i>Cash flows from financing activities</i>		
Head Office borrowing costs paid (B)	-	(938)
Head Office bank interest income (C)	1,143	1,933
Equity raising proceeds (net of transaction costs)	138,543	13,310
Funding Arm loan to DDG	(50,000)	-
Distributions paid to DUET Group stapled security holders	(96,468)	(88,787)
Cash flows from financing activities	(6,782)	(74,482)
<i>Other cash flows</i>		
Performance fee paid to external managers	-	(16,636)
Other cash flows	-	(16,636)
Net increase/(decrease) in cash assets held	25,467	(38,662)
Cash assets at the beginning of the period	124,301	172,228
Less: Restricted Cash	(5,563)	(10,000)
Cash assets at the end of the period	144,205	123,566
Cash available for distribution (A+B+C)	126,487	96,144
Weighted average DUET Group stapled securities on issue ('000's)	1,214,209	1,121,338
Cash available for distribution per stapled security - cents	10.42	8.57
Interim distribution declared and payable per stapled security - cents	8.50	8.25
Interim distribution coverage	123%	104%
Pro forma cash available for distribution ⁽¹⁾	107,737	96,144
Pro forma distribution coverage⁽¹⁾	104%	104%

⁽¹⁾ \$18.75 million dividend paid by Multinet Gas on 6 August 2013 has been excluded from pro forma cash available for distribution and coverage.

⁽²⁾ Current period: (i) includes payments totalling \$4.9 million to Macquarie Group and AMP Capital (accrued at 30 June 2013) for availability fees and transitional services related to the internalisation of DUET's management team approved by DUET's stapled securityholders; and (ii) excludes \$0.5 million of operating expenses accrued and unpaid as at 31 December 2013.

⁽³⁾ Investments made during the current period were: (i) Multinet Gas \$40.0 million and (ii) DDG \$48.0 million.

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Consolidated Cash Flow Statement

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

As required by Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("the Standards"), this consolidated cash flow statement includes the consolidated cash flows not only of DUET's Head Office but also 100% of the cash flows of its majority controlled businesses, DBP, United Energy, Multinet Gas and DDG.

	DUET Group 1 Jul 13 - 31 Dec 13 \$'000	DUET Group 1 Jul 12 - 31 Dec 12 \$'000
Cash flows from operating activities		
Receipts from customers (including GST)	719,293	631,123
Payments to suppliers and employees (including GST)	(293,307)	(280,717)
Payments relating to internalisation and group simplification	(5,097)	(13,140)
Income tax (paid)/received	-	(245)
Other interest received	6,693	3,195
Management fee paid	-	(29,924)
Indirect tax net (paid) /received	(6,540)	(8,485)
Net cash flows from operating activities	421,042	301,807
Cash flows (used in)/from investing activities		
Payments for purchase of property, plant and equipment	(172,112)	(199,286)
Payments for purchase of software	(23,825)	(29,322)
Proceeds from sale of non-current assets	824	328
Net cash flows (used in)/from investing activities	(195,113)	(228,280)
Cash flows from financing activities		
Proceeds from issue of stapled securities, net of costs	138,543	13,310
Proceeds from securities issued to non-controlling interests	5,679	19,867
Proceeds from borrowings from external parties	603,000	986,222
Repayment of borrowings from external parties	(542,500)	(833,240)
Finance costs paid	(219,049)	(228,145)
Dividends paid to non-controlling interest	(18,972)	(16,535)
Distributions paid to DUET securityholders, net of DRP	(96,468)	(88,787)
Net cash flow from/(used in) financing activities	(129,767)	(147,308)
Net increase/(decrease) in cash and cash equivalents held	96,162	(73,783)
Cash and cash equivalents at the beginning of the year	402,181	243,595
Effects of exchange rate changes on cash and cash equivalents	15	(6)
Cash and cash equivalents at the end of the year	498,358	169,806

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Reconciliation of Cash Flows

A reconciliation of the Statement of Cash Flows per the DUET Group Interim Financial Report to Unconsolidated Cash Flows on page 4 of this MIR is as follows:

	DUET Group 1 Jul 13 - 31 Dec 13 \$'000	DUET Group 1 Jul 12 - 31 Dec 12 \$'000
Net cash flows from operating activities per DUET Group Interim Financial Report	421,042	301,807
<i>Less:</i>		
United Energy	(159,987)	(47,127)
Multinet Gas	(85,530)	(93,648)
DBP	(188,791)	(201,575)
DDG	556	(260)
UEM	(103)	-
Head Office – other interest and director fees received	(1,338)	(2,001)
Other	136	64
<i>Add:</i>		
Payments relating to internalisation and group simplification project	5,097	13,140
Performance fee paid	-	16,636
Net cash flows from operating activities per MIR	(8,918)	(12,964)
Net cash flows from investing activities per DUET Group Interim Financial Report	(195,113)	(228,280)
<i>Add:</i>		
United Energy	144,164	152,937
Multinet Gas	25,339	45,667
DBP	12,850	28,398
DDG	12,760	1,278
<i>Less:</i>		
Payments relating to internalisation and group simplification project	(5,060)	(13,140)
Investments in energy utilities by DUET (inter-company elimination)	(88,035)	(29,553)
Net cash flows from investing activities per MIR	(93,095)	(42,693)
Net cash flows from financing activities per DUET Group Interim Financial Report	(129,767)	(147,308)
<i>Add:</i>		
United Energy	67,846	(70,515)
Multinet Gas	32,526	46,130
DBP	163,819	175,039
DDG	(96,089)	(1,200)
Bank interest received by Head Office	1,583	1,933
Related party transactions (inter-company elimination)	(46,700)	(78,561)
<i>Less:</i>		
Income tax paid	-	-
Net cash flows from financing activities per MIR	(6,782)	(74,482)

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Proportionate Gearing

	As at 31 December 2013 \$m	As at 30 June 2013 \$m
Proportionate Net External Debt	4,158.3	4,212.6
Less: Head Office cash (including Restricted Cash)	(149.8)	(124.3)
Add: DUET Group distribution payable	105.2	96.5
Adjusted Proportionate Net External Debt	4,113.7	4,184.8
Proportionate RAB	5,423.6	5,320.3
Proportionate Gearing (%)	75.8%	78.7%

Restricted Cash primarily includes cash held by DUET's Head Office under DUET's AFSL licence requirement.

Proportionate Net External Debt

This is the aggregation of DUET's beneficial ownership interest in the net external debt of each energy utility.

As at 31 December 2013 \$m	DBP	United Energy	Multinet Gas	DDG	Total
External debt	2,043.2	1,411.1	977.1	-	4,431.5
Less: Cash ⁽¹⁾	(23.3)	(135.9)	(31.2)	(82.9)	(273.3)
Proportionate Net External Debt	2,020.0	1,275.2	945.9	(82.9)	4,158.3

⁽¹⁾ UED's 31 December 2013 cash balance includes UE & Multinet Pty Limited's (UEM) cash balance of \$0.9m.

Proportionate RAB

This is the aggregation of DUET's beneficial ownership interest in the Regulated Asset Base (RAB) of each energy utility.

Non-current assets are used as a proxy for RAB for DDG.

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

As at 31 December 2013 \$m	DBP	United Energy	Multinet Gas	DDG	Total
Proportionate RAB	2,911.2	1,383.6	1,111.6	17.1	5,423.6

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Reconciliation of Debt

A reconciliation of the Interest Bearing Liabilities per the DUET Group Interim Financial Report to the Adjusted Proportionate Net External Debt shown on page 7 of this MIR is provided as follows:

	DUET Group 31 Dec 13 \$'000	DUET Group 30 Jun 13 \$'000
Interest Bearing Liabilities per DUET Group Interim Financial Report	5,757,527	5,671,897
<i>Add:</i>		
United Energy – US\$ Debt / Fair Value Adjustment	28,905	47,473
Multinet Gas – US\$ Debt / Fair Value Adjustment	16,597	20,302
DBP – capitalised borrowing costs	24,796	27,573
United Energy – capitalised borrowing costs	10,203	11,654
Multinet Gas – capitalised borrowing costs	5,407	5,712
Head Office – distribution declared and payable	105,162	96,468
<i>Less:</i>		
Cash on hand per DUET Group Interim Financial Report	(498,358)	(402,181)
DBP – finance lease liability	(19,541)	(20,816)
United Energy – minority share of RPS not eliminated on consolidation	(178,588)	(178,587)
DUET Group Net External Debt	5,252,110	5,279,496
<i>Less:</i>		
DBP – minority share of Net External Debt	(481,778)	(473,338)
United Energy – minority share of Net External Debt	(656,679)	(621,363)
Adjusted Proportionate Net External Debt per MIR	4,113,653	4,184,795

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Energy Utility Management Accounts

DBP

	6 mths to 31-Dec-12 (pcp) \$m	6 mths to 31-Dec-13 \$m	Change on pcp %
DBP Financial Summary			
Transport Revenue	213.1	210.2	(1.4)
Total Revenue	235.0	223.3	(5.0)
EBITDA	190.0	177.4	(6.6)
EBITDA margin	80.9%	79.4%	(1.5)
RAB	3,590.6	3,605.4	0.4
Gearing	69.7%	69.4%	(0.3)
Capex	17.4	8.0	53.8

	6 mths to 31-Dec-12 (pcp) \$m	6 mths to 31-Dec-13 \$m	Change on pcp %
DBP Income Statement			
Total Revenue	235.0	223.3	(5.0)
Transport Revenue	213.1	210.2	(1.4)
Other Revenue	22.0	13.2	(40.0)
Shipper-funded Projects ¹	11.6	0.4	(96.7)
Other Income	10.4	12.8	23.3
Operating Expenses	(45.0)	(46.0)	(2.1)
External Operating Fees	(2.7)	(2.7)	2.3
Employee Expenses	(14.2)	(13.9)	2.1
Unrealised Foreign Exchange Loss	-	(0.0)	Nmf
Fuel Gas	(4.6)	(6.0)	(30.8)
Other Operating Expenses	(23.5)	(23.4)	0.5
Depreciation, Amortisation & Abandonments	(40.0)	(39.1)	2.3
Depreciation	(39.1)	(38.3)	2.2
Amortisation	(1.0)	(0.9)	2.9
Abandonments	0.1	0.1	34.1
Net Borrowing Costs	(104.8)	(113.1)	(7.9)
Interest Income	0.3	0.2	(33.1)
Senior Interest	(104.9)	(109.8)	(4.7)
Interest Rate Hedge - Fair Value Movements	8.8	6.1	(30.8)
Decommissioning Interest Charge	(0.5)	(0.7)	(24.1)
Amortisation of Borrowing Costs	(6.8)	(7.5)	(10.1)
Other Financing Costs	(1.6)	(1.3)	19.3
Income Tax (Expense) / Benefit	(14.4)	(8.0)	44.3
Net Profit After Tax	30.8	17.2	(44.2)

¹ Previously reported in the pcp as \$13.7m; \$2.1m subsequently reclassified to Other Income.

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	6 mths to 31-Dec-12 (pcp) \$m	6 mths to 31-Dec-13 \$m	Change on pcp %
DBP Cash Flow Statement			
Cash Flows from Operating Activities	201.6	188.8	(6.3)
Cash Receipts	265.2	250.4	(5.6)
Cash Payments	(63.6)	(61.6)	3.1
Cash Flows from Investing Activities	(28.4)	(12.9)	54.8
Purchase of PP&E and Intangibles	(28.5)	(13.0)	54.5
Proceeds from Sale of Non-Current Assets	0.1	0.1	34.1
Cash Flows from Financing Activities	(175.0)	(163.8)	6.4
Movement in Borrowings	0.8	5.0	nmf
Movement in Equity	5.3	5.7	8.0
Other Interest & Borrowing Costs	(117.8)	(115.0)	2.4
Distributions	(63.3)	(59.5)	(5.9)
Net Cash Movement	(1.9)	12.1	nmf
Opening Cash	14.8	16.7	nmf
Closing Cash	12.9	28.8	nmf

	30-Jun-13 (pcp) \$m	31-Dec-13 \$m	Change on pcp %
DBP Balance Sheet			
Current Assets	55.9	66.0	18.1
Cash	16.7	28.8	72.7
Accounts Receivable	3.9	0.4	(89.1)
Derivative Financial Instruments	-	1.2	nmf
Inventories and Other Assets	35.3	35.5	0.6
Non-Current Assets	3,686.9	3,650.7	(1.0)
Plant, Property and Equipment	2,993.2	2,957.7	(1.2)
Intangibles	672.6	672.0	(0.1)
Derivative Financial Instruments	-	0.2	nmf
Other	21.0	20.8	(1.1)
Current Liabilities	184.3	565.7	nmf
Payables	59.6	61.0	(2.3)
Deferred Revenue	23.6	23.6	(0.2)
External Debt	20.0	400.0	nmf
Capitalised Borrowing Costs	-	(0.2)	nmf
Finance Lease Liability	0.8	0.9	(2.0)
Derivative Financial Instruments	73.7	73.2	0.6
Provisions	6.7	7.1	(6.7)
Non-Current Liabilities	2,930.7	2,535.1	13.5
External Debt	2,505.6	2,130.6	15.0
Capitalised Borrowing Costs	(27.6)	(24.6)	10.8
Finance Lease Liability	20.0	19.5	2.2
Deferred Tax Liabilities	288.3	307.0	(6.5)
Derivative Financial Instruments	115.9	78.4	32.4
Provisions	28.6	24.2	15.4
Net Assets	627.7	615.9	(1.9)
Equity	627.7	615.9	(1.9)
Contributed Equity	1,163.7	1,169.4	0.5
Reserves	(117.1)	(92.2)	(21.3)
Retained Profits / (Loss)	(419.0)	(461.3)	(10.1)

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	6 months to 31-Dec-12 (pcp) TJ	Mix %	6 months to 31-Dec-13 TJ	Mix %	Change on pcp %
DBP Throughput					
Full Haul	117,530	75%	125,012	73%	6.4%
Part Haul	22,014	14%	22,474	13%	2.1%
Back Haul	16,989	11%	23,504	14%	38.3%
Total	156,533	100%	170,990	100%	9.2%

	1 month to 31-Dec-12 (pcp) TJ/day	Mix %	1 month to 31-Dec-13 TJ/day	Mix %	Change on pcp %
DBP Contracted Capacity					
Full Haul	843	68%	819	66%	(2.8%)
Part Haul	278	22%	254	20%	(8.4%)
Back Haul	124	10%	167	13%	34.9%
Total	1,245	100%	1,241	100%	(0.3%)

DBP External Debt Facilities	Facility Limit	Drawn	Undrawn	Maturity Date
	\$m	\$m	\$m	
<i>S&P: BBB- (stable outlook)</i>				
<i>Moody's: Baa3 (stable outlook)</i>				
Capital market instruments				
Floating Rate Notes	415.5	415.5	-	Sep-15
Fixed Rate Notes	150.0	150.0	-	Sep-15
A\$ Wrapped FRNs - Tranche 2	275.0	275.0	-	Apr-17
A\$ Wrapped FRNs - Tranche 4	325.0	325.0	-	Apr-18
Fixed Rate Notes	300.0	300.0	-	Oct-19
Bank facilities – term				
SFA 2011 Series	400.0	400.0	-	Oct-14
SFA 2011 Series	225.0	190.0	35.0	Dec-16
SFA 2011 Series	150.0	150.0	-	Dec-17
SFA 2012 Series	155.0	155.0	-	Sep-19
SFA 2013 Series ¹	225.0	-	225.0	Jan-18
SFA 2013 Series ¹	295.0	-	295.0	Jan-19
SFA 2013 Series ²	225.0	170.0	55.0	Jan-17
Bank facilities – working capital				
Working Capital Facility	20.0	-	20.0	May-14
Total	3,160.5	2,530.5	630.0	

¹ Contract close was achieved in December 2013 with financial close in January 2014.

² Facility limit of an existing facility increased from \$170m to \$225m in December 2013 and maturity extended to January 2017 with effect from 28 January 2014.

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United Energy

	6 mths to 31-Dec-12 (pcp) \$m	6 mths to 31-Dec-13 \$m	Change on pcp %
UED Financial Summary			
Distribution Revenue	157.0	164.7	5.0
Total Revenue	220.5	227.2	3.1
EBITDA	147.5	153.0	3.7
EBITDA margin	66.9%	67.3%	0.4
RAB	1,952.0	2,096.4	7.4
Gearing	92.8%	92.2%	(0.6)
Capex	147.7	145.1	1.8

	6 mths to 31-Dec-12 (pcp) \$m	6 mths to 31-Dec-13 \$m	Change on pcp %
UED Income Statement			
Gross Total Revenue	285.8	285.6	(0.1)
Gross Distribution Revenue	222.3	223.1	0.3
DUOS Revenue	157.0	164.7	5.0
Residential	76.4	77.5	1.6
Business	39.1	41.2	5.4
Industrial	41.6	46.1	10.8
TUOS, TFIT and PFIT Pass-through Revenue	65.3	58.3	(10.8)
Other Revenue	63.5	62.5	(1.6)
Metering revenue	44.5	44.7	0.4
Chargeable Works	7.6	7.0	(8.2)
Other Income	11.4	10.8	(5.1)
Operating Expenses	(138.3)	(133.2)	3.7
TUOS, TFIT and PFIT Pass-through Costs	(65.4)	(58.3)	10.8
External Operating Fees (incl. Smart Meter)	(53.2)	(51.0)	4.1
Employee Expenses	(7.9)	(9.7)	(22.7)
Unrealised Foreign Exchange Loss	0.0	(0.7)	nmf
Other Operating Expenses	(11.9)	(13.6)	(13.8)
Depreciation, Amortisation & Abandonments	(65.5)	(77.6)	(18.5)
Depreciation	(42.9)	(51.3)	(19.5)
Amortisation	(21.9)	(23.3)	(6.5)
Abandonments	(0.6)	(2.9)	nmf
Net Borrowing Costs	(100.8)	(106.3)	(5.5)
Interest Income	0.3	3.9	nmf
Senior interest	(58.5)	(64.5)	(10.4)
RPS Interest	(33.1)	(34.2)	(3.5)
Interest Rate Hedge - Fair Value Movements	(6.4)	(8.6)	(34.0)
Amortisation of Borrowing Costs	(1.8)	(1.6)	10.3
Other Financing Costs	(1.4)	(1.3)	7.6
Income Tax (Expense) / Benefit	5.6	9.5	68.7
Net Profit / (Loss) After Tax	(13.1)	(22.1)	(68.7)

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	6 mths to 31-Dec-12 (pcp) \$m	6 mths to 31-Dec-13 \$m	Change on pcp %
UED Cash Flow Statement			
Cash Flows from Operating Activities	48.5	160.0	<i>nmf</i>
Cash Receipts	220.2	349.8	58.8
Cash Payments	(171.8)	(189.8)	10.5
Cash Flows from Investing Activities	(152.9)	(144.2)	5.7
Purchase of PP&E and Intangibles	(153.2)	(144.3)	5.8
Proceeds from Sale of Non-Current Assets	0.2	0.1	(37.5)
Cash Flows from Financing Activities	70.5	(67.8)	<i>nmf</i>
Equity Contributions	43.0	-	<i>nmf</i>
Movement in Borrowings	133.2	53.0	60.2
Interest Paid - Senior	(58.0)	(63.9)	(10.2)
Interest Paid - RPS	(32.7)	(34.2)	(4.6)
Distributions	(15.0)	(22.8)	52.0
Net Cash Movement	(34.0)	(52.0)	(53.2)
Opening Cash	45.6	256.8	<i>nmf</i>
Closing Cash	11.6	204.8	<i>nmf</i>

	30-Jun-13 (pcp) \$m	31-Dec-13 \$m	Change on pcp %
UED Balance Sheet			
Current Assets	375.9	296.6	(21.1)
Cash	256.8	204.8	(20.3)
Accounts Receivable	58.2	19.1	(67.1)
Derivative Financial Instruments	2.6	7.8	<i>nmf</i>
Other Assets	58.2	64.8	11.4
Non-Current Assets	2,803.4	2,882.3	2.8
Plant, Property and Equipment	1,799.6	1,875.9	4.2
Deferred Tax Assets	91.1	97.2	6.7
Intangibles	850.4	841.4	(1.1)
Derivative Financial Instruments	33.0	38.5	16.6
Other Assets	29.3	29.3	-
Current Liabilities	213.7	822.8	<i>nmf</i>
Payables	126.8	108.4	14.5
Deferred Revenue	5.1	6.1	(20.3)
Derivative Financial Instruments	26.7	30.7	(14.9)
External Debt	42.0	672.0	<i>nmf</i>
Capitalised Borrowing Costs	(0.2)	(0.8)	<i>nmf</i>
US Debt / Fair Value Adjustment	-	1.6	<i>nmf</i>
Current Tax Liabilities	-	-	<i>nmf</i>
Provisions	13.3	4.8	63.9
Non-Current Liabilities	2,754.0	2,180.5	20.8
External Debt	2,043.1	1,465.6	28.3
Capitalised Borrowing Costs	(11.4)	(9.4)	18.0
US Debt / Fair Value Adjustment	(47.5)	(30.5)	35.8
Redeemable Preference Shares	525.3	525.3	-
Deferred Tax Liabilities	145.5	146.0	(0.3)
Derivative Financial Instruments	96.1	80.7	16.1
Other Liabilities	2.9	2.9	-
Net Assets	211.5	175.6	(17.0)
Equity	211.5	175.6	(17.0)
Contributed Equity	306.1	306.1	0.0
Reserves	(54.6)	(45.6)	16.4
Retained Profits / (Loss)	(40.0)	(84.9)	(112.2)

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	6 months to 31-Dec-12 (pcp) GWh	Mix %	6 months to 31-Dec-13 GWh	Mix %	Change on pcp %
UED Load (GWh)					
Small Tariff	1,515	37%	1,427	36%	(5.8%)
Medium Tariff	738	18%	720	18%	(2.4%)
Large Tariff	1,794	44%	1,796	46%	0.1%
Total	4,047	100%	3,943	100%	(2.6%)

	As at 31-Dec-12 (pcp)	Mix %	As at 31-Dec-13	Mix %	Change on pcp %
UED Connections					
Small (residential and unmetered)	589,762	91%	597,075	91%	1.2%
Medium Size Business	55,719	8%	56,132	8%	0.7%
Commercial and Industrial	3,239	1%	3,309	1%	2.2%
Total	648,720	100%	656,516	100%	1.2%

	As at 31-Dec-12 (pcp)	As at 31-Dec-13	Change on pcp %
UED Demand			
Maximum Demand (MW)	1,799	1,982	10.2%

	12 months to 31-Dec-12 (pcp)	12 months to 31-Dec-13	Change on pcp %
Unplanned SAIDI (minutes)			
Actual	78.7	73.8	6.2%
Regulatory Maximum Target	59.2	59.2	-%

UED External Debt Facilities	Facility Limit	Drawn	Undrawn	Maturity Date
	\$m	\$m	\$m	
<i>S&P: BBB (stable outlook)</i>				
<i>Moody's: Baa2 (stable outlook)</i>				
Capital market instruments				
A\$ Guaranteed FRN	500.0	500.0	-	Oct-14
USPP	77.0	77.0	-	Dec-14
US 144A Guaranteed Notes	279.3	279.3	-	Apr-16
A\$ Medium Term Notes	265.0	265.0	-	Apr-17
USPP	401.7	401.7	-	Dec-17
Bank facilities – term				
Senior Corporate Facility - Tranche B	30.0	-	30.0	Apr-14
Asian syndicated facility	400.0	400.0	-	Apr-18
Senior Corporate Facility - Tranche A	120.0	120.0	-	Apr-18
Bilateral Facility (available to be drawn from Oct 14)	125.0	-	125.0	May-18
Bank facilities – capex				
Capex Facility - SCF Tranche C	88.0	50.0	38.0	Apr-14
Bank facilities – working capital				
Working Capital Facility	50.0	45.0	5.0	Dec-16
Total	2,336.0	2,138.0	198.0	

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Multinet Gas

	6 mths to 31-Dec-12 (pcp) \$m	6 mths to 31-Dec-13 \$m	Change on pcp %
MGH Financial Summary			
Distribution Revenue	107.0	93.1	(12.9)
Total Revenue	111.3	98.9	(11.1)
EBITDA	77.5	70.7	(8.8)
EBITDA margin	69.7%	71.5%	1.8
RAB	1,066.1	1,111.6	4.3
Gearing	88.2%	85.1%	(3.1)
Capex	36.1	25.0	30.7

	6 mths to 31-Dec-12 (pcp) \$m	6 mths to 31-Dec-13 \$m	Change on pcp %
MGH Income Statement			
Gross Total Revenue	115.4	103.3	(10.5)
Distribution Revenue	107.0	93.1	(12.9)
Tariff V (Variable)	84.5	73.2	(13.4)
Fixed charges	21.5	19.2	(10.8)
Other Distribution Revenue (Tariff D and Tariff L)	0.9	0.7	(20.6)
Other Revenue	8.5	10.1	19.5
CPI Revenue Swap	-	-	nmf
Chargeable Works	0.3	3.1	nmf
Carbon Tax Pass-through Revenue	4.2	4.3	3.6
Metering Revenue	2.2	1.0	(53.2)
Other Revenue	1.8	1.7	(8.9)
Operating Expenses	(37.9)	(32.6)	14.0
External Operating Fees	(21.9)	(18.9)	13.6
Employee Expenses	(3.4)	(4.7)	(36.1)
Unrealised Foreign Exchange Losses	-	-	nmf
Carbon Tax Pass-through Costs	(4.2)	(4.3)	(3.6)
Other Operating Expenses	(8.3)	(4.6)	44.6
Depreciation, Amortisation & Abandonments	(20.4)	(23.9)	(16.8)
Depreciation	(15.5)	(16.0)	(3.5)
Amortisation	(4.0)	(7.3)	(82.3)
Abandonments	(1.0)	(0.6)	41.8
Net Borrowing Costs	(45.9)	(31.7)	30.8
Interest Income	0.2	0.2	15.7
Senior interest	(40.1)	(24.1)	39.9
DUET Funding Arm Loan interest	(5.8)	(5.8)	(0.0)
Interest Rate Hedge - Fair Value Movements	1.8	1.2	29.8
Amortisation of Borrowing Costs	(1.1)	(2.7)	(140.1)
Other Financing Costs	(0.8)	(0.6)	30.6
Income Tax (Expense) / Benefit	-	106.2	Nmf
Net Profit / (Loss) After Tax	11.2	121.3	Nmf

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	6 mths to 31-Dec-12 (pcp) \$m	6 mths to 31-Dec-13 \$m	Change on pcp %
MGH Cash Flow Statement			
Cash Flows from Operating Activities	93.6	85.5	(8.7)
Cash Receipts	146.9	123.1	(16.2)
Cash Payments	(53.3)	(37.6)	29.4
Cash Flows from Investing Activities	(45.7)	(25.3)	44.5
Purchase of PP&E and Intangibles	(45.7)	(25.9)	43.3
Proceeds from Non-Current Assets	-	0.6	nmf
Cash Flows from Financing Activities	(46.1)	(32.5)	29.5
Movement in Borrowings	19.0	2.5	86.8
Movement in Equity	-	39.2	nmf
Interest Paid - Senior	(39.5)	(28.4)	28.1
Interest Paid – DUET Funding Arm Loan	(6.6)	(5.8)	12.5
Distributions	(18.8)	(40.0)	113.3
CPI Revenue Swaps	(0.2)	(0.0)	(82.1)
Net Cash Movement	1.9	27.7	nmf
Opening Cash	8.1	3.6	nmf
Closing Cash	9.9	31.2	nmf

	30-Jun-13 (pcp) \$m	31-Dec-13 \$m	Change on pcp %
MGH Balance Sheet			
Current Assets	52.6	64.6	22.9
Cash	3.6	31.2	nmf
Accounts Receivable	47.4	29.1	(38.7)
Derivative Financial Instruments	-	-	nmf
Other Assets	1.6	4.3	nmf
Non-Current Assets	1,368.2	1,514.4	10.7
Plant and Property	815.6	815.0	(0.1)
Intangibles	538.7	540.3	0.3
Derivative Financial Instruments	13.9	19.1	37.1
Deferred Tax Asset	-	117.9	nmf
Other Non-Current Assets	-	22.2	nmf
Current Liabilities	58.2	56.0	3.9
Payables	37.1	34.3	7.6
Deferred Revenue	-	0.2	nmf
Derivative Financial Instruments	8.5	8.8	(2.7)
Provisions	12.6	12.7	(0.9)
Non-Current liabilities	1,185.0	1,222.3	(3.1)
External Debt	974.6	977.1	(0.3)
Capitalised Borrowing Costs	(5.7)	(5.4)	5.3
US\$ Debt / Fair Value Adjustment	(20.3)	(16.6)	18.2
DUET Funding Arm Loan	112.2	112.2	-
Deferred Tax Liabilities	82.9	117.9	(42.2)
Derivative Financial Instruments	18.2	14.3	21.2
Other Liabilities	23.1	22.7	1.8
Net Assets	177.5	300.7	69.4
Equity	177.5	300.7	69.4
Contributed Equity	283.8	323.1	13.8
Reserves	6.0	8.6	45.0
Retained Profits / (Loss)	(112.3)	(31.0)	72.4

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	6 months to 31-Dec-12 (pcp) TJ	Mix %	6 months to 31-Dec-13 TJ	Mix %	Change on pcp %
MGH Gas Volumes					
Tariff V	26,798	82%	23,070	80%	(13.9%)
Tariff D	5,923	18%	5,841	20%	(1.4%)
Total	32,721	100%	28,911	100%	(11.6%)

	As at 31-Dec-12 (pcp)	Mix %	As at 31-Dec-13	Mix %	Change on pcp %
MGH Connections					
Tariff V Residential	661,661	98%	666,240	98%	0.7%
Tariff V Business	16,289	2%	16,227	2%	(0.4%)
Tariff D	265	0%	266	0%	0.4%
Total	678,215	100%	682,733	100%	0.7%

MGH External Debt Facilities	Facility Limit	Drawn	Undrawn	Maturity Date
	\$m	\$m	\$m	
<i>S&P: BBB- (negative outlook)</i>				
<i>Moody's: Baa3 (stable outlook)</i>				
Capital market instruments				
USPP	61.6	61.6	-	Aug-15
USPP	168.1	168.1	-	Nov-15
Credit Wrapped FRN	300.0	300.0	-	Jul-17
Bank facilities – term				
SFA	280.0	280.0	-	Dec-18
SCF Tranche A	170.0	167.4	2.6	Nov-16
SCF Tranche B (available to be drawn from Dec 14)	40.0	-	40.0	Nov-16
Bank facilities – capex				
SCF Tranche A – capex	35.0	-	35.0	Dec-16
Bank facilities – working capital				
Working Capital Facility	20.0	-	20.0	Dec-16
Total	1,074.7	977.1	97.6	

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DBP Development Group

	6 mths to 31-Dec-12 (pcp) \$m	6 mths to 31-Dec-13 \$m
DDG Financial Summary		
Transport Revenue	0.2	0.3
Total Revenue	1.7	1.7
EBITDA	0.5	0.1
Capex	1.5	13.5

	6 mths to 31-Dec-12 (pcp) \$m	6 mths to 31-Dec-13 \$m
DDG Income Statement		
Total Revenue	1.7	1.7
Transport Revenue	0.2	0.3
Other Revenue	1.5	1.4
Operating Expenses	(1.2)	(1.6)
Employee expenses	(0.5)	(1.0)
External Operating Fees	(0.8)	(0.6)
Depreciation	-	(0.2)
Depreciation	-	(0.2)
Net Borrowing Costs	0.0	(0.2)
Interest Income	0.0	0.0
DUET Funding Arm Loan interest	-	(0.1)
Decommissioning interest charge	-	(0.1)
Income Tax (Expense) / Benefit	(0.2)	0.0
Net Profit After Tax	0.4	(0.2)

	6 mths to 31-Dec-12 (pcp) \$m	6 mths to 31-Dec-13 \$m
DDG Cash Flow Statement		
Cash Flows from Operating Activities	0.3	(0.6)
Cash Receipts	1.2	1.2
Cash Payments	(1.0)	(1.8)
Cash Flows from Investing Activities	(1.3)	(12.8)
Purchase of PP&E	(1.3)	(12.8)
Cash Flows from Financing Activities	1.2	96.1
Movement in Equity	1.2	48.0
Movement in DUET Funding Arm Loan	-	50.0
Borrowing costs to DUET Funding Arm	-	(0.6)
Interest paid to DUET Funding Arm	-	(1.4)
Net Cash Movement	0.2	82.8
Opening Cash	0.4	0.1
Closing Cash	0.6	82.9

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	30-Jun-13 (pcp) \$m	31-Dec-13 \$m
DDG Balance Sheet		
Current Assets	0.8	88.1
Cash	0.1	82.9
Accounts Receivable	0.5	1.2
Inventories and Other Assets	0.3	4.0
Non-Current Assets	6.0	17.1
Plant, Property and Equipment	6.0	17.3
Deferred tax assets	0.0	(0.1)
Current Liabilities	2.3	3.3
Payables & Other Liabilities	2.2	3.3
Current Tax Liability	0.0	-
Non-Current Liabilities	3.1	52.6
DUET Funding Arm Loan	-	50.0
Capitalised Borrowing Costs	-	(0.4)
Provisions	3.1	3.0
Net Assets	1.5	49.4
Equity	1.5	49.4
Contributed Equity	1.2	49.2
Retained Profits / (Loss)	0.3	0.2

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Appendix 1: Proportionate Earnings

\$'000	DBP			United Energy			Multinet Gas			DDG			Head Office			DUET Group Total		
	1H14	1H13 pro forma	Change	1H14	1H13 pro forma	Change	1H14	1H13 pro forma	Change	1H14	1H13 pro forma	Change	1H14	1H13 pro forma	Change	1H14	1H13 pro forma	Change
T&D Revenue	170,023	172,362	(1.4%)	108,730	103,588	5.0%	93,140	106,956	(12.9%)	325	195	66.6%	0	0	n/m	372,219	383,101	(2.8%)
Total Revenue	180,686	190,149	(5.0%)	149,959	145,504	3.1%	98,944	111,255	(11.1%)	1,727	1,744	(1.0%)	0	0	n/m	431,316	448,652	(3.9%)
Less: Operating Expenses	(37,146)	(36,395)	(2.1%)	(48,984)	(48,145)	(1.7%)	(28,240)	(33,707)	16.2%	(1,577)	(1,246)	(26.6%)	(5,129)	(9,589)	46.5%	(121,075)	(129,082)	6.2%
EBITDA	143,540	153,754	(6.6%)	100,975	97,359	3.7%	70,704	77,548	(8.8%)	150	498	(70.0%)	(5,129)	(9,589)	(46.5%)	310,240	319,570	(2.9%)
EBITDA margin	79.4%	80.9%	(1.4%)	67.3%	66.9%	0.4%	71.5%	69.7%	1.8%	n/m	n/m	n/m	n/m	n/m	n/m	71.9%	71.2%	0.7%
Less: Customer Contributions (net of margin)	(251)	(7,882)	96.8%	(4,606)	(5,018)	8.2%	(3,103)	(253)	n/m	0	0	n/m	0	0	n/m	(7,960)	(13,154)	39.5%
Adjusted EBITDA	143,289	145,872	(1.8%)	96,368	92,341	4.4%	67,601	77,295	(12.5%)	150	498	(70.0%)	(5,129)	(9,589)	46.5%	302,280	306,416	(1.3%)
Less: Net External Interest Expense	(95,833)	(91,458)	(4.8%)	(41,880)	(40,632)	(3.1%)	(27,181)	(41,855)	35.1%	4	17	(77.1%)	1,199	1,001	19.8%	(163,691)	(172,926)	5.3%
Adjusted EBITDA less Net External Interest Expense	47,456	54,414	(12.8%)	54,488	51,709	5.4%	40,420	35,440	14.1%	153	515	(70.2%)	(3,929)	(8,588)	54.2%	138,589	133,490	3.8%
Less: Net Regulatory Depreciation	15,533	5,914	n/m	(28,795)	(20,029)	(43.8%)	(5,913)	(7,060)	16.2%	(150)	0	n/m	0	0	n/m	(19,325)	(21,175)	8.7%
Proportionate Earnings	62,989	60,328	4.4%	25,693	31,680	(18.9%)	34,507	28,380	21.6%	3	515	(99.3%)	(3,929)	(8,588)	54.2%	119,264	112,315	6.2%

Proportionate earnings provides a view of DUET's results based on (i) the beneficial ownership interest in its energy utilities' results as opposed to consolidating 100% of those results; and (ii) the exclusion of non-cash items. Accordingly, proportionate earnings may be considered as a proxy for the Group's operating earnings after each of DUET's energy utilities have maintained the value of their regulated asset bases (RAB) in nominal terms. Proportionate earnings include pro forma results which remove the impact of changes in ownership interests, period of ownership and foreign currencies.

The key differences between the Interim Financial Report and proportionate earnings are summarised as follows:

Category	Description	Interim Financial Report	Proportionate Earnings
Revenue	Fair-value gain on derivatives	Included	Excluded
	Unrealised FX gains	Included	Excluded
	Net gains on disposal	Included	Excluded
	Pass-through revenue	Included (offset below)	Excluded
	Customer contributions	Included	Excluded
			Excluded (net of margin)
Operating Expenses	Fair-value loss on derivatives	Included	Excluded
	Unrealised FX losses	Included	Excluded
	Net losses on disposal	Included	Excluded
	Pass-through costs	Included (offset above)	Excluded
Interest Expense	Hedge break costs	Included	Excluded
	Interest on decommissioning charge	Included	Excluded
Depreciation and amortisation	Accounting or Regulatory depreciation and Accounting Amortisation	Accounting Depreciation and Amortisation	Net Regulatory Depreciation (see below)

Net External Interest Expense includes amortised borrowing costs for the first time in this MIR and the prior period is restated with this change.

Net regulatory depreciation (NRD) has replaced maintenance capex in the calculation of proportionate earnings for the first time in this period. Accounting depreciation is used for DDG as its assets are not regulated. DUET's boards believe that this change eliminates the subjectivity necessary in categorising between maintenance and growth capex. NRD is calculated as regulatory depreciation net of the CPI uplift on RAB. CPI is based on 'All groups CPI' for the weighted average of 8 capital cities, not seasonally adjusted (Source: ABS). The CPI uplift for DBP is based on June to December (annualised) as compared to March to September (annualised) for United Energy and Multinet Gas. This difference is due to the fact that the ERA use December year-on-year inflation to make annual adjustments whereas the AER use September year-on-year inflation. NRD was positive in both reporting periods for DBP due to the CPI uplift in its RAB being greater than its regulatory depreciation.

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Appendix 2: Consolidated Income Statement

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

The consolidated income statement has been prepared in accordance with the Standards.

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

- The consolidation of 100% of the statutory result of DBP, United Energy, Multinet Gas and DDG; and
- The change in the fair value (mark-to-market) of derivatives that reflects the movement in the termination value of those instruments during the period.

	DUET Group 1 Jul 13 - 31 Dec 13 \$'000	DUET Group 1 Jul 12 - 31 Dec 12 \$'000
Revenue	613,485	632,319
Other Income	7,318	10,574
Total Revenue and other income	620,803	642,893
Expenses relating to internalisation and group simplification project	-	(98,101)
Operating expenses	(203,648)	(213,882)
Other expenses	(18,755)	(16,774)
Depreciation and amortisation expense	(137,347)	(124,651)
Finance costs	(225,866)	(226,429)
Total expenses	(585,616)	(581,736)
Profit/(loss) before income tax expense	35,187	(36,944)
Income tax benefit/(expense)	107,041	(8,929)
Profit/(loss) for the year	142,228	(45,873)
Profit/(loss) is attributable to:		
DUECo shareholders	86,169	(14,409)
DFT unitholders and DIHL/DFL shareholders as non-controlling interests	60,391	(32,183)
Stapled Securityholders	146,560	(46,592)
Other non-controlling interests	(4,332)	719
Profit/(loss) for the year	142,228	(45,873)
Basic earnings/(loss) per stapled security/share/unit ⁽¹⁾	7.10c	(1.28)c
Diluted earnings/(loss) per stapled security/share/unit ⁽¹⁾	7.10c	(1.28)c

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

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Appendix 3: Reconciliation of Proportionate EBITDA to Consolidated NPBT

A reconciliation of Proportionate EBITDA per page 20 of the MIR to profit before income tax expense per the DUET Group Interim Financial Report is provided as follows:

	DBP	United Energy	Multinet Gas	DDG	Head Office	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
DUET Group for the 6 months to 31 December 2013						
Proportionate EBITDA	143,540	100,975	70,704	150	(5,129)	310,240
Additional EBITDA from controlled assets ⁽¹⁾	35,957	52,329	-	-	-	88,286
Net gain/(loss) on disposal of assets	70	(2,945)	(556)	-	-	(3,431)
Consolidated EBITDA						395,095
Controlled Assets						
Interest income	199	3,912	214	4	-	4,329
Depreciation and amortisation	(39,242)	(74,632)	(23,298)	(150)	-	(137,322)
Finance costs	(119,335)	(79,006)	(27,396)	(129)	-	(225,866)
Net foreign exchange gains/(losses)	60	(986)	-	-	-	(926)
Changes in fair value of derivatives	6,080	(8,617)	1,238	-	-	(1,299)
Head Office						
Interest income	-	-	-	-	1,200	1,200
Depreciation & amortisation	-	-	-	-	(24)	(24)
Profit before income tax expense						35,187

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

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Appendix 4: DUET's Beneficial Ownership Interests

Average Beneficial Ownership Interest %	DBP ⁽¹⁾	United Energy	Multinet Gas	DDG
6 months ended 31 December 2012	81.7	66.0	100.0	92.3
Movement	(0.8)	-	-	7.7
6 months ended 31 December 2013	80.9	66.0	100.0	100.0

Period-end Beneficial Ownership Interest %	DBP ⁽¹⁾	United Energy	Multinet Gas	DDG
As at 31 December 2012	81.5	66.0	100.0	100.0
Movement	(0.8)	-	-	-
As at 31 December 2013	80.7	66.0	100.0	100.0

⁽¹⁾ DUET's equity interest and related rights to distributions are expected to reduce to 80% as the minority shareholder meets future equity calls.