

APPENDIX 4E

Preliminary Final Report

Name of entity: DUET Group

1. Details of the reporting period

Current Period: 1 July 2010 – 30 June 2011

Previous Corresponding Period: 1 July 2009 – 30 June 2010

2. Results for announcement to the market

		\$A '000,000	
2.1	Revenues from ordinary activities	Up 5% to 1,212.3	
2.2	Profit from ordinary activities after tax	Up 8% to 188.4	
2.3	Net Profit for the period attributable to members	Down 11% to 124.9	
2.4	Dividends / Distributions	Amount per security	Franked amount per security
<i>Current Period:</i>			
	Final dividend / distribution	10.000 cents	0.26 cents
	Interim dividend / distribution	10.000 cents	0.24 cents
<i>Previous Corresponding Period:</i>			
	Final dividend / distribution	10.000 cents	0.26 cents
	Interim dividend / distribution	10.000 cents	0.25 cents
2.5	Record date for determining entitlements to the dividend/ distribution	30 June 2011	

Results for announcement to the market (continued)

- 2.6 DUET derives its revenue from operations in gas transmission and distribution and electricity transmission and distribution.

The DUET Group profit for the full year of \$188.4 million includes non cash charges for changes in the fair value of derivatives. These derivatives include interest rate swaps, forward foreign exchange contracts, revenue swaps, CPI index hedge contracts and cross currency swaps used by DUET and its assets as financial risk management tools. Australian accounting standards require that derivative instruments be recorded at fair value potentially leading to volatility in the income statement. Excluding the impact of significant non cash items, DUET Group's net result after income tax for the full year was \$190.6 million as follows:

	\$ million 2011	\$million 2010	% Variance
Statutory EBITDA (excluding FX)	755.0	751.0	1%
FX losses impacting EBITDA	(50.0)	(8.7)	
Depreciation	(180.3)	(165.0)	
Amortisation	(34.0)	(10.6)	
Statutory EBIT	490.7	566.7	(13)%
Profit from associates – Duquesne & WAGN	20.8	(4.7)	
Net interest expense	(438.1)	(383.4)	
Tax expense	115.0	(4.9)	
Net profit after income tax	188.4	173.7	8%
<i>Add back: significant non cash items</i>			
Consolidated MTM derivatives and fx loss/(profit)	45.4	(53.9)	
Duquesne Light MTM derivatives profit	(21.1)	(7.7)	
Duquesne Light pension (gain)/deficit	(22.1)	22.5	
Net profit excluding significant non cash items	190.6	134.6	42%
Net pre-tax profit excluding significant non cash items	75.6	139.5	(46)%

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. On 29 July 2011, DUET acquired an additional 20% interest in DBP, taking its total aggregated interest to 80% of equity on issue in addition to owning 100% of the subordinated SOLA debt.

DBP transmitted 310 PJ of gas in the period (2010: 318 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'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 an aggregated 66% interest in United Energy.

United Energy distributed 8,071GWh of electricity in the period (2010: 8,114 GWh).

United Energy continues to progress its smart meter project in Victoria. As at 30 June 2011, approximately 139,500 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 is a Victorian gas distribution company with a network covering 1,860 square kilometres of the eastern and south-eastern suburbs of Melbourne. Multinet has expanded its geographic base through participation in the state government's natural gas extension program. Multinet's distribution network transports gas from the high pressure transmission network to residential, commercial and industrial gas users. On 29 July 2011, DUET acquired an additional 20.1% interest in Multinet, taking its total aggregated interest to 100% of equity on issue in addition to owning 100% of the subordinated SOLA debt.

Multinet distributed 60.6 PJ of gas in the period (2010: 55.1 PJ).

WA Gas Networks

On 29 July 2011, DUET sold its 25.9% minority equity interest in WAGN and its subordinated SOLA debt.

Duquesne

On 29 September 2010, DUET announced the sale of its 29.0% stake in Duquesne to the Government of Singapore Investment Corporation Pte Ltd (GIC) for US\$360 million. DUET anticipates financial close of the sale in September 2011.

3. Income Statements with notes

Refer to the attached financial statements.

4. Balance Sheets with notes

Refer to the attached financial statements.

5. Cash Flow Statements with notes

Refer to the attached financial statements.

6. Statement of retained earnings showing movements

Refer to the attached financial statements (Note 25: Retained Profits / Accumulated losses).

7. Net tangible assets per security

	Current period	Previous corresponding period
Net asset backing per ordinary security	\$1.84	\$1.74
Net tangible asset backing per ordinary security (Consolidated net assets less consolidated intangible assets)	\$nil	\$nil

8. Control gained or lost over entities during the period

8.1 Name of entity (or group of entities) over which control was gained	N/A
8.2 Date control was gained	N/A
8.3 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A
8.4 Name of entity (or group of entities) over which control was lost	N/A
8.5 Date control was lost	N/A
8.6 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities while controlled during the whole of the previous corresponding period	N/A

9. Details of Dividends/distributions

The final distribution for the year ended 30 June 2011 was \$90.9 million (10.0 cents per stapled security) and was paid on 16 August 2011. The interim distribution for the period ended 31 December 2010 was \$88.7 million (10.0 cents per stapled security) and was paid on 15 February 2011.

10. Details of dividends/distributions reinvestment plan

On 4 August 2011, DUET launched a fully underwritten accelerated non-renounceable pro rata entitlement offer of 1 new stapled security for every 5 existing stapled securities. As a result of the timing and pricing of the DUET Group Entitlement Offer, DUET's dividend and distribution reinvestment plan (DRP) relating to the FY2011 final distribution was suspended. DUET's DRP is expected to be reactivated in FY2012.

A portion of stapled security holders elected to participate in DUET's Distribution Reinvestment Plan ('DRP') for the distributions paid on 15 February 2011. Of the distributions declared, \$36.4 million was reinvested in DUET stapled securities.

11. Details of associates and joint venture entities

WA Network Holdings Pty Limited - 25.9%

DQE Holdings LLC- 29.0%

12. Accounting standards used by foreign entities

DQE Holdings LLC, a US based associate entity utilises USGAAP accounting standards.

Equity accounted results are converted to AIFRS

13. Qualification of audit/review

N/A as there is no audit dispute or qualification. Refer attached financial report for audit report.

14. Commentary of Results

	Current period	Previous corresponding period
14.1 Earnings per stapled security ⁽¹⁾	7.70¢	4.88¢
	\$A'000	\$A'000
14.2 Returns to shareholders: Distributions	\$179,701	\$172,972
Refer also attached financial statements (Directors Report and Note 5: Distributions Paid and Proposed).		
14.3 Significant features of operating performance:		
Revenue		
Operating revenue	\$1,079,252	\$998,560
Investment revenue	\$32,831	\$35,471
Other	\$100,178	\$120,379
	\$1,212,261	\$1,154,410
Share of net profits/(loss) of associates	\$20,789	\$(4,705)
Expenses		
Depreciation and amortisation	\$214,264	\$175,562
Finance costs	\$505,003	\$437,887
Operating fees	\$320,464	\$321,787
Management fees & expenses	\$20,478	\$20,022
Loss on disposal of non current assets	\$4,353	\$4,185
Fair value loss on derivative contracts	\$10,723	-
Foreign exchange losses	\$55,870	\$8,700
Other expenses	\$28,535	\$2,919
	\$1,159,690	\$971,062
Net result before tax	\$73,360	\$178,643
Income tax credit/(expense)	\$115,040	\$(4,889)
Net result after income tax expense	\$188,400	\$173,754
Profit/(loss) is attributable to:		
DUET1 unitholders	\$68,784	\$42,042
DUET2 and DUET3 unitholders and DIHL shareholders as non-controlling interests	\$56,133	\$97,998
Net result attributable to security holders	\$124,917	\$140,040
Other non-controlling interests	\$63,483	\$33,714
Basic earnings per stapled security	7.70 cents	4.88 cents

⁽¹⁾ Earnings per stapled security for DUET Group includes earnings of DUET1 only and has been calculated in accordance with *AASB 133 Earnings per Share*. Earnings per stapled security on consolidated profit for the year is 21.08c (2010: 20.16c).

FINANCIAL PERFORMANCE

The net profit attributable to security holders and non-controlling interests for DUET and its consolidated entities for the year ended 30 June 2011 is a profit of \$188.4 million (2010: \$173.8 million).

Revenue

The total revenue for the year was \$1,212.3 million (2010: \$1,154.4 million), comprising the following:

- Distribution revenue of \$579.7 million (2010: \$567.7 million).
- Metering revenue of \$71.1 million (2010: \$41.9 million).
- Transportation revenue of \$405.4 million (2010: \$371.4 million).
- Other sales revenue of \$20.9 million (2010: \$16.0 million).
- Investment income of \$32.8 million (2010: \$35.5 million).
- Other revenue of \$100.2 million (2010: \$120.3 million).
- New connections revenue \$2.2 million (2010: \$1.5 million).

Share of net profit of associates

Share of net profits of associates accounted for using the equity method for the year was \$20.7 million (2010: \$(4.7) million). This represents the Group's 25.9% share of the net profit after tax generated by WA Network Holdings Pty Limited as well as DUET's 29.0% share of the net loss after tax generated by DQE Holdings LLC.

Operating Expenses

Operating expenses of \$320.4 million were incurred during the year (2010: \$321.8 million) and included the following:

- Operating fees of \$223.5 million (2010: \$226.6 million).
- Other operating expenses of \$96.9 million (2010: \$95.1 million).

Depreciation and amortisation expense

- Amortisation of intangible assets was \$33.9 million (2010: \$10.6 million).
- Depreciation of property, plant and equipment was \$180.3 million (2010: \$165.0 million).

Finance costs

Finance costs of \$505.0 million (2010: \$437.9 million) were incurred during the year. This includes \$26.4 million (2010: \$20.3 million) of amortisation of borrowing costs.

Income Tax

- Under the Income Tax Assessment Acts, DUET1, DUET2, and DUET3 are not liable for income tax provided that the taxable income is fully distributed to stapled security holders each year.
- Income tax expense benefit of \$115.0 million (2010: \$(4.9) million) was recognised during the year. This primarily relates to \$112.2 million of DBP pre-acquisition tax losses recognised in the year.

Non-controlling Interests

- Non-controlling equity interests of \$63.5 million represent the net results of DBP, UEDH and MGH attributable to non-controlling interests (2010: \$33.7 million).

Earnings per Stapled Security

The basic earnings per stapled security after finance costs is 7.70 cents per stapled security (2010: 4.88 cents per stapled security).

- The weighted average number of stapled securities on issue used in the calculation of the earnings per stapled security is 893.7 million (2010: 861.9 million).
- Earnings per stapled security for DUET Group include earnings of DUET1 only and has been calculated in accordance with *AASB 133 Earnings per Share*. Earnings per stapled security on consolidated profit for the year is 21.08c (2010: 20.16c).

FINANCIAL POSITION***Assets***

- At 30 June 2011, total assets of DUET were \$8,640.9 million (2010: \$8,394.8 million).
- Property, plant and equipment of \$5,319.9 million (2010: \$5,209.2 million) included \$5.6 million of land (2010: \$5.6 million), \$24.9 million of land and buildings (2010: \$9.1 million), \$5,043.1 million of plant and equipment (2010: \$4,380.6 million), \$30.5 million of other property, plant and equipment (2010: \$21.7 million) and \$215.6 million of plant and equipment in the course of construction (2010: \$792.2 million).
- Intangible assets of \$2,059.8 million (2010: \$2,033.0 million) comprise \$76.1 million of intellectual property (2010: \$82.6 million), \$1,035.4 million of distribution licences (2010: \$1,035.4 million) and \$789.8 million of goodwill (2010: \$789.8 million), \$105.2 million of software assets (2010: \$67.5 million), and \$53.3 million of development project costs (2010: \$57.8).

Liabilities

- At 30 June 2011, total liabilities of DUET were \$6,964.2 million (2010: \$6,879.4 million).

Equity

- At 30 June 2011, total equity of DUET was \$1,676.7 million (2010: \$1,515.4 million).
- Contributed equity is \$1,932.2 million (2010: \$1,868.7 million).
- Reserves are \$(346.5) million (2010: \$(292.0) million). This represents cash flow hedges measured in accordance with IFRS.

Net Asset Backing

- The net asset backing per stapled unit at 30 June 2011 is \$1.84 (2010: \$1.74).

14.4 Segment results The principal activity of the Trust during the year was the investment in energy utility assets. The primary basis of segment reporting is business. (Refer attached financial statements (Note 31).
14.5 Trends in performance Refer to 14.3.
14.6 Other factors Refer attached financial statements (Directors Report)

15. Audit / review of accounts upon which this report is based

This report is based on accounts to which one of the following applies (*tick one*):

<input checked="" type="checkbox"/>	The accounts have been audited. (refer attached financial statements)	<input type="checkbox"/>	The accounts have been subject to review. (refer attached financial statements)
<input type="checkbox"/>	The accounts are in the process of being audited or subject to review.	<input type="checkbox"/>	The accounts have <i>not</i> yet been audited or reviewed.

16. Accounts not yet audited or reviewed

N/A (see above)

17. Qualification of audit / review

N/A as no qualification