

APPENDIX 4E

Preliminary Final Report

Results for announcement to the market

Name of entity: DUET Group

1. Details of the reporting period

Current Period: 1 July 2011 – 30 June 2012

Previous Corresponding Period: 1 July 2010 – 30 June 2011

2. Results for announcement to the market

		\$A '000,000	
2.1	Revenues from ordinary activities	Up 1% to 1,222.1	
2.2	Profit from ordinary activities after tax	Down 77% to 44.0	
2.3	Net Profit for the period attributable to members	Down 62% to 47.5	
2.4	Dividends / Distributions	Amount per security	Franked amount per security
<i>Current Period:</i>			
	Final dividend / distribution	8.000 cents	-
	Interim dividend / distribution	8.000 cents	-
<i>Previous Corresponding Period:</i>			
	Final dividend / distribution	10.000 cents	0.26 cents
	Interim dividend / distribution	10.000 cents	0.24 cents
2.5	Record date for determining entitlements to the dividend/ distribution	29 June 2012	

Results for announcement to the market (continued)

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

The DUET Group profit for the full year of \$44.0 million includes significant items such as the profit on sale of its 29.0% interest in Duquesne and 25.9% interest in WAGN, a performance fee paid during the year, and changes in the fair value of derivatives used by DUET and its businesses 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 items, DUET Group's net result after income tax for the full year was \$64.3 million as follows:

	\$ million 2012	\$million 2011	% Variance
Statutory EBITDA (excluding FX and interest income)	710.9	755.0	(6)%
FX gains/(losses) impacting EBITDA	1.5	(50.0)	
Depreciation	(191.0)	(180.3)	
Amortisation	(42.9)	(34.0)	
Statutory EBIT	478.5	490.7	(2)%
Profit from associates – Duquesne & WAGN	6.7	20.8	
Gain on disposal of associates – Duquesne & WAGN	8.7	-	
Net interest expense ⁽¹⁾	(447.6)	(438.1)	
Tax (expense)/benefit	(2.3)	115.0	
Net profit after income tax	44.0	188.4	(77)%
<i>Add back: significant items</i>			
Consolidated MTM derivatives and fx loss/(profit)	19.2	(6.6)	
Accounting profit on sale of WAGN	(44.4)	-	
Accounting profit on sale of Duquesne, excluding transfer of reserves	(2.4)	-	
Transfer from reserves on sale of Duquesne	38.1	-	
Equity accounted profit of associates	(6.8)	(20.8)	
DBP Tax Benefit	-	(112.0)	
Performance fee	16.6	-	
Actuarial movements on Duquesne pension plan	-	(14.1)	
Net profit excluding significant items	64.3	34.9	84%

⁽¹⁾ Includes interest income of \$18.3 million (2011: \$66.8 million)

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 ownership interest to 80% of equity on issue (81.9% economic ownership interest at 30 June 2012). DUET's equity interest and related rights to distributions in DBP is expected to progressively reduce to 80% as the minority shareholder meets future equity calls.

DBP transmitted 319 PJ of gas in the period (2011: 310 PJ).

United Energy

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

United Energy distributed 8,135GWh of electricity in the period (2011: 8,071 GWh).

Multinet

Multinet is a Victorian gas distribution company with a network covering 1,860 square kilometres of the eastern and south-eastern suburbs of Melbourne. Multinet has expanded its geographic base through participation in the state government's natural gas extension program. Multinet's distribution network transports gas from the high pressure transmission network to residential, commercial and industrial gas users. On 29 July 2011, DUET acquired an additional 20.1% interest in Multinet, taking its total aggregated ownership interest to 100% of equity on issue.

Multinet distributed 56.1 PJ of gas in the period (2011: 60.6 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 13 September 2011, DUET reached financial close in relation to the sale of its 29.0% ownership interest in Duquesne to the Government of Singapore Investment Corporation Pte Ltd for a total consideration of US\$360 million.

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	\$1.41	\$1.84
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 2012 was \$88.8 million (8.0 cents per stapled security) and was paid on 14 August 2012. The interim distribution for the period ended 31 December 2011 was \$87.3 million (8.0 cents per stapled security) and was paid on 14 February 2012.

10. Details of dividends/distributions reinvestment plan

A portion of stapled security holders elected to participate in DUET's Distribution Reinvestment Plan ('DRP') for the distributions paid on 14 August 2012. Of the distributions declared, \$13.3 million was reinvested in DUET stapled securities. As announced on 15 June 2012, DRP participation was capped to a maximum of 15% of the total distribution.

A portion of stapled security holders elected to participate in DUET's Distribution Reinvestment Plan ('DRP') for the distributions paid on 14 February 2012. Of the distributions declared, \$32.2 million was reinvested in DUET stapled securities.

11. Details of associates and joint venture entities

DUET Group has no investments in associates and joint ventures. During the year DUET Group sold its 25.9% interest in WA Network Holdings Pty Limited and its 29.0% interest in DQE Holdings LLC.

12. Accounting standards used by foreign entities

N/A

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⁾	7.23¢	7.70¢
	\$A'000	\$A'000
14.2 Returns to shareholders: Distributions	\$176,118	\$179,701
Refer also attached financial statements (Directors Report and Note 5: Distributions Paid and Proposed).		
14.3 Significant features of operating performance:		
Revenue		
Operating revenue	\$1,156,974	\$1,079,252
Investment revenue	\$5,539	\$32,831
Other	\$59,567	\$100,178
	\$1,222,080	\$1,212,261
Share of net profits of associates	\$6,754	\$20,789
Net gain on disposal of associates	\$8,668	-
Expenses		
Depreciation and amortisation	\$233,925	\$214,264
Finance costs	\$465,909	\$505,003
Operating fees	\$428,251	\$320,464
Management fees & expenses	\$19,688	\$20,478
Performance fees	\$16,636	-
Loss on disposal of non current assets	\$4,551	\$4,353
Fair value loss on derivative contracts	\$19,222	\$10,723
Foreign exchange losses	\$357	\$55,870
Other expenses	\$2,635	\$28,535
	\$1,191,174	\$1,159,690
Net result before tax	\$46,328	\$73,360
Income tax credit/(expense)	\$(2,331)	\$115,040
Net result after income tax expense	\$43,997	\$188,400
Profit/(loss) is attributable to:		
DUET1 unitholders	\$77,432	\$68,784
DUET2 and DUET3 unitholders and DIHL shareholders as non-controlling interests	\$(29,883)	\$56,133
Net result attributable to security holders	\$47,549	\$124,917
Other non-controlling interests	\$(3,552)	\$63,483
Basic earnings per stapled security	7.23 cents	7.70 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 4.11c (2011: 21.08c).

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 2012 is a profit of \$44.0 million (2011: \$188.4 million).

Revenue

The total revenue for the year was \$1,222.1 million (2011: \$1,212.3 million), comprising the following:

- Distribution revenue of \$611.5 million (2011: \$579.7 million).
- Metering revenue of \$93.3 million (2011: \$71.1 million).
- Transportation revenue of \$424.8 million (2011: \$405.4 million).
- Other sales revenue of \$24.8 million (2011: \$20.9 million).
- Investment income of \$5.5 million (2011: \$32.8 million).
- Other revenue of \$59.6 million (2011: \$100.2 million).
- New connections revenue \$2.6 million (2011: \$2.2 million).

Share of net profit of associates

Share of net profits of associates accounted for using the equity method for the year prior to their disposal was \$6.7 million (2011: \$20.7 million).

Net gain on disposal of associates

During the year DUET Group sold its 25.9% interest in WA Network Holdings Pty Limited and its 29.0% interest in DQE Holdings LLC for a total net gain on disposal of \$8.7 million (2011: \$nil). This included the following:

- Transfer from reserves to income statement on disposal of associates (\$38.1 million)
- Net gain on disposal of WAGN net of transaction costs \$44.4 million
- Net gain on disposal of Duquesne net of transaction costs \$2.4 million

Operating Expenses

Operating expenses of \$428.2 million were incurred during the year (2011: \$320.4 million) and included the following:

- Operating fees of \$266.6 million (2011: \$223.5 million).
- Other operating expenses of \$161.6 million (2011: \$96.9 million).

Depreciation and amortisation expense

- Amortisation of intangible assets was \$42.9 million (2011: \$33.9 million).
- Depreciation of property, plant and equipment was \$191.0 million (2011: \$180.3 million).

Finance costs

Finance costs of \$465.9 million (2011: \$505.0 million) were incurred during the year. This includes \$26.2 million (2011: \$26.4 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 of \$2.3 million (2011: benefit of \$115.0 million) was recognised during the year. The prior year tax benefit primarily relates to \$112.0 million of DBP pre-acquisition tax losses recognised in the year.

Non-controlling Interests

- Non-controlling equity interests of \$(3.6) million represent the net results of DBP, UEDH and MGH attributable to non-controlling interests (2011: \$63.5 million).

Earnings per Stapled Security

The basic earnings per stapled security after finance costs is 7.23 cents per stapled security (2011: 7.70 cents per stapled security).

- The weighted average number of stapled securities on issue used in the calculation of the earnings per stapled security is 1,070.5 million (2011: 893.7 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 4.11c (2011: 21.08c).

FINANCIAL POSITION***Assets***

- At 30 June 2012, total assets of DUET were \$8,118.7 million (2011: \$8,640.9 million).
- Property, plant and equipment of \$5,473.2 million (2011: \$5,319.9 million) included \$5.6 million of land (2011: \$5.6 million), \$29.5 million of land and buildings (2011: \$24.9 million), \$5,146.6 million of plant and equipment (2011: \$5,043.1 million), \$46.3 million of other property, plant and equipment (2011: \$30.5 million) and \$245.1 million of plant and equipment in the course of construction (2011: \$215.6 million).
- Intangible assets of \$2,094.3 million (2011: \$2,059.8 million) comprise \$69.7 million of intellectual property (2011: \$76.1 million), \$1,035.4 million of distribution licences (2011: \$1,035.4 million) and \$789.8 million of goodwill (2011: \$789.8 million), \$144.9 million of software assets (2011: \$105.2 million), and \$52.5 million of development project costs (2011: \$53.3 million).

Liabilities

- At 30 June 2012, total liabilities of DUET were \$6,550.0 million (2011: \$6,964.2 million).

Equity

- At 30 June 2012, total equity of DUET was \$1,568.7 million (2011: \$1,676.6 million).
- Contributed equity is \$2,230.8 million (2011: \$1,932.2 million).
- Reserves are \$(527.7) million (2011: \$(346.5) million). This represents cash flow hedges measured in accordance with IFRS.

Net Asset Backing

- The net asset backing per stapled unit at 30 June 2012 is \$1.41 (2011: \$1.84).

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