

DUET GROUP  
CONCISE FINANCIAL REPORT  
FOR YEAR ENDED 30 JUNE 2012



This report comprises:  
Diversified Utility and Energy Trust No.1  
ASRN 109 363 037  
And its controlled entities

**DUET Group comprises Diversified Utility and Energy Trust No.1 (ARSN 109 363 037) (DUET1) and its controlled entities, Diversified Utility and Energy Trust No.2 (ARSN 109 363 135) (DUET2), Diversified Utility and Energy Trust No. 3 (ARSN 124 997 986) (DUET3) and DUET Investment Holdings Limited (ABN 22 120 456 573) (DIHL) and its controlled entity**

## Concise Financial Report for year ended 30 June 2012

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AMPCI Macquarie Infrastructure Management No.1 Limited (ABN 99 108 013 672) (RE1) (AFSL 269286) is the Responsible Entity for Diversified Utility and Energy Trust No.1 (DUET1) (ARSN 109 363 037) (ABN 83 495 791 796) and the manager of DUET Investment Holdings Limited (DIHL) (ABN 22 120 456 573) and AMPCI Macquarie Infrastructure Management No.2 Limited (ABN 15 108 014 062) (RE2) (AFSL 269287) is the Responsible Entity for Diversified Utility and Energy Trust No.2 (DUET2) (ARSN 109 363 135) (ABN 85 482 841 876) and Diversified Utility and Energy Trust No. 3 (DUET3) (ARSN 124 997 986) (ABN 42 998 980 995) (in combination referred to as “DUET” or “the DUET Group”). RE1 and RE2 are joint ventures between AMP Capital Holdings Limited, a wholly owned subsidiary of AMP Limited (AMP), and Macquarie Capital Group Limited, a wholly owned subsidiary of Macquarie Group Limited (MGL).

None of the entities noted in this document is an authorised deposit taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia) and their obligations do not represent deposits or other liabilities of Macquarie Bank Limited (ABN 46 008 583 542) (MBL) or AMP Bank Limited (ABN 15 081 596 009) (AMP Bank). AMP Capital Holdings Limited (ABN 69 078 651 966) has arranged for an external bank limited \$2.5 million guarantee which together with an MBL limited \$2.5 million guarantee are provided to the Australian Securities and Investments Commission in respect of Corporations Act obligations of each of RE1 and RE2 as responsible entities of managed investment schemes. MBL and AMP Bank and their related corporations do not otherwise guarantee or provide assurance in respect of the obligations of RE1 or RE2 or any other entity noted in this document.

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 and MGL and their related corporations, together with their officers and Directors, may hold stapled securities in DUET from time to time.

# Directors' Report

## for year ended 30 June 2012

### Contents

Contents.....	1
Explanation of the Financial Report .....	2
Directors' Reports .....	3
Principal Activities .....	3
Directors' Names (and period of service) .....	3
Distributions and Dividends .....	4
Review and Results of Operations.....	5
Significant Changes in State of Affairs .....	6
Events Occurring After Balance Sheet Date .....	8
Indemnification and Insurance of Officers and Auditors .....	8
Interests in DUET Group Securities Issued During the Financial Year .....	9
Carrying Value of Assets .....	9
Directors' Holdings of Stapled Securities.....	10
RE1's and RE2's Holdings of Stapled Securities .....	10
Environmental Regulations .....	10
Auditor's Independence Declaration to the Directors of the Responsible Entity of Diversified Utility and Energy Trust No.1 .....	13
Consolidated Income Statements .....	14
Consolidated Statements of Comprehensive Income .....	15
Consolidated Balance Sheets .....	16
Consolidated Statements of Changes in Equity.....	17
Consolidated Statements of Cash Flows .....	18
Discussion and Analysis of Results .....	19
Notes to the Financial Statements .....	21
1 Summary of Significant Accounting Policies .....	21
2 Segment Information.....	24
3 Profit for the Year .....	29
4 Distributions Paid and Proposed .....	30
5 Earnings per Security .....	30
6 Interest Bearing Liabilities.....	31
7 Investments in Controlled Entities.....	35
8 Critical Accounting Estimates and Judgements.....	36
9 Acquisitions and Disposals.....	36
10 Events Occurring After Balance Sheet Date .....	37
Statement by the Directors of the Responsible Entity of the Concise Financial Report of the DUET Group .....	38
Independent auditors' report to the unitholders of Diversified Utility and Energy Trust No.1 .....	39

## Directors' Report

### for year ended 30 June 2012

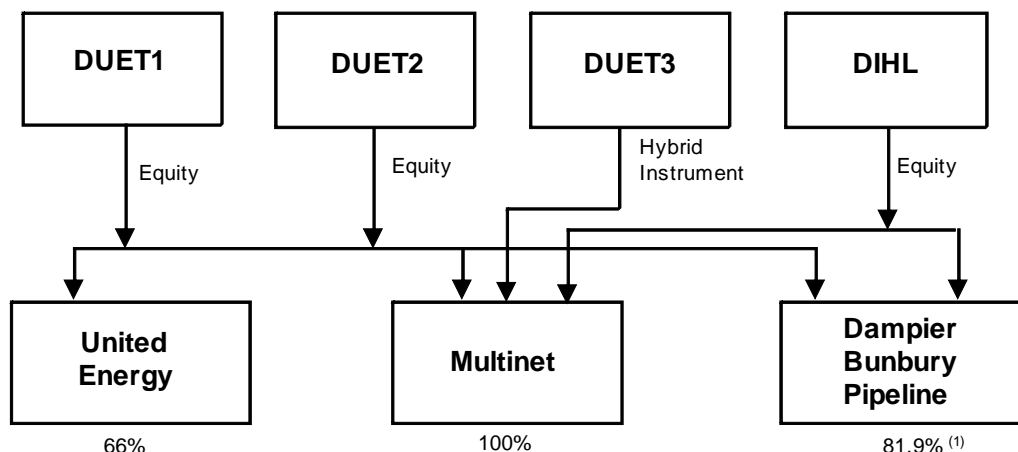
#### Explanation of the Financial Report

This Concise Financial Report has been prepared in accordance with Australian Accounting Standard AASB 1039 *Concise Financial Report* and the Corporations Act 2001. This report should be read in conjunction with the DUET Group Financial Report and the accompanying notes.

Under Australian Accounting Standards, Diversified Utility and Energy Trust No.1 (DUET1) has been deemed the parent entity of Diversified Utility and Energy Trust No.2 (DUET2), Diversified Utility and Energy Trust No.3 (DUET3) and DUET Investment Holdings Limited (DIHL or Company) and their subsidiaries (together, DUET) for accounting purposes. Therefore, the DUET1 consolidated Financial Statements include all entities forming DUET.

At 30 June 2012, DUET Group comprises DUET1, DUET2, DUET3 and DIHL and their subsidiaries. These four stapled entities DUET1, DUET2, DUET3 and DIHL trade as one listed security, DUET Group, on the Australian Securities Exchange (ASX Code: DUE).

A summary of the Group structure as at 30 June 2012 is illustrated below.



<sup>(1)</sup> 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.

In aggregate, DUET Group holds a controlling interest in the Dampier Bunbury Natural Gas Pipeline Trust and its controlled entities (DBP or Dampier Bunbury Pipeline), United Energy Distribution Holdings Limited and its controlled entities (UEDH or United Energy) and Multinet Group Holdings Limited and its controlled entities (MGH or Multinet). Accordingly the results, assets and liabilities of these entities are consolidated into the DUET Group Financial Report. DUET disposed of its investments in WA Network Holdings Pty Limited in July 2011 and DQE Holdings LLC in September 2011.

As the securities held by investors are stapled securities in DUET, the Financial Report for DUET Group provides the most concise information regarding the performance of investors' funds, with further information on the components of the investment presented in the remaining columns.

## Directors' Report

### for year ended 30 June 2012

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#### Directors' Reports

AMPCI Macquarie Infrastructure Management No.1 Limited (RE1) acts as Responsible Entity for Diversified Utility and Energy Trust No.1 (DUET1) and manager of DUET Investment Holdings Limited (DIHL).

AMPCI Macquarie Infrastructure Management No.2 Limited (RE2) acts as Responsible Entity for Diversified Utility and Energy Trust No.2 (DUET2) and Diversified Utility and Energy Trust No.3 (DUET3).

In accordance with AASB127 *Separate and Consolidated Financial Statements*, DUET1 has been identified as the parent of the consolidated Group consisting of DUET1, DUET2, DUET3 and DIHL and the entities they control, together acting as DUET or DUET Group.

RE1 and RE2 are joint ventures between AMP Capital Holdings Limited (AMPCH), a wholly owned subsidiary of AMP Limited, and Macquarie Capital Group Limited (MCGL), a wholly owned subsidiary of Macquarie Group Limited (MGL).

The directors of RE1 submit the following report for DUET1 for the year ended 30 June 2012.

The directors of RE2 submit the following report for DUET2 and DUET3 for the year ended 30 June 2012.

The directors of DIHL submit the following report for DIHL for the year ended 30 June 2012.

The units of DUET1, DUET2 and DUET3 together with the ordinary shares in DIHL are issued as stapled securities in DUET.

#### Principal Activities

The principal activity of DUET1, DUET2, DUET3 and DIHL is investment in energy utility assets. The investment policy of DUET Group is to invest funds in accordance with the provisions of the Trust Constitutions and the governing documents of the individual entities within DUET Group.

#### Directors' Names (and period of service)

The following persons held office as directors of RE1 during the year and up to the date of this report:

- John Roberts (Chairman)
- Philip Garling
- The Hon. Michael Lee
- Emma Stein
- Douglas Halley
- Shemara Wikramanayake (alternate for John Roberts)
- Bodhisahwa Pahari (alternate for Philip Garling – resigned 17 January 2012)
- Scott Davies (alternate for Philip Garling – appointed 18 January 2012)

## Directors' Report

### for year ended 30 June 2012

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#### Directors' Names (and period of service) (continued)

The following persons held office as directors of RE2 during the year and up to the date of this report:

- John Roberts (Chairman)
- Philip Garling
- Ron Finlay
- Eric Goodwin
- Duncan Sutherland
- Shemara Wikramanayake (alternate for John Roberts)
- Bodhisahwa Pahari (alternate for Philip Garling – resigned 17 January 2012)
- Scott Davies (alternate for Philip Garling – appointed 18 January 2012)

The following persons held office as directors of DIHL during the year and up to the date of this report:

- John Roberts (Chairman)
- Philip Garling
- Ron Finlay
- Douglas Halley
- Emma Stein
- Shemara Wikramanayake (alternate for John Roberts)
- Bodhisahwa Pahari (alternate for Philip Garling – resigned 17 January 2012)
- Scott Davies (alternate for Philip Garling – appointed 18 January 2012)

#### Distributions and Dividends

The distribution for the year ended 30 June 2012 was 16.000 cents per stapled security (2011: 20.000 cents per stapled security).

An interim distribution for the year ended 30 June 2012 of 8.00 cents per stapled security was paid on 14 February 2012 (2011: 10.000 cents per stapled security). This consisted of 3.881 cents per unit from DUET1 (2011: 3.206 cents per unit), 4.119 cents per unit from DUET2 (2011: 4.549 cents per unit) and nil cents per unit from DUET3 (2011: 2.245 cents per unit).

A final distribution of 8.00 cents per stapled security was paid on 14 August 2012 (2011: 10.00 cents per stapled security). This consisted of 2.685 cents per unit from DUET1 (2011: 3.670 cents per unit), 3.812 cents per unit from DUET2 (2011: 4.870 cents per unit) and 1.503 cents per unit from DUET3 (2011: 1.460 cents per unit).

## Directors' Report

### for year ended 30 June 2012

#### Review and Results of Operations

The performances of the DUET Group and entities comprising DUET for the year ended 30 June 2012 was as follows:

	DUET Group 1 Jul 11 - 30 Jun 12 \$'000	DUET Group 1 Jul 10 - 30 Jun 11 \$'000
Revenue and other income from continuing operations	1,222,080	1,212,261
Profit/(loss) for the year	43,997	188,400
Profit/(loss) attributable to security holders	47,549	124,917
Earnings used in calculation of basic and diluted earnings per stapled security/unit/share <sup>(1)</sup>	77,432	68,784
Basic earnings per stapled security/unit/share	7.23c	7.70c
Diluted earnings per stapled security/unit/share	7.23c	7.70c
Basic earnings per stapled security/unit/share based on consolidated profit for the year	4.11c	21.08c

<sup>(1)</sup> DUET Group includes earnings of DUET1 only and has been calculated in accordance with *AASB 133 Earnings per Share*. DUET1 was identified as parent of DUET on transition to AIFRS.

The DUET Group profit for the year to 30 June 2012 of \$44.0 million (2011: \$188.4 million) includes significant items such as the profit on sale of its 29.0% stake in Duquesne and 25.9% interest in WAGN, a performance fee paid during the year, and changes in the fair value of derivatives (mark to market gains/(losses)) during the period. The prior year profit after tax included a one off \$112.0 million tax benefit for DBP with no such item during the current period.

	DUET Group 1 Jul 11 - 30 Jun 12 \$'000	DUET Group 1 Jul 10 - 30 Jun 11 \$'000
<b>Significant gains/(losses)</b>		
Mark to market/unrealised foreign exchange gains/(losses)	(19,222)	6,573
Accounting profit on sale of WAGN	44,424	-
Accounting profit on sale of Duquesne, excluding transfer of reserves	2,380	-
Transfer from reserves on sale of Duquesne	(38,122)	-
Equity accounted profit of associates	6,754	20,789
DBP Tax benefit	-	112,000
Performance fee	(16,636)	-
Actuarial movements on Duquesne pension plan	-	14,060
<b>Total significant gains/(losses)</b>	<b>(20,422)</b>	<b>153,422</b>

## Directors' Report

### for year ended 30 June 2012

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#### Dampier Bunbury Pipeline

During the year under review, DBP transmitted 319 PJ (2011: 310 PJ) of gas.

#### United Energy

During the year under review, United Energy distributed 8,135 GWh (2011: 8,071 GWh) of electricity.

#### Multinet

During the year under review, Multinet distributed 56.1 PJ (2011: 60.6 PJ) of gas.

### Significant Changes in State of Affairs

#### Asset acquisition and divestment

On 29 July 2011, DUET reached financial close on transactions with ATCO Ltd (ATCO) and AET&D Holdings No 2 Pty Ltd (AET&D). The total transaction is summarised as follows:

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

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## **Directors' Report**

### **for year ended 30 June 2012**

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#### **DUET Group Entitlement Offer**

On 30 August 2011, DUET completed a fully underwritten accelerated non-renounceable pro rata entitlement offer of 1 new stapled security for every 5 existing stapled securities at an offer price of \$1.52 per new security. DUET raised approximately \$277 million, of which \$174 million was raised from the Institutional Entitlement Offer and \$103 million from the Retail Entitlement Offer.

The proceeds of the Offer were used to acquire additional stakes in DBP and Multinet, repay the corporate revolving debt facility balance and reduce gearing at DBP. DUET Group had no drawn debt at the corporate level at 30 June 2012.

#### **Sale of Duquesne**

On 13 September 2011, DUET reached financial close in relation to the sale of its 29.0% stake in Duquesne to the Government of Singapore Investment Corporation Pte Ltd (GIC) for a total consideration of US\$360 million. The hedged net sale proceeds of A\$345 million were applied to retire DUET's corporate bridge facility. DUET Group had no drawn debt at the corporate level at 30 June 2012.

#### **Multinet Gas \$420 million Bank Debt Refinancing**

On 18 November 2011, Multinet finalised a bank debt raising of \$420 million. The new debt facilities, comprising three and five year tranches totalling \$120 million and \$300 million respectively, will fund key growth capital expenditure requirements over the medium term as well as refinancing a \$335 million facility which was to mature in June 2012.

#### **DBP Bank Debt Refinancing**

During the year DBP completed two debt refinancing transactions. On 21 October 2011 DBP entered into a \$400 million, 3 year Syndicated Facility Agreement ("SFA"). These funds were used to repay the \$252.6 million SFA maturing in June 2012 along with an early prepayment of \$99.4 million against the SFA maturing in June 2014. The remaining funds were drawn down on 26 April 2012 to repay a portion of the \$275m in floating rate notes. On 23 December 2011 DBP entered into a \$235 million, 5 year SFA to partially fund the April 2012 maturing \$275 million floating rate notes.

#### **United Energy pricing of medium term notes**

During the year, United Energy priced A\$200 million of 5 year medium term notes at a fixed coupon of 6.25% p.a. Settlement of this transaction occurred in April 2012. The proceeds were applied to refinance UEDH's A\$150 million term debt facility, which was drawn to A\$100 million and matures in December 2013, and for general corporate purposes.

## **Directors' Report**

### **for year ended 30 June 2012**

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#### **Events Occurring After Balance Sheet Date**

##### **Final distribution paid**

A final distribution of 8.00 cents per stapled security was paid by DUET on 14 August 2012 (2011: 10.00 cents). This consists of a distribution of 2.685 cents per unit from DUET1 (2011: 3.670 cents), 3.812 cents per unit from DUET2 (2011: 4.870 cents) and 1.503 cents per unit from DUET3 (2011: 1.460 cents).

##### **DUET Group securities issued under DRP**

Security holders participating in DUET's Distribution and Dividend Reinvestment Plan (DRP) reinvested \$13,310,336 of the distribution paid on 14 August 2012 in 6,807,220 DUET Group securities at a price of \$1.955269. As announced on 15 June 2012, DRP participation was capped to a maximum of 15% of the total distribution.

##### **Agreement to Internalise Management**

On 31 July 2012, DUET announced that it had reached agreement with AMP Capital and Macquarie Capital Group to internalise the management of DUET. Under the proposal, the consideration payable to AMP Capital and Macquarie for the internalisation will be \$82 million which will be used to subscribe for DUET stapled securities at an issue price of \$1.9715 per security. This is based on the arithmetic average of the daily volume-weighted-average DUET security prices (each rounded down to the nearest cent) for the 20 trading days from 17th July 2012 to 13th August 2012. DUET will also pay AMP Capital and Macquarie an estimated total of \$11 million to 30 June 2013 to provide a range of support services during the transition to independent management.

The proposal was negotiated by the independent directors of the DUET Boards and is subject to final documentation, an independent expert's report concluding that the proposal is fair and reasonable and in the best interests of securityholders, and a minimum 50% approval by DUET's securityholders voting at a general meeting expected to be held in late October 2012.

##### **Indemnification and Insurance of Officers and Auditors**

During the year, RE1, RE2 and the Company paid a premium to insure their respective officers. As long as these officers act in accordance with the Constitution and the law, they will remain indemnified out of the assets of the Trusts and Company of DUET Group against any losses incurred while acting on behalf of the Trusts, Company and DUET Group. The auditors of DUET Group are in no way indemnified out of the assets of the Trust, Company or DUET Group. Disclosure of further details is prohibited by a confidentiality clause in the policy.

## Directors' Report

### for year ended 30 June 2012

#### Interests in DUET Group Securities Issued During the Financial Year

The movement during the year in securities on issue of DUET Group is set out below:

	<b>DUET Group</b> <b>1 Jul 11 – 30 Jun 12</b> <b>'000</b>	<b>DUET Group</b> <b>1 Jul 10 – 30 Jun 11</b> <b>'000</b>
Securities on issue at the beginning of the year	<b>909,693</b>	870,560
Securities issued during the year	<b>200,138</b>	39,133
Securities on issue at the end of the year	<b>1,109,831</b>	909,693

#### Carrying Value of Assets

	<b>DUET Group</b> <b>30 Jun 12</b> <b>\$'000</b>	<b>DUET Group</b> <b>30 Jun 11</b> <b>\$'000</b>
Carrying Value of assets	<b>8,118,659</b>	8,640,918

The value of DUET Group, DUET2, DUET3 and DIHL Group assets is derived using the basis set out in Note 1 to the Financial Statements.

## Directors' Report

### for year ended 30 June 2012

#### Directors' Holdings of Stapled Securities

The aggregate number of DUET Group stapled securities held directly, indirectly or beneficially by directors at the date of this Financial Report are:

Director	DUET Group stapled securities 2012	DUET Group stapled securities 2011
John Roberts	5,422,901	4,222,901
Philip Garling	87,300	72,750
The Hon Michael Lee	17,979	12,288
Emma Stein	50,506	43,506
Douglas Halley	134,000	95,000
Ron Finlay	20,237	14,455
Eric Goodwin	54,005	43,059
Duncan Sutherland	150,000	200,000
Shemara Wikramanayake	1,842,987	1,842,987
Scott Davies <sup>(1)</sup>	-	-

<sup>(1)</sup> Appointed as an alternate for Philip Garling on 18 January 2012.

Certain employees of MGL and AMPCH associated with the management of DUET hold stapled securities in DUET Group at the date of this report. Refer to Note 30 to the DUET Group Financial Report for further details.

#### RE1's and RE2's Holdings of Stapled Securities

Neither RE1 or RE2 hold any stapled securities in DUET Group at the date of this Financial Report (30 June 2011: nil).

#### Environmental Regulations

DUET Group, DUET2, DUET3 and DIHL are not subject to any environmental regulations. The operations of the underlying assets in which the DUET Group, DUET2, DUET3 and DIHL invests are subject to environmental regulations particular to the countries in which they are located.

#### *Dampier Bunbury Pipeline*

Both the DBP Licence and DBP Access Licence place requirements on DBP as operator of the DBNGP. Environmental obligations are identified and managed through DBP's Environmental Management Plan, which sets out procedures for necessary restoration work associated with operations and construction.

The directors are not aware of any material breaches to the environmental regulations discussed above.

#### *United Energy*

United Energy is subject to significant environmental regulation under the Environmental Protection Act (EPA) 1970 (Vic). United Energy adheres to environmental management principles using compliance with ISO 14001 for proactive planning, sustainable development and self assessment for continuous improvement. United Energy did not receive any notices from the Environmental Protection Agency for violation of the Act during the year.

## **Directors' Report**

### **for year ended 30 June 2012**

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#### ***Multinet***

Multinet is subject to significant environmental regulation under the Environmental Protection Act 1970 (Vic). Multinet adheres to environmental management principles using compliance with ISO 14001 for proactive planning, sustainable development and self assessment for continuous improvement. Multinet did not receive any notices from the Environmental Protection Agency for violation of the Act from 2004 to the date of signing this report.

#### **Application of Class Order**

The Financial Reports for DUET Group, DUET2, DUET3 and DIHL are jointly presented in one report, as permitted by ASIC Class Orders 05/642 and 06/441.

#### **Auditor's Independence Declaration**

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 13.

#### **Rounding of Amounts in the Directors' Report and the Financial Report**

DUET Group, DUET2, DUET3 and DIHL are of a kind referred to in Class Order 98/0100, issued by ASIC, relating to the 'rounding off' of amounts in the directors' report and Financial Report. Amounts in the directors' report and Financial Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

#### **Share options for DUET Group**

No options over ordinary shares of DUET Group existed at 30 June 2012 (2011: nil).

## **Directors' Report** for year ended 30 June 2012

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Signed in accordance with a resolution of directors of AMPCI Macquarie Infrastructure Management No.1 Limited.



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**Philip Garling**

Director  
AMPCI Macquarie Infrastructure Management  
No.1 Limited  
Sydney  
16 August 2012



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**John Roberts**

Director  
AMPCI Macquarie Infrastructure Management  
No.1 Limited  
Sydney  
16 August 2012

## **Auditor's Independence Declaration to the Directors of the Responsible Entity of Diversified Utility and Energy Trust No.1**

In relation to our audit of the financial report of Diversified Utility and Energy Trust No.1 for the year ended 30 June 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A stylized, handwritten signature of 'Ernst & Young' in black ink.

Ernst & Young

A handwritten signature in black ink, appearing to read 'K Brown'.

Kester C Brown  
Partner

16 August 2012

# Concise Financial Report

## for year ended 30 June 2012

### Consolidated Income Statements

	Note	DUET Group 1 Jul 11 - 30 Jun 12 \$'000	DUET Group 1 Jul 10 - 30 Jun 11 \$'000
Revenue	3	1,220,141	1,189,059
Other Income	3	1,939	23,202
<b>Total Revenue and other income</b>		<b>1,222,080</b>	<b>1,212,261</b>
<b>Share of net profit/(loss) of associates accounted for using the equity method</b>	3	<b>6,754</b>	<b>20,789</b>
<b>Net gain/(loss) on disposal of associates</b>	3	<b>8,668</b>	<b>-</b>
Operating expenses	3	(428,251)	(320,464)
Depreciation and amortisation expense	3	(233,925)	(214,264)
Finance costs	3	(465,909)	(505,003)
Other expenses	3	(63,089)	(119,959)
<b>Total expenses</b>		<b>(1,191,174)</b>	<b>(1,159,690)</b>
<b>Profit/(loss) before income tax expense</b>		<b>46,328</b>	<b>73,360</b>
Income tax credit/(expense)		(2,331)	115,040
<b>Profit/(loss) for the year</b>		<b>43,997</b>	<b>188,400</b>
<b>Profit/(loss) is attributable to:</b>			
DUET1 unitholders		77,432	68,784
DUET2 and DUET3 unitholders and DIHL shareholders as non-controlling interests		(29,883)	56,133
<b>Stapled Securityholders</b>		<b>47,549</b>	<b>124,917</b>
Other non-controlling interests		(3,552)	63,483
Basic earnings per stapled security/share/unit	5	7.23	7.70
Diluted earnings per stapled security/share/unit	5	7.23	7.70

The above Income Statements should be read in conjunction with the accompanying Notes.



# Concise Financial Report

## for year ended 30 June 2012

### Consolidated Statements of Comprehensive Income

	DUET Group 1 Jul 11 - 30 Jun 12 \$'000	DUET Group 1 Jul 10 - 30 Jun 11 \$'000
<b>Profit/(loss) after income tax expense for the year</b>	<b>43,997</b>	<b>188,400</b>
Other comprehensive income/(expense)		
Changes in fair value of cashflow hedges, net of tax:		
Gain/(loss) taken to equity	(174,559)	19,714
Transferred to Income Statement	53,687	41,774
Changes in share of associates other reserves, net of tax	4,793	(1,427)
Reclassification of associate reserves on disposal	26,818	-
Reclassification of associates foreign currency translation reserve on disposal (including movement to date of disposal)	12,567	-
Movement in defined benefit reserve	(1,319)	-
Gain/(loss) on dilution of minority interest	(1,250)	-
Changes in share of associates foreign currency translation reserve	-	(24,144)
<b>Total comprehensive income/(expense) for the year</b>	<b>(35,266)</b>	<b>224,317</b>
<b>Total comprehensive income/(expense) for the year is attributable to:</b>		
DUET1 unitholders	39,787	121,829
DUET2 and DUET3 unitholders and DIHL shareholders as non-controlling interests	(38,613)	17,681
Stapled Securityholders	1,174	139,510
Other non-controlling interests	(36,440)	84,807
<b>Total comprehensive income/(expense) for the year</b>	<b>(35,266)</b>	<b>224,317</b>

The above Statements of Comprehensive Income should be read in conjunction with the accompanying Notes.

# Concise Financial Report

## as at 30 June 2012

### Consolidated Balance Sheets

	Note	DUET Group 30 Jun 12 \$'000	DUET Group 30 Jun 11 \$'000
<b>Current assets</b>			
Cash and cash equivalents		243,595	543,482
Receivables		67,983	321,909
Inventories		19,637	14,429
Other assets		78,648	103,055
Derivative Financial Instruments		899	5,785
<b>Total current assets</b>		<b>410,762</b>	<b>988,660</b>
<b>Non-current assets</b>			
Receivables		21,507	21,968
Investment in associated entities		-	166,129
Property, plant and equipment		5,473,171	5,319,868
Deferred tax assets		93,552	70,820
Intangible assets		2,094,282	2,059,815
Other assets		24,018	-
Derivative Financial Instruments		1,367	13,658
<b>Total non-current assets</b>		<b>7,707,897</b>	<b>7,652,258</b>
<b>Total assets</b>		<b>8,118,659</b>	<b>8,640,918</b>
<b>Current liabilities</b>			
Distribution payable		88,787	90,969
Payables		285,146	181,533
Interest bearing liabilities	6	325,278	1,468,204
Provisions		16,793	9,768
Derivative Financial Instruments		116,258	46,976
Other liabilities		37,766	39,807
<b>Total current liabilities</b>		<b>870,028</b>	<b>1,837,257</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities	6	4,799,841	4,277,725
Deferred tax liabilities		480,788	508,777
Derivative financial instruments		339,863	290,776
Provisions		32,847	26,963
Retirement benefit obligations		4,278	-
Other liabilities		22,316	22,731
<b>Total non-current liabilities</b>		<b>5,679,933</b>	<b>5,126,972</b>
<b>Total liabilities</b>		<b>6,549,961</b>	<b>6,964,229</b>
<b>Net assets</b>		<b>1,568,698</b>	<b>1,676,689</b>
<b>Equity</b>			
<b>Equity attributable to DUET1 unitholders</b>			
Contributed equity		650,331	553,887
Reserves		(173,366)	(96,997)
Retained profits/accumulated (losses)		(204,763)	(209,585)
<b>Unitholders interest</b>		<b>272,202</b>	<b>247,305</b>
<b>Equity attributable to DUET2, DUET3 and DIHL Securityholders (as non-controlling interest)</b>			
Contributed equity		1,580,504	1,378,338
Reserves		(354,356)	(249,474)
Retained profits/accumulated (losses)		(121,489)	(84,204)
<b>DUET2, DUET3 and DIHL securityholders interest</b>		<b>1,104,659</b>	<b>1,044,660</b>
Other non-controlling interest		191,837	384,724
<b>Total equity</b>		<b>1,568,698</b>	<b>1,676,689</b>

The above Balance Sheets should be read in conjunction with the accompanying Notes.

# Concise Financial Report

## for year ended 30 June 2012

### Consolidated Statements of Changes in Equity

#### DUET Group

	Attributable to DUET1 Unitholders					Total \$'000	DUET2, DUET3 and DIHL non- controlling interests \$'000	Other non- controlling interest \$'000	Total equity \$'000
	Contributed equity \$'000	Hedging reserve \$'000	Capital reserve \$'000	Other reserve \$'000	Retained profits/ (accumulated losses) \$'000				
<b>Total equity at 30 June 2010</b>	532,697	(40,678)	(90,324)	(19,043)	(216,537)	166,115	1,101,480	247,840	1,515,435
Profit for the year	-	-	-	-	68,784	68,784	56,133	63,483	188,400
Other comprehensive income/(expense) for the year	-	27,646	-	25,399	-	53,045	(38,452)	21,324	35,917
Total comprehensive income for the year	-	27,646	-	25,399	68,784	121,829	17,681	84,807	224,317
Transactions with equity holders in their capacity as equity holders:									
Contributions of equity, net of transaction costs	21,190	-	-	-	-	21,190	42,375	-	63,565
Distribution paid and provided for to DUET equity holders	-	-	-	-	(61,829)	(61,829)	(116,876)	-	(178,705)
Dividends and distributions provided for or paid to non-controlling interests	-	-	-	-	-	-	-	(56,311)	(56,311)
Contributions of equity by non-controlling interests	-	-	-	-	-	-	-	108,388	108,388
<b>Total equity at 30 June 2011</b>	553,887	(13,032)	(90,324)	6,356	(209,582)	247,305	1,044,660	384,724	1,676,689
Profit for the year	-	-	-	-	77,432	77,432	(29,883)	(3,552)	43,997
Other comprehensive income/(expense) for the year	-	(47,965)	-	10,773	(453)	(37,645)	(8,730)	(32,888)	(79,263)
Total comprehensive income for the year	-	(47,965)	-	10,773	76,979	39,787	(38,613)	(36,440)	(35,266)
Transactions with equity holders in their capacity as equity holders:									
Contributions of equity, net of transaction costs	96,444	-	-	-	-	96,444	202,166	-	298,610
Distribution paid and provided for to DUET equity holders	-	-	-	-	(72,160)	(72,160)	(103,554)	-	(175,714)
Dividends and distributions provided for or paid to non-controlling interests	-	-	-	-	-	-	-	(25,592)	(25,592)
Contributions of equity by non-controlling interests	-	-	-	-	-	-	-	31,945	31,945
Change in equity as a result of acquisition	-	-	-	(39,174)	-	(39,174)	-	(162,800)	(201,974)
<b>Total equity at 30 June 2012</b>	650,331	(60,997)	(90,324)	(22,045)	(204,763)	272,202	1,104,659	191,837	1,568,698

# Concise Financial Report

## for year ended 30 June 2012

### Consolidated Statements of Cash Flows

	DUET Group 1 Jul 11 - 30 Jun 12 \$'000	DUET Group 1 Jul 10 - 30 Jun 11 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers (including GST)	1,266,902	1,247,813
Payments to suppliers and employees (including GST)	(452,627)	(418,380)
Income tax received/(paid)	(401)	(968)
Interest received from associates	6,950	35,681
Interest received from related parties	-	-
Dividends received	-	5,402
Other interest received	12,609	31,924
Management fee paid	(20,079)	(20,331)
Indirect tax net (paid) /received	(49,906)	(50,592)
<b>Net cash flows from operating activities</b>	<b>763,448</b>	<b>830,549</b>
<b>Cash flows (used in)/from investing activities</b>		
Payments for purchase of property, plant and equipment	(313,077)	(265,434)
Payments for purchase of software	(71,560)	(52,438)
Proceeds from sale of investment, net of costs	499,094	-
Payments for purchase of investments	(155,500)	(35,404)
Amounts deposited in escrow account for asset acquisition	-	(42,500)
Investment in term deposits	-	7,462
Proceeds from sale of non-current assets	143	279
<b>Net cash flows (used in)/from investing activities</b>	<b>(40,900)</b>	<b>(388,035)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of stapled securities, net of transaction costs	266,362	-
Proceeds from securities issued to non-controlling interests	32,010	118,267
Proceeds from borrowings lent by non-controlling interests	6,395	5,610
Proceeds from borrowing from external parties	1,053,423	3,057,579
Repayment of borrowings from external parties	(1,746,501)	(2,879,697)
Loans to related parties	-	-
Loans from related parties	-	-
Finance costs paid	(463,619)	(501,502)
Dividends paid to non-controlling interest	(27,317)	(56,309)
Distributions paid to DUET securityholders	(145,675)	(111,226)
<b>Net cash flow from/(used in) financing activities</b>	<b>(1,024,922)</b>	<b>(367,278)</b>
Net increase/(decrease) in cash and cash equivalents held	(302,374)	75,236
Cash assets at the beginning of the period	543,482	464,682
Effects of exchange rate changes on cash and cash equivalents	2,487	3,564
<b>Cash and cash equivalents at the end of the year</b>	<b>243,595</b>	<b>543,482</b>

The above Statements of Cash Flows should be read in conjunction with the accompanying Notes.

# Concise Financial Report

## for year ended 30 June 2012

### Discussion and Analysis of Results

#### Financial Performance

##### *Operating 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).

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. Derivatives are 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:

	DUET Group 1 Jul 11 - 30 Jun 12 \$m	DUET Group 1 Jul 10 - 30 Jun 11 \$m
<b>Net result after income tax</b>	<b>44.0</b>	188.4
<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 of 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	-
Duquesne actuarial (gain)/loss on defined benefit plan	-	(14.1)
<b>Net result after income tax excluding significant items</b>	<b>64.3</b>	34.9

##### *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).

# Concise Financial Report

## for year ended 30 June 2012

### ***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 that 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).

### ***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).

# Concise Financial Report

## for year ended 30 June 2012

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### Notes to the Financial Statements

#### 1 Summary of Significant Accounting Policies

This Concise Financial Report has been prepared in accordance with Australian Accounting Standard AASB 1039 Concise Financial Report and the Corporations Act 2001. This report should be read in conjunction with the DUET Group Financial Report and the accompanying notes.

The significant accounting policies which have been adopted in the preparation of the DUET Group Financial Statements are stated in the DUET Group Financial Report to assist in a general understanding of that report.

The DUET Group Financial Reports were authorised for issue by the Directors on 16 August 2012. The Responsible Entities and Directors of DIHL have the power to amend and reissue these Financial Reports. A summary of the key significant accounting policies are set out below.

##### (a) Basis of preparation of Financial Reports

The principal accounting policies adopted in the preparation of the Financial Statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### *Compliance with IFRS*

The Financial Reports comply with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

##### *Historical cost convention*

These Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value.

##### *Stapled Security*

The units of DUET1, DUET2, DUET3 and the ordinary shares in DIHL are combined and issued as stapled securities in DUET Group. The individual securities cannot be traded separately and can only be traded as stapled securities.

This Financial Report consists of the consolidated Financial Statements of DUET1, which comprises DUET1, DUET2, DUET3, DIHL and the entities they control, together acting as DUET.

As permitted by ASIC Class orders 05/642 and 06/441, these Financial Reports consist of the consolidated Financial Statements of DUET1 and its controlled entities (collectively referred to as "DUET" or "DUET Group"), and the Financial Statements of DUET2, DUET3 and DIHL and its subsidiary.

##### (b) Consolidated accounts

The Group is required to prepare its consolidated Financial Statements in accordance with the revised AASB 127 *Separate and Consolidated Financial Statements*. Under the standard DUET2 is presented as a non-controlling interest, together with DUET3 and DIHL. This interpretation requires "non-controlling interests" formerly known as "outside equity interests" to be presented in the consolidated Balance Sheet within equity but separately from the equity owners of the parent. In addition, profit or loss and total comprehensive income has been apportioned to reflect the amount attributable to the owners of the parent and to the non-controlling interests.

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# Concise Financial Report

## for year ended 30 June 2012

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### 1 Summary of Significant Accounting Policies (continued)

#### (c) Principles of consolidation

The consolidated Financial Statements incorporate the assets and liabilities of the entities, which DUET1, DUET2, DUET3 and DIHL collectively hold a majority interest in, at 30 June 2012, including those deemed to be controlled by DUET1 by identifying it as the parent of DUET on transition to AIFRS, and the results of those controlled entities for the period then ended. The effects of all transactions between entities in DUET Group are eliminated in full. Non-controlling interests in the results and equity are shown separately in the Income Statement and the Balance Sheet respectively. Non-controlling interests are those interests in partly owned subsidiaries which are not held directly or indirectly by DUET1, DUET2, DUET3 or DIHL. Non-controlling interests also represent the interests of DUET2, DUET3 and DIHL.

Where control of an entity is obtained during a financial period, its results are included in the Income Statement from the date on which control commences. Where control of an entity ceases during a financial period, its results are included for that part of the period during which control existed.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

#### (d) Segment reporting

Operating segments are reported in a manner that is consistent with internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Boards of RE1, RE2 and DIHL.

For the year ended 30 June 2012 the segments are based on the core assets of DUET's investment portfolio being Dampier Bunbury Pipeline, United Energy and Multinet.



# Concise Financial Report

## for year ended 30 June 2012

### 1 Summary of Significant Accounting Policies (continued)

#### (e) Net current asset deficiency

At 30 June 2012 the DUET Group has a net current liability position of \$459.3 million which is primarily due to the following interest bearing borrowings having become current:

Company	Maturity date	Borrowings outstanding \$ million
DBP – medium term note	April 2013	325.0
		<u>325.0</u>

DUET1, DUET2, and the DIHL Group have net current asset deficiencies of \$197.8 million, \$51.4 million and \$95.6 million respectively.

The net current asset deficiency at the DUET Group level is primarily due to DBP's medium term note that is due within 12 months, as noted above, and the impact of the recognition of financial instruments, including cross-currency and interest rate swaps, at fair value in the consolidated Balance Sheet.

Notwithstanding these net current asset deficiencies, the Financial Reports have been prepared on a going concern basis as DUET Group, DUET1, DUET2 and the DIHL Group continue to generate positive cash flows and have sufficient appropriate debt and equity capital in place to enable operations to continue as a going concern.

The net current asset deficiencies at the DUET1, DUET2 and the DIHL Group level are primarily due to the classification of intercompany loans payable as current liabilities (as they are repayable on demand) whereas intercompany loans receivable are classified as non-current receivables.

Given the following, and based on current expectations, the Directors consider that DUET Group, DUET1, DUET2 and the DIHL Group will have sufficient cash available to meet their liabilities as they fall due:

- DBP is in discussions with financiers with plans to raise at least \$100 million by 31 December 2012. In addition, a further refinancing transaction for the balance is anticipated to take place well before the April 2013 maturity date of the medium term note;
- The DUET2 and DIHL related party loans are not expected to be called upon in the next twelve months;
- Any material call for repayment of the DUET2 related party loans would be met by the funds on-lent to the asset companies or through the realisation of investments; and
- Any material call for repayment of the DIHL related party loans would be met by the realisation of investments.

# Concise Financial Report

## for year ended 30 June 2012

### 1 Summary of Significant Accounting Policies (continued)

#### (f) Earnings per stapled security

##### (i) *Basic earnings per security*

Basic earnings per stapled security are determined by dividing the profit attributable to security holders by the weighted average number of ordinary securities on issue during the year.

##### (ii) *Diluted earnings per security*

Diluted earnings per stapled security adjusts the figures used in the determination of basic earning per security to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary securities and the weighted average number of securities assumed to have been issued for no consideration in relation to dilutive potential ordinary securities.

#### (g) Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in the presentation in the current period.

#### (h) Rounding of amounts

DUET Group, DUET2, DUET3 and DIHL are of a kind referred to in Class Order 98/0100, issued by ASIC, relating to the 'rounding off' of amounts in the Directors' report and Financial Report. Amounts in the Directors' report and Financial Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

### 2 Segment Information

The Directors of the Responsible Entities (RE1 and RE2) of DUET1, DUET2, DUET3 and the Directors of DIHL have determined the operating segments based on the reports reviewed by the chief operating decision maker, being the Boards of AMPCI Macquarie Infrastructure Management No.1 Limited (RE1), AMPCI Macquarie Infrastructure Management No.2 Limited (RE2) and DIHL.

The Boards consider the business from the aspect of each of the core portfolio assets and have identified five operating segments during the year. The segments are the investments in Dampier Bunbury Pipeline (DBP), United Energy (UEDH), Multinet (MGH), together with the investments in WA Gas Networks (WAGN) and Duquesne (DQE) which were disposed of during the period.

DBP, UEDH, MGH and WAGN are all located in Australia. DQE is located in the United States.

The operating segments note discloses performance by individual core-portfolio asset in Australian dollars. The information is presented as DUET's proportionate share of the earnings before interest, tax, depreciation and amortisation ("EBITDA"), EBITDA is a non-IFRS measure. There is no inter-segment revenue.

# Concise Financial Report

## for year ended 30 June 2012

### 2 Segment Information (continued)

	DBP \$'000	UEDH \$'000	MGH \$'000	WAGN <sup>(2)</sup> \$'000	DQE <sup>(3)</sup> \$'000	Total \$'000
<b>DUET Group for the 12 months to 30 June 2012</b>						
Total segment revenues	366,258	290,700	191,627	4,102	76,111	928,798
Total segment expenses	(73,242)	(108,889)	(60,303)	(1,441)	(46,688)	(290,563)
Proportionate EBITDA <sup>(1)</sup>	293,016	181,811	131,324	2,661	29,423	638,235
<b>DUET Group for the 12 months to 30 June 2011</b>						
Total segment revenues	258,855	265,616	155,006	36,476	343,099	1,059,052
Total segment expenses	(42,720)	(85,030)	(39,852)	(15,020)	(234,946)	(417,568)
Proportionate EBITDA <sup>(1)</sup>	216,135	180,586	115,154	21,456	108,153	641,484
<b>Total proportionate segment assets</b>						
30 June 2012	3,111,861	1,803,366	1,382,105	-	-	6,297,332
30 June 2011	2,313,859	1,696,353	1,264,306	249,432	1,173,946	6,697,896
<b>Maintenance capital expenditure <sup>(4)</sup></b>						
30 June 2012	16,909	18,671	7,513	176	9,103	52,372
30 June 2011	11,851	46,278	8,064	2,801	41,467	110,461
<b>Total proportionate segment liabilities</b>						
30 June 2012	(2,567,888)	(1,664,526)	(1,212,217)	-	-	(5,444,631)
30 June 2011	(1,918,951)	(1,536,867)	(1,108,118)	(223,966)	(984,545)	(5,772,447)

<sup>(1)</sup> Excludes changes in the fair value of derivatives, net foreign exchange gains/losses and actuarial losses on the Duquesne defined benefit pension plan.

<sup>(2)</sup> Includes share of WAGN EBITDA up until the date of sale on 29 July 2011.

<sup>(3)</sup> Includes share of Duquesne EBITDA up until the date of sale on 13 September 2011.

<sup>(4)</sup> The difference between statutory additions of \$298.4 million and maintenance capital expenditure is due to growth capital expenditure from UEDH's AML program and DBP's pipeline expansion.

# Concise Financial Report

## for year ended 30 June 2012

### 2 Segment Information (continued)

A reconciliation of DUET EBITDA to profit/(loss) before income tax expense is provided as follows:

	DBP \$'000	UEDH \$'000	MGH \$'000	WAGN \$'000	DQE \$'000	Corporate \$'000	Total \$'000
<b>DUET Group for the 12 months to 30 June 2012</b>							
<b>Proportionate EBITDA</b>	<b>293,016</b>	<b>181,811</b>	<b>131,324</b>	<b>2,661</b>	<b>29,423</b>	-	<b>638,235</b>
Additional EBITDA from controlled assets <sup>(1)</sup>	72,762	93,660	2,125	-	-	-	168,547
Exclude non-controlled assets <sup>(2)</sup>	-	-	-	(2,661)	(29,423)	-	(32,084)
Corporate expenses	-	-	-	-	-	(38,828)	(38,828)
Equity accounted profits <sup>(2)</sup>	-	-	-	753	6,001	-	6,754
Gains/(losses) on disposal of associates, net of transaction costs	-	-	-	-	-	8,668	8,668
<b>Consolidated EBITDA</b>							<b>751,292</b>
<b>Controlled Assets</b>							
Interest income	2,385	1,368	1,976	-	-	-	5,729
Depreciation and amortisation	(80,925)	(118,794)	(34,206)	-	-	-	(233,925)
Finance costs	(230,478)	(138,749)	(87,641)	-	-	-	(456,868)
Net fx gains(losses)	64	1,780	-	-	-	-	1,844
Changes in fair value of derivatives	1,116	(21,794)	1,456	-	-	-	(19,222)
<b>Non-controlled Assets</b>							
Change in fair value of derivatives	-	-	-	-	-	-	-
Change in defined benefit pension plan	-	-	-	-	-	-	-
<b>Corporate</b>							
Interest income	-	-	-	-	-	12,551	12,551
Depreciation & amortisation	-	-	-	-	-	-	-
Finance costs	-	-	-	-	-	(9,041)	(9,041)
Net foreign exchange gains/(losses)	-	-	-	-	-	(262)	(262)
Changes in fair value of derivatives	-	-	-	-	-	-	-
Other Eliminations	-	-	-	-	-	-	(5,770)
<b>Profit before income tax expense</b>							<b>46,328</b>

<sup>(1)</sup> To consolidate 100% of controlled asset EBITDA.

<sup>(2)</sup> Excludes proportionate EBITDA of associates and includes the equity accounted result.

# Concise Financial Report

## for year ended 30 June 2012

### 2 Segment Information (continued)

	DBP \$'000	UEDH \$'000	MGH \$'000	WAGN \$'000	DQE \$'000	Corporate \$'000	Total \$'000
DUET Group for the 12 months to 30 June 2011							
Proportionate EBITDA	216,135	180,585	115,153	21,457	108,153	-	641,483
Additional EBITDA from controlled assets <sup>(1)</sup>	144,090	93,029	28,968	-	-	-	266,087
Exclude non-controlled assets <sup>(2)</sup>	-	-	-	(21,456)	(108,153)	-	(129,609)
Corporate expenses	-	-	-	-	-	(22,060)	(22,060)
Other	-	-	-	-	-	(800)	(800)
Equity accounted profits <sup>(2)</sup>	-	-	-	859	(23,298)	-	(22,439)
Consolidated EBITDA							732,662
Controlled Assets							
Interest income	5,388	10,260	8,955	-	-	-	24,603
Depreciation and amortisation	(78,135)	(105,330)	(30,799)	-	-	-	(214,264)
Finance costs	(231,482)	(143,961)	(86,513)	-	-	-	(461,956)
Changes in fair value of derivatives	(10,031)	6,851	7,407	-	-	-	4,227
Non-controlled Assets							
Change in fair value of derivatives <sup>(3)</sup>	-	-	-	-	21,128	-	21,128
Change in defined benefit pension plan	-	-	-	-	22,100	-	22,100
Corporate							
Interest income	-	-	-	-	-	42,228	42,228
Finance costs	-	-	-	-	-	(43,047)	(43,047)
Net foreign exchange gains/(losses)	-	-	-	-	-	(49,964)	(49,964)
Changes in fair value of derivatives	-	-	-	-	-	300	300
Other eliminations	-	-	-	-	-	-	(4,657)
Profit before income tax expense							73,360

<sup>(1)</sup> To consolidate 100% of controlled asset EBITDA.

<sup>(2)</sup> Excludes proportionate EBITDA of associates and includes the equity accounted result.

<sup>(3)</sup> Includes amortisation of the fair value of electricity contracts recognised on acquisition reported by the non-controlled asset within operating costs.

# Concise Financial Report

## for year ended 30 June 2012

### 2 Segment Information (continued)

A reconciliation of DUET total proportionate segment revenues to total consolidated revenues is provided as follows:

	30 Jun 12 \$'000	30 Jun 11 \$'000
<b>Segment Revenue</b>	<b>928,798</b>	<b>1,059,052</b>
Other Revenue	17,450	59,688
Revenue attributable to investments accounted for under the equity method	(80,214)	(379,576)
TUOS adjustment	72,156	62,076
Revenue attributable to non-controlling interest	281,949	387,819
<b>Total revenue from continuing operations</b>	<b>1,220,141</b>	<b>1,189,059</b>

A reconciliation of DUET total proportionate segment assets to total consolidated assets is provided as follows:

	30 Jun 12 \$'000	30 Jun 11 \$'000
<b>Total proportionate segment assets</b>	<b>6,297,332</b>	<b>6,697,896</b>
Balance of controlled entity assets	1,639,624	2,757,357
Exclude non-controlled assets	-	(1,423,378)
Cash and cash equivalents	175,150	125,455
Derivatives	-	6,230
Other assets	107	103
Receivables	827	311,126
Equity accounted investments	-	166,129
Intangible assets	2,020	-
Deferred tax assets	2,836	-
Property, plant and equipments	763	-
<b>Total assets</b>	<b>8,118,659</b>	<b>8,640,918</b>

A reconciliation of DUET total proportionate segment liabilities to total consolidated liabilities is provided as follows:

	30 Jun 12 \$'000	30 Jun 11 \$'000
<b>Total proportionate segment liabilities</b>	<b>(5,444,631)</b>	<b>(5,772,447)</b>
Balance of controlled entity liabilities	(981,215)	(1,884,791)
Exclude non-controlled liabilities	-	1,208,511
Distribution payable	(88,787)	(90,969)
Deferred tax liability	(721)	-
Payables	(34,607)	(10,260)
Interest bearing liabilities	-	(414,273)
<b>Total liabilities</b>	<b>(6,549,961)</b>	<b>(6,964,229)</b>

# Concise Financial Report

## for year ended 30 June 2012

### 3 Profit for the Year

	DUET Group 1 Jul 11 - 30 Jun 12 \$'000	DUET Group 1 Jul 10 - 30 Jun 11 \$'000
<b>(i) Revenue</b>		
<b>Sales revenue</b>		
Distribution revenue	611,465	579,677
Metering revenue	93,279	71,066
Transportation revenue	424,832	405,388
New connections revenue	2,579	2,199
Other sales revenue	24,819	20,922
	<b>1,156,974</b>	<b>1,079,252</b>
<b>Revenue from investments</b>		
Interest revenue	5,539	32,831
	<b>5,539</b>	<b>32,831</b>
<b>Other revenue</b>		
Interest revenue	12,741	33,999
Customer contributions	43,339	35,738
Miscellaneous revenue	1,548	7,239
	<b>57,628</b>	<b>76,976</b>
<b>Total revenue</b>	<b>1,220,141</b>	<b>1,189,059</b>
<b>(ii) Other income</b>		
Net Fair value gain on derivative contracts and loans	-	17,296
Net Foreign exchange gains	1,939	5,906
<b>Total other income</b>	<b>1,939</b>	<b>23,202</b>
<b>Total revenue and other income</b>	<b>1,222,080</b>	<b>1,212,261</b>
<b>(iii) Share of net profit/(loss) of associates accounted for using the equity method</b>		
Share of net profit/(loss) of associates	-	20,789
Share of associate income before disposal – DQE	6,001	-
Share of associate income before disposal - WAGN	753	-
	<b>6,754</b>	<b>20,789</b>
<b>(iv) Net gains/(losses) on disposal of associates</b>		
Transfer from reserves to income statement on disposal of associates	(38,122)	-
Net gain/(loss) on disposal of associate – WAGN, net of transaction costs	44,416	-
Net gain/(loss) on disposal of associate – DQE, net of transaction costs before transfer of reserves	2,374	-
	<b>8,668</b>	<b>-</b>
<b>(iii) Expenses</b>		
<b>Operating expenses</b>		
Operating fees	266,592	223,527
Other operating expenses	161,659	96,937
	<b>428,251</b>	<b>320,464</b>
<b>Depreciation and amortisation expense</b>		
Depreciation of property, plant and equipment	191,042	180,310
Amortisation of intangible assets	42,883	33,954
	<b>233,925</b>	<b>214,264</b>
<b>Finance costs</b>		
Amortisation of borrowing costs	26,193	26,425
Financing costs	11,179	21,956
Interest expense - Other parties	428,537	456,622
	<b>465,909</b>	<b>505,003</b>
<b>Other expenses</b>		
Net loss on write off / abandonment	4,551	4,353
Management fees	19,688	20,478
Performance fees	16,636	-
Net foreign exchange losses	357	55,870
Net fair value loss on derivative contracts	19,222	10,723
Other	2,635	28,535
	<b>63,089</b>	<b>119,959</b>
<b>Total expenses</b>	<b>1,191,174</b>	<b>1,159,690</b>

# Concise Financial Report

## for year ended 30 June 2012

### 4 Distributions Paid and Proposed

	DUET Group 1 Jul 11 - 30 Jun 12 \$'000	DUET Group 1 Jul 10 - 30 Jun 11 \$'000
Interim distribution paid for the year ended 30 June	87,331	88,731
Final distribution proposed and subsequently paid for the year ended 30 June	88,787	90,970
	<b>176,118</b>	<b>179,701</b>
	<b>Cents per stapled security</b>	<b>Cents per stapled security</b>
Interim distribution paid for the year ended 30 June	8.000	10.000
Final distribution proposed and subsequently paid for the year ended 30 June	8.000	10.000

### 5 Earnings per Security

#### (a) Basic earnings per stapled security

	DUET Group As at 30 Jun 12 '000	DUET Group As at 30 Jun 11 '000
Basic earnings per stapled security	7.23c	7.70c
Earnings used in calculation of basic earnings per stapled security	77,432	68,784
Weighted average number of stapled securities used in calculating basic earnings per stapled security	1,070,532	893,674

#### (b) Reconciliation of earnings used in calculating basic earnings per stapled security

	DUET Group As at 30 Jun 12 \$'000	DUET Group As at 30 Jun 11 \$'000
<i>Basic earnings per stapled security</i>		
Profit/(Loss) for the year	43,997	188,400
(Profit)/Loss for the year attributable to non-controlling interests	33,435	(119,616)
Profit/(loss) attributable to the ordinary securityholders of the company used in calculating basic earnings per stapled security	77,432	68,784

#### (c) Diluted earnings per stapled security

	DUET Group As at 30 Jun 12 '000	DUET Group As at 30 Jun 11 '000
Diluted earnings per stapled security *	7.23c	7.70c
Earnings used in calculation of diluted earnings per stapled security	77,432	68,784
Weighted average number of stapled securities used in calculating diluted earnings per stapled security	1,070,532	893,674

\* Where diluted earnings per stapled security is anti-dilutive, the figure for diluted earnings per stapled security is shown the same as the figure for basic earnings per stapled security.

#### (d) Weighted average number of shares used as the denominator

	DUET Group As at 30 Jun 12 '000	DUET Group As at 30 Jun 11 '000
Weighted average number of stapled securities used as the denominator in calculating basic earnings per stapled security	1,070,532	893,674
Weighted average number of stapled securities used as the denominator in calculating diluted earnings per stapled security	1,070,532	893,674



# Concise Financial Report

## for year ended 30 June 2012

### 6 Interest Bearing Liabilities

	DUET Group 30 Jun 12 \$'000	DUET Group 30 Jun 11 \$'000
<b>Current</b>		
Bank Loan	325,000	597,352
	<b>325,000</b>	597,352
Unsecured		
Bank Loans	-	349,500
Guaranteed notes	-	526,759
Borrowings from related parties	-	-
	<b>-</b>	876,259
Finance lease liabilities	811	-
Capitalised borrowing transaction costs	(533)	(5,407)
<b>Total current interest bearing liabilities</b>	<b>325,278</b>	1,468,204
<b>Non-current</b>		
Secured		
Bank loans	1,016,068	724,008
Guaranteed notes	1,175,000	1,500,000
	<b>2,191,068</b>	2,224,008
Unsecured		
Bank loans	633,923	346,999
Guaranteed notes	1,826,585	1,564,204
Redeemable preference shares	170,794	164,399
Borrowings from related party	-	-
	<b>2,631,302</b>	2,075,602
Finance lease liability	20,816	21,628
Capitalised borrowing transaction costs	(43,345)	(43,513)
<b>Total non current interest bearing liabilities</b>	<b>4,799,841</b>	4,277,725
<b>Total interest bearing liabilities</b>	<b>5,125,119</b>	5,745,929

# Concise Financial Report

## for year ended 30 June 2012

### 6 Interest Bearing Liabilities (continued)

#### Financing Arrangements

At balance date the Group had access to the following lines of credit:

	Undrawn balance 30 Jun 12 \$'000	Undrawn balance 30 Jun 11 \$'000
<b>DUET 1</b>		
Related party loans	37,147	37,147
<b>DUET 2</b>		
Related party loans	-	-
<b>DUET 3</b>		
Related party loans	18,711	18,711
<b>DIHL</b>		
Related party loans	200,000	200,000
<b>DUET 2008 Funding Sub Trust</b>		
Tranche A 364 days: 2012	n/a	-
Tranche B 3 year: 2014	n/a	130,500
Tranche C 3 year: 2011	200,000	n/a
Total	200,000	130,500
<b>Dampier Bunbury Pipeline</b>		
<b>Term loan</b>	72,000	23,000
Working capital facility	5,000	-
	77,000	23,000
<b>United Energy</b>		
Senior Corporate Facility – Tranche B Capex facility	75,000	-
Senior Corporate Facility – Tranche C	193,000	237,000
Bank loans - working capital facility and AIMRO Capex	80,000	71,000
	348,000	308,000
<b>Multinet</b>		
Senior Corporate Facility	22,577	40,000
Capital expenditure facility	115,500	55,500
Bank loans - working capital facility	20,000	30,000
	158,077	125,500
<b>Total</b>	<b>1,038,935</b>	<b>842,858</b>

# Concise Financial Report

## for year ended 30 June 2012

### 6 Interest Bearing Liabilities (continued)

#### Bank Loans

##### DUET Group

DUET Group has utilised \$nil of the \$200.0 million syndicated corporate senior debt facility.

##### Dampier Bunbury Pipeline

During the year DBP completed two debt refinancing transactions. On 21 October 2011, DBP entered into a \$400 million, 3 year Syndicated Facility Agreement ("SFA"). These funds were used to repay the \$252.6 million SFA maturing in June 2012 along with an early prepayment of \$99.4 million against the SFA maturing in June 2014. The remaining funds were drawn down on 26 April 2012 to repay a portion of the A\$275m in floating rate notes.

On 23 December 2011, DBP entered into a \$235 million, 5 year SFA to partially fund the April 2012 maturing \$275 million floating rate notes.

A working capital facility is in place with a \$20 million limit maturing in May 2013.

##### United Energy

Term bank loans under the senior corporate facilities comprise two \$120.0 million tranches, which have maturity dates of June 2014 and June 2018. A working capital facility with facility limit of \$30.0 million matures in April 2014.

Tranche C of the senior corporate facilities is a capex facility with a facility limit of \$260 million maturing in June 2014. The smart meter debt facility is a \$50 million capex facility maturing in December 2013 for the purpose of funding the roll-out of Advanced Metering Infrastructure (this facility was cancelled by UEDH in July 2012).

##### Multinet

Multinet had refinanced the \$205.0 million term bank loan facility due in June 2012 and entered into a new \$300 million senior corporate facility maturing in November 2016. A working capital facility with a facility limit of \$20.0 million matures in July 2014.

A \$70 million term bank loan maturing in April 2012 was refinanced on 12 July 2011 and a new \$50 million IT growth capex bank debt facility was entered into. Both of the new facilities mature in July 2014.

Tranche B of the senior corporate facilities, a capex facility with a facility limit of \$130 million due in June 2012, was refinanced with a new \$120 million capex facility maturing in November 2014.

#### Guaranteed notes

##### Dampier Bunbury Pipeline

There are three tranches of floating rate note facilities outstanding with credit support provided by Ambac Assurance Corporation. There is one tranche of \$275.0 million, which matures in April 2017 and two further tranches of \$325.0 million, which mature in April 2013 and April 2018.

A \$425.0 million floating rate note matures in September 2015.

A \$150.0 million fixed rate note with a coupon of 8.25% matures in September 2015.

# Concise Financial Report

## for year ended 30 June 2012

### 6 Interest Bearing Liabilities (continued)

#### United Energy

US\$200.0 million (A\$263 million) 5.45% fixed rate guaranteed notes maturing in April 2016, were issued on 19 November 2003.

UEDH drew down on funds raised through a US Private Placement in December 2010. The notes are fixed rate for four years (US\$70 million at an interest rate of 3.91%) and seven years (US\$365 million at an interest rate of 5.01%).

A\$500 million floating rate guaranteed notes maturing in October 2014, were issued on 31 October 2005.

A\$200 million fixed rate notes maturing in April 2017, were issued in April 2012.

Scheduled payment of principal and interest on the notes is guaranteed by a related entity within the UEDH Group.

Long term currency swaps have been entered into to convert the USD exposure on the guaranteed notes into an Australian dollar exposure. The swaps entitle the Group to receive an agreed amount of USD and oblige it to pay an agreed amount of Australian dollars at the date of maturity of the guaranteed notes. The value of the guaranteed notes presented above is after the impact of the amount payable under the currency swap agreement.

#### Multinet

In July 2011 the A\$150 million 4.2% fixed rate guaranteed note maturing on 29 July 2011 and A\$100 million floating rate notes maturing on 29 July 2011 were refinanced using proceeds raised from the US Private Placement notes (described below).

A\$300 million floating rate guaranteed notes were issued on 15 June 2007, matured in July 2011 and were refinanced. The refinanced notes mature on 10 July 2017.

US\$135.0 million 4.2% fixed rate US Private Placement loan notes maturing on 8 November 2015, were issued on 8 November 2010.

US\$50.0 million 4% fixed rate US Private Placement loan note maturing on 10 August 2015, were issued on 9 August 2010.

Scheduled payment of principal and interest on the notes is guaranteed by a related entity within the MGH Group.

#### Redeemable preference shares

The redeemable preference shares issued by United Energy are deferred cumulative preference shares that are redeemable on the date 20 years from the dates of issue, being 23 July 2003, 21 January 2009, 29 January 2009 and 11 March 2011. Interest is paid semi-annually or at any time a declaration is made by the board of Directors of United Energy. The annual dividend rate on the shares is 13.5% and 11.75% per annum.

#### Borrowings from related parties

Loan agreements between DUET parent entities are included in borrowings from associates. These loans have a maturity of 9 years and pay interest at 8% per annum. At 30 June 2012, the amounts payable to associated entities by DUET2 is \$60.4 million (2011: \$176 million), by DUET 3 is \$1.3 million (2011: \$204.7 million), and by DIHL \$113.1 million (2011: \$106.4 million).

# Concise Financial Report

## for year ended 30 June 2012

### 7 Investments in Controlled Entities

DUET Group	Year end	Country of incorporation	Class of shares / units	Equity holding 30 June 2012 %*	Equity holding 30 June 2011 %*
<b>Name of entity</b>					
Amistel Pty Ltd	30 June	Australia	Ordinary	100.0	79.9
Australia Energy Finance Pty Ltd	30 June	Australia	Ordinary	100.0	79.9
Australian Energy Fund No.2	30 June	Australia	Ordinary	100.0	80.9
Energy Partnership (Gas) Pty Ltd	30 June	Australia	Ordinary	100.0	79.9
Energy Partnership (Holdings) Pty Ltd	30 June	Australia	Ordinary	100.0	79.9
Energy Partnership Pty Ltd	30 June	Australia	Ordinary	100.0	79.9
Multinet Gas (DB No1) Pty Ltd	30 June	Australia	Ordinary	100.0	79.9
Multinet Gas (DB No2) Pty Ltd	30 June	Australia	Ordinary	100.0	79.9
Multinet Gas Distribution Partnership	30 June	Australia	Ordinary	100.0	79.9
Multinet Gas (IE) Pty Ltd	30 June	Australia	Ordinary	100.0	79.9
Multinet Group Holdings Pty Ltd	30 June	Australia	Ordinary	100.0	79.9
Pacific Indian Energy Services Pty Ltd (PIES)	30 June	Australia	Ordinary	-	57.3
Power Partnership Pty Ltd	30 June	Australia	Ordinary	66.0	66.0
UEIP Pty Ltd	30 June	Australia	Ordinary	66.0	66.0
United Energy Distribution Pty Ltd	30 June	Australia	Ordinary	66.0	66.0
United Energy Distribution Holdings Pty Ltd	30 June	Australia	Ordinary	66.0	66.0
United Energy Finance Pty Ltd	30 June	Australia	Ordinary	66.0	66.0
United Energy Finance Trust	30 June	Australia	Ordinary	66.0	66.0
United Nominee Assets Pty Ltd	30 June	Australia	Ordinary	66.0	66.0
Utilicorp Australia (Gas) Finance Pty Ltd	30 June	Australia	Ordinary	100.0	79.9
Utilicorp Australia (Gas) Holdings Pty Ltd	30 June	Australia	Ordinary	100.0	79.9
Utilicorp Southern Cross Pty Ltd	30 June	Australia	Ordinary	100.0	79.9
Utilities Consulting Service Pty Ltd	30 June	Australia	Ordinary	66.0	66.0
UE & Multinet Pty Ltd (formerly Energy Retail Holdings Pty Ltd)	30 June	Australia	Ordinary	83.0	-
Dampier Bunbury Investment Company Pty Ltd	30 June	Australia	Ordinary	100.0	-
DUET Dampier Bunbury Pty Ltd	30 June	Australia	Ordinary	100.0	100.0
DBNGP Trust	30 June	Australia	Ordinary	81.9	60.0
DBNGP Holdings Pty Ltd	30 June	Australia	Ordinary	81.9	60.0
DBNGP Finance Company Pty Ltd	30 June	Australia	Ordinary	81.9	60.0
DBNGP WA Pipeline Trust	30 June	Australia	Ordinary	81.9	60.0
DBNGP (WA) Nominees Pty Ltd	30 June	Australia	Ordinary	81.9	60.0
DBNGP (WA) Transmission Pty Ltd	30 June	Australia	Ordinary	81.9	60.0
DBNGP Compressor Co. Pty Ltd	30 June	Australia	Ordinary	81.9	60.0
DBNGP (WA) Finance Pty Ltd	30 June	Australia	Ordinary	81.9	60.0
DBP Services Co Pty Ltd	30 June	Australia	Ordinary	80.0	-
DBP Services Trust	30 June	Australia	Ordinary	80.0	-
DBP Services Co Nominees Pty Ltd	30 June	Australia	Ordinary	80.0	-
DUET 2008 Debt Funding Trust	30 June	Australia	Ordinary	100.0	100.0

\* The equity holding is the equity holding of DUET Group. DUET1, as the deemed parent of the Group, is the deemed parent of these entities.

# Concise Financial Report

## for year ended 30 June 2012

### 8 Critical Accounting Estimates and Judgements

The preparation of the Financial Report in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. Estimates and judgements are continually evaluated and are based on historical cost experience and other factors, including reasonable expectations of future events. Management believes the estimates used in the preparation of the Financial Report are reasonable. Actual results in the future may differ from those reported.

The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### (a) Estimated impairment of goodwill and indefinite life intangibles

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 1(l) of the DUET Group Financial Report. The recoverable amounts of cash generating units have been determined based on value-in-use and fair value less costs to sell calculations. These calculations require the use of assumptions. Refer Note 14 of the DUET Group Financial Report for details of these assumptions and the potential impact of changes to these assumptions.

#### (b) Derivative financial instruments

The fair values of over-the-counter derivatives are determined using valuations techniques adopted by the Directors with assumptions that are based on market conditions existing at each reporting date.

#### (c) Income taxes

The Group is subject to income taxes in Australia. Currently the Group has some tax losses available for use that have not been brought to account as deferred tax assets. This is based on an assumption that the use of these losses in the foreseeable future is not probable. If this assumption was to change, the corresponding tax assets may be recognised in the Groups' Balance Sheet. Refer Note 3 of the DUET Group Financial Report for level of current tax losses not recognised.

#### (d) Significance of inputs in fair value hierarchy

An unobservable valuation input is considered significant if stressing the unobservable input to the valuation model would result in a greater than 10% change in the overall fair value of the instrument.

### 9 Acquisitions and Disposals

#### Acquisition of additional interest in DBP Trust

On 29 July 2011, DIHL acquired 100% of the issued capital of Dampier Bunbury Investment Company Pty Limited ("DBIC") for a consideration of \$168 million. DBIC held a 20.0% equity interest in DBNGP Trust ("DBP Trust") at 30 June 2012, which has been equity accounted into DIHL's consolidated result. This increased DUET Group's aggregated economic interest in DBP to 81.9% at 30 June 2012. DUET Group'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.

#### Acquisition of additional interest in Multinet Group Holdings Pty Ltd

On 29 July 2011, DIHL acquired 20.1% of the issued capital of Multinet Group Holdings Pty Limited ("MGH") for a consideration of \$30 million. This is equity accounted for in DIHL's consolidated result. The acquisition brings DUET Group's aggregated ownership in MGH to 100%.

#### Disposal of WAGN

On 29 July 2011, DUET disposed of its interest in WAGN.

# Concise Financial Report

## for year ended 30 June 2012

### 9 Acquisitions and Disposals (continued)

#### Summary

The total transactions referred to above are summarised as follows:

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

#### Disposal of Duquesne

On 13 September 2011, DUET reached financial close in relation to the sale of its interest in Duquesne.

### 10 Events Occurring After Balance Sheet Date

#### Final distribution paid

A final distribution of 8.00 cents per stapled security was paid by DUET on 14 August 2012 (2011: 10.00 cents). This consists of a distribution of 2.685 cents per unit from DUET1 (2011: 3.670 cents), 3.812 cents per unit from DUET2 (2011: 4.870 cents) and 1.503 cents per unit from DUET3 (2011: 1.460 cents).

#### DUET Group securities issued under DRP

Security holders participating in DUET's Distribution and Dividend Reinvestment Plan (DRP) reinvested \$13,310,336 of the distribution paid on 14 August 2012 in 6,807,220 DUET Group securities at a price of \$1.955269. As announced on 15 June 2012, DRP participation was capped to a maximum of 15% of the total distribution.

#### Agreement to Internalise Management

On 31 July 2012, DUET announced that it had reached agreement with AMP Capital and Macquarie Capital Group to internalise the management of DUET. Under the proposal, the consideration payable to AMP Capital and Macquarie for the internalisation will be \$82 million which will be used to subscribe for DUET stapled securities at an issue price of \$1.9715 per security. This is based on the arithmetic average of the daily volume-weighted-average DUET security prices (each rounded down to the nearest cent) for the 20 trading days from 17th July 2012 to 13th August 2012. DUET will also pay AMP Capital and Macquarie an estimated total of \$11 million to 30 June 2013 to provide a range of support services during the transition to independent management.

The proposal was negotiated by the independent directors of the DUET Boards and is subject to final documentation, an independent expert's report concluding that the proposal is fair and reasonable and in the best interests of securityholders, and a minimum 50% approval by DUET's securityholders voting at a general meeting expected to be held in late October 2012.

## Concise Financial Report for year ended 30 June 2012

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### Statement by the Directors of the Responsible Entity of the Concise Financial Report of the DUET Group

In the opinion of the directors of AMPCI Macquarie Infrastructure Management No.1 Limited as the Responsible Entity for Diversified Utility and Energy Trust No.1, the accompanying concise report of the DUET Group comprising DUET1 and the entities it controls and is deemed to control, for the financial year ended 30 June 2012, set out on pages 14 to 37:

- Has been derived from or is consistent with the full financial report for the financial year; and
- Complies with Australian Accounting Standard AASB 1039 Concise Financial Reports

Signed in accordance with a resolution of directors:



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Philip Garling

Director

Sydney

16 August 2012



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John Roberts

Director

Sydney

16 August 2012



## **Independent auditor's report to the unitholders of Diversified Utility and Energy Trust No.1**

### **Report on the Concise Financial Report**

We have audited the accompanying concise financial report of Diversified Utility and Energy Trust No.1 which comprises the balance sheet as at 30 June 2012, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and related notes, derived from the audited financial report of the stapled entity DUET Group comprising Diversified Utility and Energy Trust No.1, Diversified Utility and Energy Trust No.2, Diversified Utility and Energy Trust No.3 and DUET Investment Holdings Limited, and the entities they controlled during the year, for the year ended 30 June 2012. The concise financial report also includes discussion and analysis of results and the directors' declaration. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

### **Directors' Responsibility for the Concise Financial Report**

The Directors are responsible for the preparation of the concise financial report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports*, and the *Corporations Act 2001*, and for such internal controls as the directors determine are necessary to enable the preparation of the concise financial report.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the concise financial report based on our audit procedures which were conducted in accordance with ASA 810 *Engagements to Report on Summary Financial Statements*. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of Diversified Utility and Energy Trust No.1 for the year ended 30 June 2012. We expressed an unmodified audit opinion on the financial report in our report dated 16 August 2012. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the concise financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the concise financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the concise financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Our procedures included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of audit evidence supporting the amounts, discussion and analysis of results, and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with AASB 1039 *Concise Financial Reports* and whether the discussion and analysis complies with the requirements laid down in AASB 1039 *Concise Financial Reports* and whether the discussion and analysis of results complies with the requirements laid down in AASB 1039 *Concise Financial Reports*.

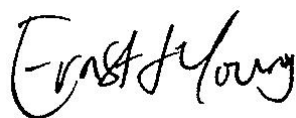
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Independence**

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

## **Auditor's Opinion**

In our opinion, the concise financial report, including the discussion and analysis of results and the directors' declaration of Diversified Utility and Energy Trust No.1 for the year ended 30 June 2012 complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

A stylized, handwritten signature of "Ernst & Young" in black ink.

Ernst & Young

A handwritten signature in black ink, appearing to read "K. Brown".

Kester C Brown  
Partner

Melbourne  
16 August 2012