

## DUET GROUP

INTERIM FINANCIAL REPORT FOR THE HALF YEAR  
ENDED 31 DECEMBER 2011



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

# Interim Financial Report

## for half year ended 31 December 2011

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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.

Neither RE1, RE2, members of MGL nor members of AMP guarantee the performance of the DUET Group or repayment of capital or income.

This report is not an offer or invitation for subscription or purchase of or a recommendation of securities. It does not take into account the investment objectives, financial situation and particular needs of the investor. Before making an investment in DUET, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

RE1 as responsible entity for DUET1 and manager of DIHL, and RE2 as responsible entity of DUET2 and DUET3 are entitled to fees for so acting. RE1, RE2, AMP and MGL and their related corporations, together with their officers and directors, may hold stapled securities in DUET from time to time.

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# Interim Financial Report

## for half year ended 31 December 2011

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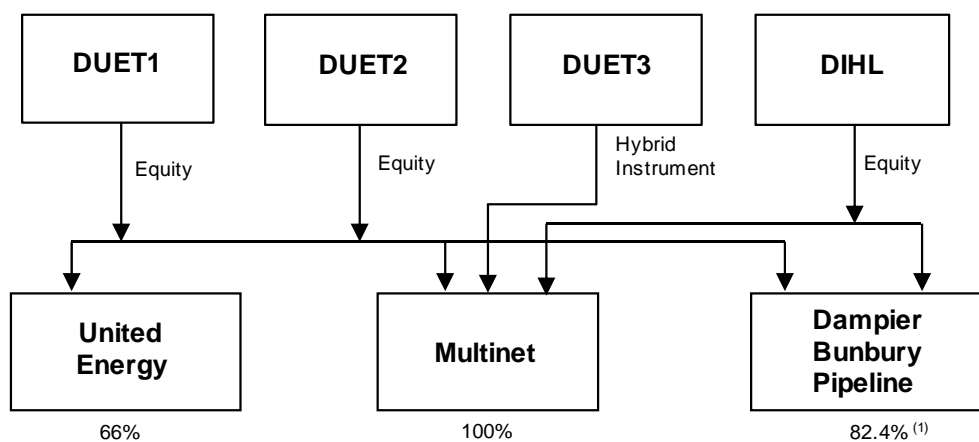
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# Explanation of the Interim Financial Report for half year ended 31 December 2011

## Explanation of the Interim Financial Report

At 31 December 2011, DUET Group comprises Diversified Utility and Energy Trust No.1 (DUET1), Diversified Utility and Energy Trust No.2 (DUET2), Diversified Utility and Energy Trust No.3 (DUET3) and DUET Investment Holdings Limited (DIHL or Company) and their subsidiaries (together DUET). 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 31 December 2011 is illustrated below.



<sup>(1)</sup> DUET's aggregate ownership interest in DBP is expected to progressively reduce to 80% as the minority shareholder meets future equity calls.

DUET consolidates its 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 interim financial report. DUET disposed its investments in WA Network Holdings Pty Limited in July 2011 and DQE Holdings LLC in September 2011.

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 their subsidiaries.

Interim financial statements for DUET2, DUET3, DIHL and its subsidiary for the half year ended 31 December 2011 have also been presented in this report jointly, as permitted by ASIC class order 05/642 and 06/441.

The interim financial report for DUET Group, presented in the first column serves as a summary of the financial performance and financial position of DUET Group as a whole, while the three other columns of the interim financial report provide the individual entity interim financial reports of DUET2, DUET3 and DIHL Group.

# Directors' Report

## for half year ended 31 December 2011

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### Directors' Reports – DUET1, DUET2, DUET3 and DIHL

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).

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 half year ended 31 December 2011.

The directors of RE2 submit the following report for DUET2 and DUET3 for the half year ended 31 December 2011.

The directors of DIHL submit the following report for DIHL for the half year ended 31 December 2011.

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

The following persons held office as directors of RE1 during the half 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 William Davies (alternate for Philip Garling – appointed 18 January 2012)

# Directors' Report

## for half year ended 31 December 2011

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### Directors' names

The following persons held office as directors of RE2 during the half 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 William Davies (alternate for Philip Garling – appointed 18 January 2012)

The following persons held office as directors of DIHL during the half 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 William Davies (alternate for Philip Garling – appointed 18 January 2012)

### Distributions and Dividends

An interim distribution for the half year ended 31 December 2011 of 8.000 cents per stapled security was announced on 13 December 2011 (2010: 10.000 cents per stapled security). This consisted of 3.881 cents per unit from DUET1 and 4.119 cents per unit from DUET2.

## Directors' Report

### for half year ended 31 December 2011

#### Review and Results of Operations

The performance of the DUET Group and entities comprising DUET for the half year ended 31 December 2011 was as follows:

	DUET Group 1 Jul 11 - 31 Dec 11 \$'000	DUET2 1 Jul 11 - 31 Dec 11 \$'000	DUET3 1 Jul 11 - 31 Dec 11 \$'000	DIHL Group 1 Jul 11 - 31 Dec 11 \$'000
Revenue and other income	600,690	36,576	12,782	323
Profit/(loss) for the half year	39,999	(21,499)	14,264	(38,228)
Profit/(loss) attributable to security holders	42,847	(21,499)	14,264	(38,228)
Earnings used in calculation of basic and diluted earnings per stapled security/unit/share	88,310	(21,499)	14,264	(38,228)
Basic earnings/(loss) per stapled security/unit/share <sup>(1)</sup>	8.52c	(2.08)c	1.38c	(3.69)c
Diluted earnings/(loss) per stapled security/unit/share <sup>(1)</sup>	8.52c	(2.08)c	1.38c	(3.69)c
Basic earnings per stapled security/unit/share based on consolidated profit for the half year	3.86c	n/a	n/a	n/a

	DUET Group 1 Jul 10 - 31 Dec 10 \$'000	DUET2 1 Jul 10 - 31 Dec 10 \$'000	DUET3 1 Jul 10 - 31 Dec 10 \$'000	DIHL 1 Jul 10 - 31 Dec 10 \$'000
Revenue and other income	586,514	44,188	27,364	3,023
Profit/(loss) for the half year	60,596	42,751	(25,583)	4,335
Profit/(loss) attributable to security holders	39,736	42,751	(25,583)	4,335
Earnings used in calculation of basic and diluted earnings per stapled security/unit/share	18,233	42,751	(25,583)	4,335
Basic earnings per stapled security/unit/share <sup>(1)</sup>	2.06c	4.84c	(2.90)c	0.49c
Diluted earnings/(loss) per stapled security/unit/share <sup>(1)</sup>	2.06c	4.84c	(2.90)c	0.49c
Basic earnings per stapled security/unit/share based on consolidated profit for the half year	6.86c	n/a	n/a	n/a

<sup>(1)</sup> DUET earnings per share include 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 half year to 31 December 2011 of \$39.9 million (2010: \$60.6 million) includes significant non-cash items including changes in the fair value of derivatives (mark to market gains/(losses)) during the period.

Significant movements during the period include the following:

	DUET Group 1 Jul 11 - 31 Dec 11 \$'000	DUET Group 1 Jul 10 - 31 Dec 10 \$'000
Mark to market/unrealised foreign exchange gains/(losses)	(15,350)	3,324
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)	-
Actuarial lmovements on Duquesne pension plan	-	14,060
<b>Total non-cash items for the half year gains/(losses)</b>	<b>(6,668)</b>	<b>17,384</b>

# **Directors' Report**

## **for half year ended 31 December 2011**

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### **Dampier Bunbury Pipeline**

During the 6 months to 31 December 2011, DBP transmitted 157.9 PJ (2010: 160.4 PJ) of gas.

### **United Energy**

During the 6 months to 31 December 2011, United Energy distributed 4,062 GWh (2010: 4,112 GWh) of electricity.

### **Multinet**

During the 6 months to 31 December 2011, Multinet distributed 30.7 PJ (2010: 34.8 PJ) of gas.



## Directors' Report

### for half year ended 31 December 2011

#### Significant Changes in State of Affairs

##### Asset acquisitions and divestments

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;

	\$'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>

Following completion of the transaction, DUET entities now hold, in aggregate, majority-ownership interests in three regulated Australian energy utility businesses: 82.4% of DBP, 100% of Multinet and 66% of United Energy. DUET's ownership interest in DBP is expected to be progressively reduced to 80% as the minority shareholder meets future equity calls.

##### 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.

##### 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 31 December 2011.

##### Multinet Gas \$420m Bank Debt Refinancing

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

##### DBP \$235m Bank Debt Refinancing

On 23 December 2011, DBP reached contract close of a \$235 million, five-year bank debt facility. The amount raised will be applied to repay DBP's credit wrapped floating rate notes when they mature in April 2012.

# Directors' Report

## for half year ended 31 December 2011

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### Events Occurring After Balance Sheet Date

#### Interim distribution paid

An interim distribution of 8.000 cents per stapled security was paid by DUET on 14 February 2012 (2010: 10.000 cents). This consisted of a distribution of 3.881 cents per unit from DUET1 and 4.119 cents per unit from DUET2.

#### DUET Group securities issued under DRP

Security holders participating in DUET's Distribution and Dividend Reinvestment Plan (DRP) reinvested \$32,220,232 of the distribution paid on 14 February 2012 in 18,203,045 DUET Group securities at a price of \$1.770. This represented a participation rate of 36.9%.

#### 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.

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

Neither RE1 nor RE2 holds stapled securities in DUET Group at the date of this report (31 December 2010: Nil).

#### 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 9.

#### Application of Class Orders

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 interim financial report. Amounts in the directors' report and interim 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.

The interim financial reports for DUET Group, DUET2, DUET3 and DIHL are jointly presented in one interim report, as permitted by ASIC Class Order 05/642 and 06/441.

## Directors' Report

### for half year ended 31 December 2011

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



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**John Roberts**

Chairman

AMPCI Macquarie Infrastructure Management  
No.1 Limited

Sydney

16 February 2012



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**Philip Garling**

Director

AMPCI Macquarie Infrastructure Management  
No.1 Limited

Sydney

16 February 2012

Signed in accordance with a resolution of directors of AMPCI Macquarie Infrastructure Management No.2 Limited.



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**John Roberts**

Chairman

AMPCI Macquarie Infrastructure Management  
No.2 Limited

Sydney

16 February 2012



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**Philip Garling**

Director

AMPCI Macquarie Infrastructure Management  
No.2 Limited

Sydney

16 February 2012

Signed in accordance with a resolution of directors of DUET Investment Holdings Limited.



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**John Roberts**

Chairman

DUET Investment Holdings Limited

Sydney

16 February 2012



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**Philip Garling**

Director

DUET Investment Holdings Limited

Sydney

16 February 2012

**Auditor's Independence Declaration to the Directors of the Responsible Entities of Diversified Utility and Energy Trust No.1, Diversified Utility and Energy Trust No.2, Diversified Utility and Energy Trust No.3 and the Directors of DUET Investment Holdings Limited**

In relation to our review of the financial report of 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 for the half year ended 31 December 2011, 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 the Ernst & Young firm, written in black ink.

Ernst & Young

A handwritten signature of Kester C Brown, written in black ink.

Kester C Brown  
Partner

16 February 2012

# Interim Financial Report

## for half year ended 31 December 2011

### Income Statements

	Note	DUET Group 1 Jul 11 - 31 Dec 11 \$'000	DUET2 1 Jul 11 - 31 Dec 11 \$'000	DUET3 1 Jul 11 - 31 Dec 11 \$'000	DIHL Group 1 Jul 11 - 31 Dec 11 \$'000	DUET Group 1 Jul 10 - 31 Dec 10 \$'000	DUET2 1 Jul 10 - 31 Dec 10 \$'000	DUET3 1 Jul 10 - 31 Dec 10 \$'000	DIHL 1 Jul 10 - 31 Dec 10 \$'000
Revenue	2(i)	599,044	36,576	12,778	311	582,179	44,188	20,904	1,900
Other Income	2(ii)	1,646	-	4	12	4,335	-	6,460	1,123
Total Revenue and other income		600,690	36,576	12,782	323	586,514	44,188	27,364	3,023
Share of net profit/(loss) of associates accounted for using the equity method	2(iii)	6,754	(63,422)	-	9,048	10,422	14,422	-	8,544
Net gains/(losses) on disposal of associates	2(iv)	8,682	10,811	5,905	(41,646)	-	-	-	-
Operating expenses	2(v)	(196,542)	-	-	-	(165,587)	-	-	-
Other expenses	2(v)	(28,064)	(4,725)	(1,826)	(1,315)	(18,665)	(5,251)	(45,333)	(3,643)
Depreciation and amortisation expense	2(v)	(110,104)	-	-	-	(105,617)	-	-	-
Finance costs	2(v)	(242,873)	(739)	(2,196)	(4,638)	(242,807)	(10,608)	(7,256)	(3,589)
Total expenses		(577,583)	(5,464)	(4,022)	(5,953)	(532,676)	(15,859)	(52,589)	(7,232)
Profit/(loss) before income tax expense		38,543	(21,499)	14,665	(38,228)	64,260	42,751	(25,225)	(4,335)
Income tax benefit/(expense)		1,456	-	(401)	-	(3,664)	-	(358)	-
Profit/(loss) for the half year		39,999	(21,499)	14,264	(38,228)	60,596	42,751	(25,583)	4,335
Profit/(loss) is attributable to:									
DUET1 unitholders		88,310	-	-	-	18,233	-	-	-
DUET2/DUET3 unitholders and DIHL shareholders as non-controlling interests		(45,463)	(21,499)	14,264	(38,228)	21,503	42,751	(25,583)	4,335
Stapled Securityholders		42,847	(21,499)	14,264	(38,228)	39,736	42,751	(25,583)	4,335
Other non-controlling interests		(2,848)	-	-	-	20,860	-	-	-
Basic earnings/(loss) per stapled security/share/unit		8.52c	(2.08)c	1.38c	(3.69)c	2.06c	4.84c	(2.90)c	0.49c
Diluted earnings/(loss) per stapled security/share/unit		8.52c	(2.08)c	1.38c	(3.69)c	2.06c	4.84c	(2.90)c	0.49c

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

# Interim Financial Report

## for half year ended 31 December 2011

### Statements of Comprehensive Income

	DUET Group 1 Jul 11 - 31 Dec 11 \$'000	DUET2 1 Jul 11 - 31 Dec 11 \$'000	DUET3 1 Jul 11 - 31 Dec 11 \$'000	DIHL Group 1 Jul 11 - 31 Dec 11 \$'000	DUET Group 1 Jul 10 - 31 Dec 10 \$'000	DUET2 1 Jul 10 - 31 Dec 10 \$'000	DUET3 1 Jul 10 - 31 Dec 10 \$'000	DIHL 1 Jul 10 - 31 Dec 10 \$'000
Profit/(loss) after income tax expense for the half year	39,999	(21,499)	14,264	(38,228)	60,596	42,751	(25,583)	4,335
Other comprehensive income/(expense):								
Changes in fair value of cashflow hedges, net of tax								
Gain/(loss) taken to equity	(101,274)	-	-	-	45,547	-	-	-
Transferred to income statements	8,534	-	-	-	-	-	-	-
Changes in share of associates other reserves, net of tax	4,793	(10,837)	-	(20,804)	(297)	5,246	-	(38)
Reclassification of associate reserves on disposal	26,818	-	-	25,465	-	-	-	-
Reclassification of available for sale financial asset, net of tax on disposal	-	(10,956)	-	-	-	(7,962)	-	-
Change in associates foreign currency translation reserve	-	-	-	-	(18,796)	-	-	(18,796)
Reclassification of associates foreign currency translation reserve on disposal	12,657	-	-	12,657	-	-	-	-
Total comprehensive income/(expense) for the half year	(8,473)	(43,292)	14,264	(20,910)	87,050	40,035	(25,583)	(14,499)
Total comprehensive income/(expense) for the half year is attributable to:								
DUET1 unitholders	67,141	-	-	-	50,013	-	-	-
DUET2 and DUET3 unitholders and DIHL shareholders as non-controlling interests	(49,938)	(43,292)	14,264	(20,910)	(47)	40,035	(25,583)	(14,499)
Stapled Securityholders	17,203	(43,292)	14,264	(20,910)	49,966	40,035	(25,583)	(14,499)
Other non-controlling interests	(25,676)	-	-	-	37,084	-	-	-
Total comprehensive income/(expense) for the half year	(8,473)	(43,292)	14,264	(20,910)	87,050	40,035	(25,583)	(14,499)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

# Interim Financial Report

## for half year ended 31 December 2011

### Balance Sheets

	Note	DUET Group 31 Dec 11 \$'000	DUET2 31 Dec 11 \$'000	DUET3 31 Dec 11 \$'000	DIHL Group 31 Dec 11 \$'000	DUET Group 30 Jun 11 \$'000	DUET2 30 Jun 11 \$'000	DUET3 30 Jun 11 \$'000	DIHL 30 Jun 11 \$'000
<b>Current assets</b>									
Cash and cash equivalents		326,964	65,965	9,735	7,877	543,482	32,804	21,641	931
Receivables	4	60,132	4,742	2,982	35	321,909	43,975	188,774	50,561
Inventories		15,492	-	-	-	14,429	-	-	-
Other assets	5	100,031	53	-	60	103,055	36,000	-	102
Derivative financial instruments		169	-	-	-	5,785	-	4,281	-
<b>Total current assets</b>		<b>502,788</b>	<b>70,760</b>	<b>12,717</b>	<b>7,972</b>	<b>988,660</b>	<b>112,779</b>	<b>214,696</b>	<b>51,594</b>
<b>Non-current assets</b>									
Receivables		21,747	660,731	261,119	-	21,968	643,861	232,460	-
Other financial assets – investments in unlisted securities		-	861	-	-	-	37,327	-	-
Investment in associated entities		-	140,920	-	200,762	166,129	162,509	-	140,029
Property, plant and equipment		5,386,891	-	-	-	5,319,868	-	-	-
Deferred tax assets		78,310	-	-	-	70,820	-	-	-
Intangible assets		2,093,980	-	-	-	2,059,815	-	-	-
Derivative financial instruments		-	-	-	-	13,658	-	1,949	-
<b>Total non-current assets</b>		<b>7,580,928</b>	<b>802,512</b>	<b>261,119</b>	<b>200,762</b>	<b>7,652,258</b>	<b>843,697</b>	<b>234,409</b>	<b>140,029</b>
<b>Total assets</b>		<b>8,083,716</b>	<b>873,272</b>	<b>273,836</b>	<b>208,734</b>	<b>8,640,918</b>	<b>956,476</b>	<b>449,105</b>	<b>191,623</b>
<b>Current liabilities</b>									
Distribution payable		87,330	44,997	-	-	90,969	44,303	13,262	-
Payables		239,126	2,290	612	541	181,533	3,702	1,835	1,027
Interest bearing liabilities		305,000	60,364	-	114,789	1,468,204	176,030	204,700	106,396
Provisions		8,477	-	-	-	9,768	-	-	-
Derivative financial instruments		52,449	-	-	-	46,976	-	-	-
Other liabilities	6	15,721	-	-	-	39,807	-	-	-
<b>Total current liabilities</b>		<b>708,103</b>	<b>107,651</b>	<b>612</b>	<b>115,330</b>	<b>1,837,257</b>	<b>224,035</b>	<b>219,797</b>	<b>107,423</b>

# Interim Financial Report

## for half year ended 31 December 2011

### Balance Sheets (continued)

	Note	DUET Group 31 Dec 11 \$'000	DUET2 31 Dec 11 \$'000	DUET3 31 Dec 11 \$'000	DIHL Group 31 Dec 11 \$'000	DUET Group 30 Jun 11 \$'000	DUET2 30 Jun 11 \$'000	DUET3 30 Jun 11 \$'000	DIHL 30 Jun 11 \$'000
<b>Non-current liabilities</b>									
Interest bearing liabilities		4,829,898	-	1,290	-	4,256,098	-	1,289	-
Deferred tax liabilities		474,664	-	-	-	508,777	-	-	-
Derivative financial instruments		363,052	-	-	-	290,776	-	-	-
Provisions		27,382	-	-	-	26,963	-	-	-
Other liabilities	6	43,335	-	-	-	44,358	-	-	-
<b>Total non-current liabilities</b>		<b>5,738,331</b>	<b>-</b>	<b>1,290</b>	<b>-</b>	<b>5,126,972</b>	<b>-</b>	<b>1,289</b>	<b>-</b>
<b>Total liabilities</b>		<b>6,446,434</b>	<b>107,651</b>	<b>1,902</b>	<b>115,330</b>	<b>6,964,229</b>	<b>224,035</b>	<b>221,086</b>	<b>107,423</b>
<b>Net assets</b>		<b>1,637,282</b>	<b>765,621</b>	<b>271,934</b>	<b>93,404</b>	<b>1,676,689</b>	<b>732,441</b>	<b>228,019</b>	<b>84,200</b>
<b>Equity</b>									
<b>Equity attributable to DUET1 unitholders</b>									
Contributed equity	7	639,635	-	-	-	553,887	-	-	-
Reserves		(158,652)	-	-	-	(96,997)	-	-	-
Accumulated (losses)	8	(163,639)	-	-	-	(209,585)	-	-	-
<b>Unitholders interest</b>		<b>317,344</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>247,305</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Equity attributable to DUET2, DUET3 and DIHL Securityholders (as non-controlling interest)</b>									
Contributed equity	7	1,559,165	982,949	334,784	241,432	1,378,338	861,476	305,544	211,318
Reserves		(320,441)	(217,328)	(77,517)	(25,596)	(249,474)	(129,035)	(77,525)	(42,914)
Retained profits/ accumulated (losses)	8	(107,764)	-	14,667	(122,432)	(84,204)	-	-	(84,204)
<b>DUET2, DUET3 and DIHL securityholders interest</b>		<b>1,130,960</b>	<b>765,621</b>	<b>271,934</b>	<b>93,404</b>	<b>1,044,660</b>	<b>732,441</b>	<b>228,019</b>	<b>84,200</b>
Other non-controlling interest		188,978	-	-	-	384,724	-	-	-
<b>Total equity</b>		<b>1,637,282</b>	<b>765,621</b>	<b>271,934</b>	<b>93,404</b>	<b>1,676,689</b>	<b>732,441</b>	<b>228,019</b>	<b>84,200</b>

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



# Interim Financial Report

## for half year ended 31 December 2011

### Statements of Changes in Equity

#### DUET Group

	Attributable to DUET1 Unitholders						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	Total \$'000			
<b>Total equity at 1 July 2011</b>	<b>553,888</b>	<b>(13,032)</b>	<b>(90,324)</b>	<b>5,050</b>	<b>(209,585)</b>	<b>245,997</b>	<b>1,044,634</b>	<b>384,720</b>	<b>1,675,351</b>
Profit for the half year	-	-	-	-	88,310	88,310	(45,463)	(2,848)	39,999
Other comprehensive income/(expense) for the half year	-	(32,125)	-	10,956	-	(21,169)	(4,475)	(22,828)	(48,472)
Total comprehensive income/(expense) for the half year	-	(32,125)	-	10,956	88,310	67,141	(49,938)	(25,676)	(8,473)
Transactions with equity holders in their capacity as equity holders:									
Contributions of equity	85,747	-	-	-	-	85,747	180,827	-	266,574
Distribution paid and provided for to DUET equity holders	-	-	-	-	(42,364)	(42,364)	(44,563)	-	(86,927)
Dividends and distributions provided for or paid to non-controlling interests	-	-	-	-	-	-	-	(12,903)	(12,903)
Contributions of equity by non-controlling interests	-	-	-	-	-	-	-	5,637	5,637
Change in equity as a result of acquisition	-	-	-	(39,177)	-	(39,177)	-	(162,800)	(201,977)
<b>Total equity at 31 December 2011</b>	<b>639,635</b>	<b>(45,157)</b>	<b>(90,324)</b>	<b>(23,171)</b>	<b>(163,639)</b>	<b>317,344</b>	<b>1,130,960</b>	<b>188,978</b>	<b>1,637,282</b>
<b>Total equity at 1 July 2010</b>	<b>532,697</b>	<b>(40,678)</b>	<b>(90,324)</b>	<b>(19,043)</b>	<b>(216,537)</b>	<b>166,115</b>	<b>1,101,480</b>	<b>247,840</b>	<b>1,515,435</b>
Profit for the half year	-	-	-	-	18,233	18,233	21,503	20,860	60,596
Other comprehensive income/(expense) for the half year	-	50,576	-	(18,796)	-	31,780	(21,550)	16,224	26,454
Total comprehensive income for the half year	-	50,576	-	-	18,233	50,013	(47)	37,084	87,050
Transactions with equity holders in their capacity as equity holders:									
Contributions of equity	8,029	-	-	-	-	8,029	19,036	-	27,065
Distribution paid and provided for to DUET equity holders	-	-	-	-	(28,448)	(28,448)	(59,921)	-	(88,369)
Dividends and distributions provided for or paid to non-controlling interests	-	-	-	-	-	-	-	(2,926)	(2,926)
Contributions of equity by non-controlling interests	-	-	-	-	-	-	-	13,477	13,477
<b>Total equity at 31 December 2010</b>	<b>540,726</b>	<b>9,898</b>	<b>(90,324)</b>	<b>(37,839)</b>	<b>(226,752)</b>	<b>195,709</b>	<b>1,060,548</b>	<b>295,475</b>	<b>1,551,732</b>

# Interim Financial Report

## for half year ended 31 December 2011

### Statements of Changes in Equity (continued)

DUET2	Contributed equity \$'000	Hedging reserve \$'000	Capital reserve \$'000	Other reserve \$'000	Retained profits/ (accumulated losses) \$'000	Total \$'000
<b>Total equity at 1 July 2011</b>	861,476	(2,513)	(137,513)	10,956	-	732,406
Profit for the half year	-	-	-	-	(21,499)	(21,499)
Other comprehensive income/(expense) for the half year	-	(10,837)	(66,465)	(10,956)	66,465	(21,793)
Total comprehensive income for the half year	-	(10,837)	(66,465)	(10,956)	44,966	(43,292)
Transactions with equity holders in their capacity as equity holders:						
Contributions of equity, net of transaction costs	121,473	-	-	-	-	121,473
Distribution paid and provided for to DUET2 equity holders	-	-	-	-	(44,966)	(44,966)
<b>Total equity at 31 December 2011</b>	<b>982,949</b>	<b>(13,350)</b>	<b>(203,978)</b>	<b>-</b>	<b>-</b>	<b>765,621</b>
<b>Total equity at 1 July 2010</b>	831,906	(13,571)	(119,366)	36,355	-	735,324
Profit for the half year	-	-	-	-	42,751	42,751
Other comprehensive income/(expense) for the half year	-	5,246	-	(7,962)	-	(2,716)
Total comprehensive income for the half year	-	5,246	-	(7,962)	42,751	40,035
Transactions with equity holders in their capacity as equity holders:						
Contributions of equity, net of transaction costs	11,842	-	-	-	-	11,842
Distribution paid and provided for to DUET2 equity holders	-	-	-	-	(40,363)	(40,363)
<b>Total equity at 31 December 2010</b>	<b>843,748</b>	<b>(8,325)</b>	<b>(119,366)</b>	<b>28,393</b>	<b>2,388</b>	<b>746,838</b>

# Interim Financial Report

## for half year ended 31 December 2011

### Statements of Changes in Equity (continued)

<b>DUET3</b>	<b>Contributed equity \$'000</b>	<b>Capital reserve \$'000</b>	<b>Retained profits/ (accumulated losses) \$'000</b>	<b>Total \$'000</b>
<b>Total equity at 1 July 2011</b>	<b>305,544</b>	<b>(77,525)</b>	<b>-</b>	<b>228,019</b>
Loss for the half year	-	-	14,264	14,264
Other comprehensive income/(expense) for the half year	-	-	-	-
Total comprehensive expense for the half year	-	-	14,264	14,264
Transactions with equity holders in their capacity as equity holders:				
Contributions of equity, net of transaction costs	29,240	-	-	29,240
Distribution paid and provided for to DUET3 equity holders	-	-	403	403
<b>Total equity at 31 December 2011</b>	<b>334,784</b>	<b>(77,525)</b>	<b>14,667</b>	<b>271,934</b>
<b>Total equity at 1 July 2010</b>	<b>297,901</b>	<b>(26,545)</b>	<b>4,551</b>	<b>275,907</b>
Profit for the half year	-	-	(25,583)	(25,583)
Other comprehensive income/(expense) for the half year	-	(40,590)	40,590	-
Total comprehensive income for the half year	-	(40,590)	15,007	(25,583)
Transactions with equity holders in their capacity as equity holders:				
Contributions of equity, net of transaction costs	3,791	-	-	3,791
Distribution paid and provided for to DUET3 equity holders	-	-	(19,558)	(19,558)
<b>Total equity at 31 December 2010</b>	<b>301,692</b>	<b>(67,135)</b>	<b>-</b>	<b>234,557</b>

# Interim Financial Report

## for half year ended 31 December 2011

### Statements of Changes in Equity (continued)

#### DIHL Group

	Contributed equity \$'000	Hedging reserve \$'000	Foreign currency translation reserve \$'000	Other reserve \$'000	Retained profits/ (accumulated losses) \$'000	Total \$'000
<b>Total equity at 1 July 2011</b>	211,318	(23,564)	(17,421)	(1,929)	(84,204)	84,200
Profit for the half year	-	-	-	-	(38,228)	(38,228)
Other comprehensive income/(expense) for the half year	-	(2,032)	17,421	1,929	-	17,318
Total comprehensive income for the half year	-	(2,032)	17,421	1,929	(38,228)	(20,910)
Transactions with equity holders in their capacity as equity holders:						
Contributions of equity, net of transaction costs	30,114	-	-	-	-	30,114
<b>Total equity at 31 December 2011</b>	<b>241,432</b>	<b>(25,596)</b>	<b>-</b>	<b>-</b>	<b>(122,432)</b>	<b>93,404</b>
<b>Total equity at 1 July 2010</b>	206,156	(23,564)	6,723	(1,962)	(97,104)	90,249
Profit for the half year	-	-	-	-	4,335	4,335
Other comprehensive income/(expense) for the half year	-	-	(18,796)	(38)	-	(18,834)
Total comprehensive income for the half year	-	-	(18,796)	(38)	4,335	(14,499)
Transactions with equity holders in their capacity as equity holders:						
Contributions of equity, net of transaction costs	3,403	-	-	-	-	3,403
<b>Total equity at 31 December 2010</b>	<b>209,559</b>	<b>(23,564)</b>	<b>(12,073)</b>	<b>(2,000)</b>	<b>(92,769)</b>	<b>79,153</b>

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

# Interim Financial Report

## for half year ended 31 December 2011

### Statements of Cash Flows

	DUET Group 1 Jul 11 - 31 Dec 11 \$'000	DUET2 1 Jul 11 - 31 Dec 11 \$'000	DUET3 1 Jul 11 - 31 Dec 11 \$'000	DIHL Group 1 Jul 11 - 31 Dec 11 \$'000	DUET Group 1 Jul 10 - 31 Dec 10 \$'000	DUET2 1 Jul 10 - 31 Dec 10 \$'000	DUET3 1 Jul 10 - 31 Dec 10 \$'000	DIHL 1 Jul 10 - 31 Dec 10 \$'000
<b>Cash flows from operating activities</b>								
Receipts from customers (including GST)	622,763	-	-	-	631,385	8	-	-
Payments to suppliers and employees (including GST)	(246,670)	(2,229)	(438)	(4,065)	(219,035)	(694)	(945)	(964)
Income tax (paid)/received	(401)	-	(401)	-	(358)	-	(358)	-
Interest received from associates	6,950	13,476	5,553	-	17,610	18,637	14,558	-
Interest received from related parties	-	18,714	5,840	477	-	6,538	6,777	1,619
Dividends received	-	10,002	-	18,344	5,402	11,761	-	-
Other interest received	8,172	1,037	177	71	11,916	1,788	416	723
Management and responsible entity fee paid	(9,540)	(4,528)	(1,222)	(741)	(10,078)	(4,416)	(1,435)	(1,236)
Indirect tax net (paid) /received	(9,994)	353	93	44	(11,771)	325	145	127
<b>Net cash flows from operating activities</b>	<b>371,280</b>	<b>36,825</b>	<b>9,602</b>	<b>14,132</b>	<b>425,071</b>	<b>33,947</b>	<b>19,158</b>	<b>269</b>
<b>Cash flows (used in)/from investing activities</b>								
Payments for purchase of property, plant and equipment	(157,178)	-	-	-	(149,552)	-	-	-
Payments for investments in term deposits	-	-	-	-	(682,500)	-	-	-
Payments for purchase of software	(50,217)	-	-	-	-	-	-	-
Payments for purchase of investments	(155,500)	(30,270)	-	(238,000)	(22,684)	(23,725)	-	(17,282)
Loans from related parties	-	72,118	(112,236)	-	-	8,791	-	7,766
Proceeds from the sale of investment net of cost	499,094	77,662	196,640	147,130	-	-	-	-
Proceeds from sale of non-current assets	91	-	-	-	118	-	-	-
<b>Net cash flows (used in)/from investing activities</b>	<b>136,290</b>	<b>119,510</b>	<b>84,404</b>	<b>(90,870)</b>	<b>(854,618)</b>	<b>(23,725)</b>	<b>-</b>	<b>(17,282)</b>

# Interim Financial Report

## for half year ended 31 December 2011

### Statements of Cash Flows (continued)

	DUET Group 1 Jul 11 - 31 Dec 11 \$'000	DUET2 1 Jul 11 - 31 Dec 11 \$'000	DUET3 1 Jul 11 - 31 Dec 11 \$'000	DIHL Group 1 Jul 11 - 31 Dec 11 \$'000	DUET Group 1 Jul 10 - 31 Dec 10 \$'000	DUET2 1 Jul 10 - 31 Dec 10 \$'000	DUET3 1 Jul 10 - 31 Dec 10 \$'000	DIHL 1 Jul 10 - 31 Dec 10 \$'000
<b>Cash flows from financing activities</b>								
Proceeds from issue of stapled securities, net of costs	266,545	121,459	29,228	30,113	-	-	-	-
Proceeds from securities issued to non-controlling interests	12,096	-	-	-	13,458	-	-	-
Proceeds from borrowings from external parties	486,923	-	-	-	2,330,455	-	-	-
Repayment of borrowings from external parties	(1,144,500)	-	-	-	(1,619,580)	-	-	-
Loans to related parties	-	(196,897)	(121,394)	58,815	-	-	(3,000)	(200)
Loans from related parties	-	-	-	-	-	8,791	-	7,766
Finance costs paid	(243,170)	(3,435)	(3,302)	(5,239)	(237,013)	(9,018)	(4,070)	(1,852)
Dividends paid to non-controlling interest	(13,903)	-	-	-	(2,912)	-	-	-
Distributions paid to DUET securityholders, net of DRP	(90,563)	(44,302)	(12,875)	-	(59,626)	(29,667)	(13,363)	3,403
<b>Net cash flow from/(used in) financing activities</b>	<b>(726,572)</b>	<b>(123,175)</b>	<b>(108,343)</b>	<b>83,689</b>	<b>424,782</b>	<b>(29,894)</b>	<b>(20,433)</b>	<b>9,117</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>	<b>(219,002)</b>	<b>33,160</b>	<b>(14,337)</b>	<b>6,951</b>	<b>(4,765)</b>	<b>(19,672)</b>	<b>(1,275)</b>	<b>(7,896)</b>
Cash and cash equivalents at the beginning of the half year	543,482	32,805	21,640	931	464,682	98,450	30,601	26,290
Effects of exchange rate changes on cash and cash equivalents	2,484	-	2,432	(5)	629	-	(1,178)	1,815
<b>Cash and cash equivalents at the end of the half year</b>	<b>326,964</b>	<b>65,965</b>	<b>9,735</b>	<b>7,877</b>	<b>460,546</b>	<b>78,778</b>	<b>28,148</b>	<b>20,209</b>

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

# Interim Financial Report

## for half year ended 31 December 2011

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### Notes to the Financial Statements

#### 1. Basis of preparation of interim financial report

This interim financial report for the half year reporting period ended 31 December 2011 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of DUET1, DUET2, DUET3, DIHL and the DUET Group for the year ended 30 June 2011 and any public announcements made by DUET during the interim reporting period in accordance with the continuous disclosure requirements of the *ASX Listing Rules*.

#### (a) Basis of preparation

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

The accounting policies and methods of computation are the same as those adopted in the most recent full year financial report. The impact of adopting amendments to standards at 1 July 2011 was not material.

##### ***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 interim financial report consists of the consolidated financial statements of DUET1, which comprises DUET1, DUET2, DUET3, DIHL and the their subsidiaries.

As permitted by ASIC Class order 06/441, this interim financial report consists of the consolidated financial statements of DUET1 and its consolidated entities (collectively referred to as "DUET" or "DUET Group"), and the interim financial statements of DUET2, DUET3 and DIHL.

#### (b) Consolidated accounts

The Group is required to prepare its consolidated financial statements in accordance with AASB 127 *Separate and Consolidated Financial Statements*. Under the standards DUET2 is presented as a non-controlling interest, together with DUET3 and DIHL. This standard 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, total comprehensive income has been apportioned to reflect the amount attributable to the owners of the parent and to the non-controlling interests.

# Interim Financial Report

## for half year ended 31 December 2011

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### 1 Basis of preparation of interim financial report (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 31 December 2011. DUET1 is identified as the parent of DUET and in relation to subsequent staplings and the results of those consolidated 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 held in partly owned entities which are not held directly or indirectly by DUET DUET1, DUET2, DUET3 or DIHL, as well as those that are not held by DUET Group.

#### (d) Revenue recognition

Revenue is recognised for the major business activities as follows:

##### ***Distribution electricity revenue***

Distribution electricity revenue earned from the use of the distribution network is recognised when electricity and related services are provided. Accrued distribution electricity revenue is determined having regard to the period since a customer's last billing date and the customer's previous consumption patterns. Distribution electricity revenue includes the cost of transmission services charged by the transmission companies, which is passed onto the customers.

##### ***Distribution gas revenue***

Distribution gas revenue earned from the use of the distribution network is recognised when gas and related services are provided. Accrued distribution gas revenue is determined having regard to the period since a customer's last billing date and the customer's previous consumption patterns.

##### ***Gas transmission revenue***

Gas transmission revenue is brought to account when gas is transported for a shipper in accordance with the terms and conditions of the haulage contract.

##### ***Customer contributions***

Non-refundable contributions and in-kind assets received from customers towards the cost of extending or modifying the electricity or gas distribution networks, whether on existing or new assets, are recognised as revenue and an asset respectively once control is gained of the contribution, or asset.

##### ***Interest revenue***

Interest revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Interest income is brought to account on an accruals basis using the effective interest method.

##### ***Dividend and distribution revenue***

Dividend and trust distributions from entities that are not associates are recognised as income on the date the right to receive the payment is established.

##### ***Other revenue***

Other operating revenue is brought to account as it is earned and is recognised when the goods and services are provided.



# Interim Financial Report

## for half year ended 31 December 2011

### 1 Basis of preparation of interim financial report (continued)

#### (e) Net current asset deficiency

At 31 December 2011 the DUET Group has a net current liability position of \$205.3 million which is primarily due to the following interest bearing term borrowings having become current:

Company	Maturity date	Borrowings outstanding \$ million
DBP	April 2012	\$275.0
UED (working capital facility)	Dec 2013	\$30.0

DUET2 and DIHL have net current asset deficiencies of \$36.9 million and \$107.3 million respectively.

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

The net current liability at the DUET Group level is primarily due to DBP's non-recourse loan that matures in April 2012.

The net current liabilities at the DUET2 and DIHL levels 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, DUET2 and DIHL will have sufficient cash available to meet their liabilities as they fall due:

- As announced on 23 December 2011, DBP successfully completed the refinancing of the loan set out above that matures in April 2012;
- 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 calling 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.

# Interim Financial Report

## for half year ended 31 December 2011

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### 1 Basis of preparation of interim financial report (continued)

#### (f) Income tax

The income tax expense or benefit for the period is the tax payable or receivable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and associates where the parent entity is able to manage the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Income tax has not been brought to account in respect of DUET1, DUET2 and DUET3 as, pursuant to the Income Tax Assessment Act, the Trusts are not liable for income tax provided that their taxable income (including any assessable realised capital gains) is fully distributed to their unitholders each year.

Certain DUET3 unitholders bear US withholding tax on US sourced interest income.

Some subsidiaries of the Group have implemented the tax consolidation legislation. DUET Group is not a tax consolidated group.

#### (g) Derivative financial instruments

DUET Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. DUET Group does not speculatively trade in derivative financial instruments.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are remeasured at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, accounting for any resultant gain or loss depends on the nature of the item being hedged.

The fair value of interest rate swaps and cross currency swaps is the estimated amount that DUET Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest and foreign exchange rates and the current credit worthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

# Interim Financial Report

## for half year ended 31 December 2011

### 1 Basis of preparation of interim financial report (continued)

#### Derivative financial instruments (continued)

##### *(i) Fair value hedge*

Where a derivative financial instrument hedges the changes in fair value of a recognised asset or liability or an unrecognised firm commitment (or an identified portion of such assets, liability or firm commitment), any gain or loss on the hedging instrument is recognised in the income statement. The hedged item also is remeasured at fair value in respect of the risk being hedged, with any gain or loss being recognised in the income statement. The ineffective portion of the hedge is within other income or other expense. The effective portion is within the same category of the fair value of the hedged item.

##### *(ii) Cash flow hedge*

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or other expense.

When the forecast transaction subsequently results in the recognition of a non financial asset or non financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non financial asset or liability. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (i.e. when interest income or expense is recognised).

For cash flow hedges, other than those covered above, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship, but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

##### *(iii) Net investment hedge*

Where a derivative or financial instrument is designated as hedging a net investment in a foreign operation, the gain or loss on the derivative or financial instrument associated with the effective portion of the hedge is initially recognised in the foreign currency translation reserve and subsequently released to the income statement when the foreign operation is disposed. The ineffective portion is recognised immediately in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship, but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the income statement.

#### **(h) Foreign currency translation**

##### *Functional and presentation currency*

The interim financial statements are presented in Australian dollars, which is DUET Group's presentation currency. The interim financial statements of the individual entities are also in Australian dollars which is the individual entity's functional and presentation currency.

# Interim Financial Report

## for half year ended 31 December 2011

### 1 Basis of preparation of interim financial report (continued)

#### Foreign currency translation (continued)

One associated entity of DUET Group (DQE Holdings LLC) has a functional currency in US dollars. The financial information of the associate is translated into Australian dollars in order to equity account this investment for this interim financial report.

#### *Transactions*

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At balance date, amounts payable and receivable in foreign currencies are translated to Australian dollars at rates of exchange current at that date. Resulting exchange differences are recognised in determining the profit or loss for the half year.

#### *Translation*

The results and financial position of DUET Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at exchange rates at the dates of transactions or at an average rate as appropriate; and
- all resulting exchange differences are recognised as a separate component of equity.

Exchange differences arising from the translation of any net investment in foreign entities are taken to security holders' equity or non-controlling equity. When a foreign operation is sold or borrowings that form part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

#### (i) Investments in associates

The Group's investment in its associates is accounted for using the equity method in the consolidated interim financial statements of DUET Group, and the financial statements of DUET2 and DIHL. Under the equity method, the entity's share of the post-acquisition profits and losses of associates is recognised in the Income Statement, and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements in retained earnings and reserves are adjusted against the cost of the investment. Dividends receivable from associates reduce the carrying amount of the investment. When the share of losses in an associate equals or exceeds an entity's interest in the associate, further losses are not recognised unless the entity has incurred obligations or made payments on behalf of an associate.

Associates are those entities over which the entity exercises significant influence, but not control.

#### (j) Interest bearing liabilities

Bank loans, guaranteed notes and redeemable preference shares are recognised at cost, being fair value of the consideration received net of transaction costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount premium on settlement. DUET Group enters into derivatives on interest bearing liabilities. The accounting policies are as described in note 1(g).

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any new cash assets transferred or liabilities assumed, is recognised in the income statement as other income or other expenses.

# Interim Financial Report

## for half year ended 31 December 2011

### 1 Basis of preparation of interim financial report (continued)

#### (k) 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 half year ended 31 December 2011 the segments are based on the core assets of DUET's investment portfolio being Dampier Bunbury Pipeline, United Energy, Multinet, WA Gas Networks and Duquesne. The segments of WA Gas Networks and Duquesne were disposed of during the period.

#### (l) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Non-financial assets, other than goodwill that may have suffered an impairment, are reviewed for possible reversal of the impairment at each reporting date.

#### (m) Standards and interpretations

##### i. Changes in accounting policy and disclosures

The Group has adopted the following new and amended Australian Accounting Standards and AASB interpretations as of 1 July 2011:

- Revised AASB 124 Related Party Disclosures effective 1 January 2011;
- AASB 2009-12 amendments to AASB 8 Operating Segments effective 1 January 2011;
- AASB 2010-3 amendments to AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 and AASB 139, effective 1 January 2011;
- AASB 2010-4 amendments to AASB 101, AASB 7 & AASB 134 through annual improvement;
- AASB 2010-6 - amendment to AASB 7 - disclosures on transfer of financial assets;

The adoption of this new standard did not have a significant impact on the financial statements or performance of the Group.

##### ii. Accounting Standards and Interpretations issued but not yet effective

- AASB 1054 & AASB 2011-1 - Australian additional disclosures and amendments to AAS arising from the Trans-Tasman Convergence project;
- AASB 2010-8 – Amendments to deferred tax on the recovery of the underlying assets;
- AASB 2011-4 – Amendments to AASB 124 to remove individual key management personnel disclosure requirements;
- AASB 2011-9 – Amendments to presentation of Other Comprehensive Income;
- AASB 9 – Amendments to classifications and measurements of financial assets and financial liabilities;
- AASB 10 – Amendment to broaden the concept of control and replaces part of AASB 127 Consolidated and Separate Financial Statements;
- AASB 13 – Amendments to consolidate the guidance on the measurement of fair value of assets and liabilities, and expands the disclosure requirements;

# Interim Financial Report

## for half year ended 31 December 2011

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These interpretations that have been issued or amended recently have not been adopted by DUET Group for this interim reporting period ending 31 December 2011. DUET has yet to quantify the impacts of these changes.

**(n) Comparative figures**

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

**(o) 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 interim 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.

**(p) Significant judgements and estimates**

***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). 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.

# Interim Financial Report

## for half year ended 31 December 2011

### 2. Profit for the half year

	DUET Group 1 Jul 11 - 31 Dec 11 \$'000	DUET2 1 Jul 11 - 31 Dec 11 \$'000	DUET3 1 Jul 11 - 31 Dec 11 \$'000	DIHL Group 1 Jul 11 - 31 Dec 11 \$'000	DUET Group 1 Jul 10 - 31 Dec 10 \$'000	DUET2 1 Jul 10 - 31 Dec 10 \$'000	DUET3 1 Jul 10 - 31 Dec 10 \$'000	DIHL 1 Jul 10 - 31 Dec 10 \$'000
<b>(i) Revenue</b>								
<b>Sales revenue</b>								
Distribution revenue	296,239	-	-	-	293,891	-	-	-
Metering revenue	47,321	-	-	-	28,073	-	-	-
Transportation revenue	214,434	-	-	-	200,274	-	-	-
New connections revenue	1,369	-	-	-	1,054	-	-	-
Other sales revenue	9,945	-	-	-	11,413	-	-	-
	<b>569,308</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>534,705</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenue from investments</b>								
Interest revenue	4,890	35,485	12,601	-	17,092	35,150	14,036	-
Distribution and dividend revenue	-	-	-	-	-	2,701	-	-
	<b>4,890</b>	<b>35,485</b>	<b>12,601</b>	<b>-</b>	<b>17,092</b>	<b>37,851</b>	<b>14,036</b>	<b>-</b>
<b>Other revenue</b>								
Interest revenue	7,785	1,038	177	271	13,709	6,277	6,868	1,869
Customer contributions	13,119	-	-	-	12,618	-	-	-
Miscellaneous revenue	3,942	53	-	40	4,055	60	-	31
	<b>24,846</b>	<b>1,091</b>	<b>177</b>	<b>311</b>	<b>30,382</b>	<b>6,337</b>	<b>6,868</b>	<b>1,900</b>
<b>Total revenue</b>	<b>599,044</b>	<b>36,576</b>	<b>12,778</b>	<b>311</b>	<b>582,179</b>	<b>44,188</b>	<b>20,904</b>	<b>1,900</b>
<b>(ii) Other income</b>								
Realised Fair value gain on Derivative Contracts	59	-	-	-	-	-	6,460	1,123
Realised Foreign exchange gains	1,581	-	-	11	4,335	-	-	-
Unrealised foreign exchange gains	6	-	4	1	-	-	-	-
<b>Total other income</b>	<b>1,646</b>	<b>-</b>	<b>4</b>	<b>12</b>	<b>4,335</b>	<b>-</b>	<b>6,460</b>	<b>1,123</b>
<b>Total revenue and other income</b>	<b>600,690</b>	<b>36,576</b>	<b>12,782</b>	<b>323</b>	<b>586,514</b>	<b>44,188</b>	<b>27,364</b>	<b>3,023</b>

# Interim Financial Report

## for half year ended 31 December 2011

### 2 Profit for the half year (continued)

	DUET Group 1 Jul 11 - 31 Dec 11 \$'000	DUET2 1 Jul 11 - 31 Dec 11 \$'000	DUET3 1 Jul 11 - 31 Dec 11 \$'000	DIHL Group 1 Jul 11 - 31 Dec 11 \$'000	DUET Group 1 Jul 10 - 31 Dec 10 \$'000	DUET2 1 Jul 10 - 31 Dec 10 \$'000	DUET3 1 Jul 10 - 31 Dec 10 \$'000	DIHL 1 Jul 10 - 31 Dec 10 \$'000
<b>(iii) Share of net profit/(loss) of associates accounted for using the equity method</b>								
Share of net profit/(loss) of associates	-	(3,422)	-	3,047	-	14,422	-	-
Share of (losses) of associate previously unrecognised	-	(60,000)	-	-	-	-	-	-
Share of associate income before disposal – DQE	6,001	-	-	6,001	10,422	-	-	8,544
Share of associate income before disposal – WAGN	753	-	-	-	-	-	-	-
	<b>6,754</b>	<b>(63,422)</b>	<b>-</b>	<b>9,048</b>	<b>10,422</b>	<b>14,422</b>	<b>-</b>	<b>8,544</b>
<b>(iv) Net gains/(losses) on disposal of associates</b>								
Transfer from reserves to income statement on disposal of associates	(38,122)	10,961	-	(38,122)	-	-	-	-
Net gain/(loss) on disposal of associate – WAGN, net of transaction costs	44,424	(150)	-	-	-	-	-	-
Net gain/(loss) on disposal of associate – DQE, net of transaction costs before transfer of reserves	2,380	-	5,905	(3,524)	-	-	-	-
<b>Net gains/(losses) on associates disposed before tax</b>	<b>8,682</b>	<b>10,811</b>	<b>5,905</b>	<b>(41,646)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(v) Expenses</b>								
<b>Operating expenses</b>								
Operating fees	109,112	-	-	-	101,733	-	-	-
Other operating expenses	87,430	-	-	-	63,854	-	-	-
	<b>196,542</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>165,587</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other expenses</b>								
Net loss on disposal of property, plant and equipment	1,585	-	-	-	1,896	-	-	-
Management fees paid to RE1 and RE2	9,437	4,354	1,220	987	10,547	4,877	1,319	885
Realised foreign exchange losses	277	-	277	-	-	-	43,117	1,832
Unrealised foreign exchange losses	-	-	-	-	-	-	-	-
Unrealised net fair value loss on derivative contracts	15,344	-	-	-	3,615	-	-	-
Other	1,421	371	329	328	2,607	374	897	926
	<b>28,064</b>	<b>4,725</b>	<b>1,826</b>	<b>1,315</b>	<b>18,665</b>	<b>5,251</b>	<b>45,333</b>	<b>3,643</b>



# Interim Financial Report

## for half year ended 31 December 2011

### 2 Profit for the half year (continued)

	DUET Group 1 Jul 11 - 31 Dec 11 \$'000	DUET2 1 Jul 11 - 31 Dec 11 \$'000	DUET3 1 Jul 11 - 31 Dec 11 \$'000	DIHL Group 1 Jul 11 - 31 Dec 11 \$'000	DUET Group 1 Jul 10 - 31 Dec 10 \$'000	DUET2 1 Jul 10 - 31 Dec 10 \$'000	DUET3 1 Jul 10 - 31 Dec 10 \$'000	DIHL 1 Jul 10 - 31 Dec 10 \$'000
<b>(v) Expenses (continued)</b>								
<b>Depreciation and amortisation expense</b>								
Depreciation of property, plant and equipment	98,646	-	-	-	94,727	-	-	-
Amortisation of intangible assets	11,458	-	-	-	10,890	-	-	-
	<b>110,104</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>105,617</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Finance costs</b>								
Amortisation of borrowing costs	19,781	-	-	-	11,747	1,200	-	-
Financing costs	5,651	-	-	-	7,205	-	-	-
Interest expense								
- Related parties	-	739	2,196	4,638	-	9,408	7,256	3,589
- Other parties	217,441	-	-	-	223,855	-	-	-
	<b>242,873</b>	<b>739</b>	<b>2,196</b>	<b>4,638</b>	<b>242,807</b>	<b>10,608</b>	<b>7,256</b>	<b>3,589</b>
<b>Total other operating expenses</b>	<b>577,583</b>	<b>5,464</b>	<b>4,022</b>	<b>5,953</b>	<b>532,676</b>	<b>15,859</b>	<b>52,589</b>	<b>7,232</b>

# Interim Financial Report

## for half year ended 31 December 2011

### 3. Distributions Paid and Proposed

	DUET Group 1 Jul 11 - 31 Dec 11 \$'000	DUET2 1 Jul 11 - 31 Dec 11 \$'000	DUET3 1 Jul 11 - 31 Dec 11 \$'000	DIHL Group 1 Jul 11 - 31 Dec 11 \$'000	DUET Group 1 Jul 10 - 31 Dec 10 \$'000	DUET2 1 Jul 10 - 31 Dec 10 \$'000	DUET3 1 Jul 10 - 31 Dec 10 \$'000	DIHL 1 Jul 10 - 31 Dec 10 \$'000
Final distribution paid for the year ended 30 June 2011	88,731	40,365	19,920	-	87,056	41,509	17,512	-
Interim distribution proposed and subsequently paid for the half year ended 31 December 2011	87,330	44,966	403	-	88,730	40,363	19,920	-
	176,061	85,331	20,323	-	175,786	81,872	37,432	-
	Cents per stapled security	Cents per unit	Cents per unit	Cents per share	Cents per stapled security	Cents per unit	Cents per unit	Cents per share
Final distribution paid for the year ended 30 June 2011	10.000	4.549	2.245	-	10.000	4.768	2.012	-
Interim distribution proposed and subsequently paid for the half year ended 31 December 2011	8.000	4.119	-	-	10.000	4.549	2.245	-

### 4. Current receivables

	DUET Group 31 Dec 11 \$'000	DUET2 31 Dec 11 \$'000	DUET3 31 Dec 11 \$'000	DIHL Group 31 Dec 11 \$'000	DUET Group 30 June 11 \$'000	DUET2 30 June 11 \$'000	DUET3 30 June 11 \$'000	DIHL 30 June 11 \$'000
Current								
Trade receivables	56,940	-	-	-	55,509	-	-	-
Interest receivable	4,864	4,567	2,931	-	914	1,272	1,225	263
Promissory note - DQE Holdings LLC	-	-	-	-	187,508	-	187,508	-
Provision for impairment of receivables	(2,205)	-	-	-	(2,227)	-	-	-
Other debtors	533	175	51	35	80,205	42,703	41	50,298
Total Receivables	60,132	4,742	2,982	35	321,909	43,975	188,774	50,561

# Interim Financial Report

## for half year ended 31 December 2011

### 5. Other Assets

	DUET Group 31 Dec 11 \$'000	DUET2 31 Dec 11 \$'000	DUET3 31 Dec 11 \$'000	DIHL Group 31 Dec 11 \$'000	DUET Group 30 June 11 \$'000	DUET2 30 June 11 \$'000	DUET3 30 June 11 \$'000	DIHL 30 June 11 \$'000
<b>Current</b>								
Cash on deposit for greater than 90 days	10,026	-	-	-	-	-	-	-
Accrued revenue	80,095	-	-	-	57,265	-	-	-
Other assets	9,910	53	-	60	45,790	36,000	-	102
	<b>100,031</b>	<b>53</b>	<b>-</b>	<b>60</b>	<b>103,055</b>	<b>36,000</b>	<b>-</b>	<b>102</b>

### 6. Other liabilities

	DUET Group 31 Dec 11 \$'000	DUET2 31 Dec 11 \$'000	DUET3 31 Dec 11 \$'000	DIHL Group 31 Dec 11 \$'000	DUET Group 30 June 11 \$'000	DUET2 30 June 11 \$'000	DUET3 30 June 11 \$'000	DIHL 30 June 11 \$'000
<b>Current</b>								
Finance Lease	793	-	-	-	777	-	-	-
Unearned revenue	14,928	-	-	-	39,030	-	-	-
	<b>15,721</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,807</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non current</b>								
Finance lease	21,229	-	-	-	21,627	-	-	-
Unearned revenue	22,106	-	-	-	22,731	-	-	-
	<b>43,335</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44,358</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Interim Financial Report

## for half year ended 31 December 2011

### 7. Contributed Equity

#### (a) Ordinary Equity

	DUET Group 1 Jul 11 - 31 Dec 11 \$'000	DUET2 1 Jul 11 - 31 Dec 11 \$'000	DUET3 1 Jul 11 - 31 Dec 11 \$'000	DIHL Group 1 Jul 11 - 31 Dec 11 \$'000	DUET Group 1 Jul 10 - 31 Dec 10 \$'000	DUET2 1 Jul 10 - 31 Dec 10 \$'000	DUET3 1 Jul 10 - 31 Dec 10 \$'000	DIHL 1 Jul 10 - 31 Dec 10 \$'000
On issue at the beginning of the half year	1,932,226	861,476	305,544	211,318	1,868,660	831,906	297,901	206,156
Equity issued	276,542	126,037	30,357	31,200	-	-	-	-
Less: Capital raising costs	(9,968)	(4,564)	(1,117)	(1,086)	-	-	-	-
DRP on 13 August 2010	-	-	-	-	27,072	11,842	3,791	3,403
On issue at the end of the half year	2,198,800	982,949	334,784	241,432	1,895,732	843,748	301,692	209,559

	DUET Group 1 Jul 11 - 31 Dec 11 Number of stapled securities '000	DUET2 1 Jul 11 - 31 Dec 11 Number of stapled securities '000	DUET3 1 Jul 11 - 31 Dec 11 Number of stapled securities '000	DIHL Group 1 Jul 11 - 31 Dec 11 Number of stapled securities '000	DUET Group 1 Jul 10 - 31 Dec 10 Number of stapled securities '000	DUET2 1 Jul 10 - 31 Dec 10 Number of stapled securities '000	DUET3 1 Jul 10 - 31 Dec 10 Number of stapled securities '000	DIHL 1 Jul 10 - 31 Dec 10 Number of stapled securities '000
On issue at the beginning of the half year	909,693	909,693	909,693	909,693	870,560	870,560	870,560	870,560
Shares issued - 23 August 2011	116,306	116,306	116,306	116,306	-	-	-	-
Shares issued - 1 September 2011	65,629	65,629	65,629	65,629	-	-	-	-
DRP on 13 August 2010	-	-	-	-	16,745	16,745	16,745	16,745
On issue at the end of the half year	1,091,628	1,091,628	1,091,628	1,091,628	887,305	887,305	887,305	887,305

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# Interim Financial Report

## for half year ended 31 December 2011

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**(b) Ordinary units in DUET1, DUET2, DUET3 and ordinary shares in DIHL**

Each fully paid stapled security confers the right to vote at meetings of security holders, subject to any voting restrictions imposed on a security holder under the Corporations Act 2001 and the Listing Rules. On a show of hands, every security holder present in person or by proxy has one vote. On a poll, every security holder who is present in person or by proxy has one vote for each dollar of the value of the total interest they have in DUET1, DUET2, DUET3, and one vote for each share in respect of DIHL.

**(c) 'A' Special Share**

RE1 in its personal capacity holds 1 A Special Share in DIHL. The Share carries the right to appoint directors constituting up to 40% of the DIHL Board including the managing director. Any person appointed Director by the A Special Shareholder may at any time be removed by the A Special Shareholder only. The A Special Shareholder may not vote at meetings except in relation to a proposal to appoint a Director or vary the rights attached to the A Special Share. The holder of an A Special Share is not entitled to receive any dividends.

**(d) 'B' Special Share**

RE2 as responsible entity of DUET2 holds 1 B Special Share in DIHL. The Share carries the right to appoint directors constituting up to 40% of the DIHL Board. Any person appointed Director by the B Special Shareholder may at any time be removed by the B Special Shareholder only. The B Special Shareholder may not vote at meetings except in relation to a proposal to appoint a Director or vary the rights attached to the B Special Share. The holder of a B Special Share is not entitled to receive any dividends.

**(e) 'C' Special Share**

RE1 and RE2 each hold 1 C Special Share issued in DIHL in their capacity as responsible entity for DUET1 and DUET2 respectively. The shares carry the right to jointly appoint up to 20% of the directors of the DIHL Board. Any person appointed Director by the C Special Shareholders may at any time be removed by the C Special Shareholders only. The C Special Shareholders may not vote at meetings except in relation to a proposal to appoint a Director or vary the rights attached to the C Special Shares. The holders of C Special Shares are not entitled to receive any dividends.

# Interim Financial Report

## for half year ended 31 December 2011

### 8. Retained Profits / (Accumulated Losses)

	DUET Group 1 Jul 11 - 31 Dec 11 \$'000	DUET2 1 Jul 11 - 31 Dec 11 \$'000	DUET3 1 Jul 11 - 31 Dec 11 \$'000	DIHL Group 1 Jul 11 - 31 Dec 11 \$'000	DUET Group 1 Jul 10 - 31 Dec 10 \$'000	DUET2 1 Jul 10 - 31 Dec 10 \$'000	DUET3 1 Jul 10 - 31 Dec 10 \$'000	DIHL 1 Jul 10 - 31 Dec 10 \$'000
Balance at the beginning of the half year	(209,585)	-	-	(84,204)	(216,537)	-	4,551	(97,104)
Profit attributable to security holders	88,310	(21,499)	14,264	(38,228)	18,233	42,751	(25,583)	4,335
Distribution provided for or paid	(42,364)	(44,966)	403	-	(28,488)	(40,363)	(19,558)	-
Transfer from Capital Reserve	-	66,465	-	-	-	-	40,590	-
<b>Balance at the end of the half year</b>	<b>(163,639)</b>	<b>-</b>	<b>14,667</b>	<b>(122,432)</b>	<b>(226,752)</b>	<b>2,388</b>	<b>-</b>	<b>(92,769)</b>

# Interim Financial Report

## for half year ended 31 December 2011

### 9. 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, AMPCI Macquarie Infrastructure Management No.2 Limited 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 period. The segments are the investments in Dampier Bunbury Pipeline (DBP), United Energy (UEDH) and 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 located in Australia. DQE is located in the United States.

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

	DBP \$'000	UEDH \$'000	MGH \$'000	WAGN <sup>(2)</sup> \$'000	DQE <sup>(3)</sup> \$'000	Total \$'000
<b>DUET Group for the 6 months to 31 December 2011</b>						
Total segment revenues	178,153	136,745	100,145	4,101	76,111	495,255
Total segment expenses	(31,041)	(54,291)	(25,815)	(1,441)	(46,688)	(159,276)
Proportionate EBITDA <sup>(1)</sup>	147,112	82,454	74,330	2,660	29,423	335,979
<b>DUET Group for the 6 months to 31 December 2010</b>						
Total segment revenues	127,400	122,249	83,993	19,976	185,408	539,026
Total segment expenses	(21,952)	(36,633)	(19,816)	(7,888)	(132,216)	(218,505)
Proportionate EBITDA <sup>(1)</sup>	105,448	85,616	64,177	12,088	53,192	320,521
<b>Total proportionate segment assets</b>						
31 December 2011	3,168,355	1,766,214	1,352,029	-	-	6,286,598
30 June 2011	2,313,859	1,696,353	1,264,306	249,432	1,173,946	6,697,896

<sup>(1)</sup> Excludes changes in the fair value of derivatives and FX gains/losses (net of tax) 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.

# Interim Financial Report

## for half year ended 31 December 2011

### 9 Segment Information (continued)

A reconciliation of DUET EBITDA to profit 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 6 months to 31 December 2011</b>							
<b>Proportionate EBITDA</b>	<b>147,112</b>	<b>82,454</b>	<b>74,329</b>	<b>2,661</b>	<b>29,423</b>	-	<b>335,979</b>
Additional EBITDA from subsidiaries <sup>(1)</sup>	41,025	42,476	2,345	-	-	-	85,846
Exclude associates <sup>(2)</sup>				(2,661)	(29,423)	-	(32,084)
Corporate expenses	-	-	-	-	-	(11,054)	(11,054)
<b>Consolidated EBITDA</b>							<b>378,687</b>
Gains/(losses) on disposal of associates, net of transaction costs and foreign exchange	-	-	-	-	-	8,682	8,682
Equity accounted profits <sup>(2)</sup>	-	-	-	753	6,001	-	6,754
<b>Subsidiaries</b>							
Interest income	1,538	502	1,691	-	-	-	3,731
Depreciation and amortisation	(40,396)	(54,240)	(15,468)	-	-	-	(110,104)
Finance costs	(121,446)	(67,527)	(45,968)	-	-	-	(234,941)
Changes in fair value of derivatives	(7,246)	(6,617)	(1,355)	-	-	-	(15,218)
<b>Associates</b>							
Change in fair value of derivatives	-	-	-	-	-	-	-
Change in defined benefit pension plan	-	-	-	-	-	-	-
<b>Corporate</b>							
Interest income	-	-	-	-	-	9,144	9,144
Finance costs	-	-	-	-	-	(7,932)	(7,932)
Net foreign exchange gains/(losses)	-	-	-	-	-	(260)	(260)
<b>Profit before income tax expense</b>							<b>38,543</b>

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

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



# Interim Financial Report

## for half year ended 31 December 2011

### 9 Segment Information (continued)

	DBP \$'000	UEDH \$'000	MGH \$'000	WAGN \$'000	DQE \$'000	Corporate \$'000	Total \$'000
<b>DUET Group for the 6 months to 31 December 2010</b>							
<b>Proportionate EBITDA</b>	105,448	85,616	64,177	12,088	53,192	-	320,521
Additional EBITDA from subsidiaries <sup>(1)</sup>	70,321	43,235	14,952	-	-	-	128,508
Exclude associates <sup>(2)</sup>	-	-	-	(12,088)	(53,192)	-	(65,280)
Corporate expenses	-	-	-	-	-	(13,155)	(13,155)
<b>Consolidated EBITDA</b>							<b>370,594</b>
Equity accounted profits/(losses) <sup>(2)</sup>	-	-	-	1,877	(9,884)	-	(8,007)
<b>Subsidiaries</b>							
Interest income	2,577	1,865	4,191	-	-	-	8,633
Depreciation and amortisation	(38,013)	(52,204)	(15,400)	-	-	-	(105,617)
Finance costs	(109,028)	(67,303)	(44,281)	-	-	-	(220,612)
Changes in fair value of derivatives	10,274	20,505	7,307	-	-	-	38,086
<b>Associates</b>							
Change in fair value of derivatives	-	-	-	-	4,368	-	4,368
Change in defined benefit pension plan	-	-	-	-	14,060	-	14,060
<b>Corporate</b>							
Interest income	-	-	-	-	-	22,316	22,316
Finance costs	-	-	-	-	-	(22,195)	(22,195)
Net foreign exchange losses	-	-	-	-	-	(44,949)	(44,949)
Changes in fair value of derivatives	-	-	-	-	-	7,583	7,583
<b>Profit before income tax expense</b>							<b>64,260</b>

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

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

# Interim Financial Report

## for half year ended 31 December 2011

### 9 Segment Information (continued)

#### DUET2

DUET2 co-owns investments in UEDH, MGH and DBP with DUET1. The Boards consider the business for these two segments on a combined proportionate EBITDA basis. Proportionate EBITDA for DBP, UEDH, MGH and WAGN are set out on page 35.

A reconciliation of DUET2 proportionate EBITDA to profit before income tax expense is provided as follows:

	DBP \$'000	UEDH \$'000	MGH \$'000	WAGN <sup>(2)</sup> \$'000	DUET2 \$'000	Total \$'000
<b>DUET2 for the 6 months to 31 December 2011</b>						
<b>Proportionate EBITDA</b>	<b>147,112</b>	<b>82,454</b>	<b>74,329</b>	<b>2,661</b>	<b>-</b>	<b>306,556</b>
Exclude associates <sup>(1)</sup>	(147,112)	(82,454)	(74,329)	(2,661)	-	(306,556)
Corporate income	-	-	-	-	53	53
Corporate expenses	-	-	-	-	(4,725)	(4,725)
Gain on disposal of WAGN, net of transaction costs	-	-	-	-	10,811	10,811
Equity accounted profits/(losses) <sup>(1)</sup>	-	(5,408)	3,537	-	(60,000)	(61,871)
Equity accounted profit/(loss) - other investments	-	-	-	-	(1,551)	(1,551)
<b>Consolidated EBITDA</b>						<b>(57,283)</b>
Interest income	-	-	-	-	36,523	36,523
Finance costs	-	-	-	-	(739)	(739)
Changes in fair value of derivatives	-	-	-	-	-	-
<b>Profit before income tax expense</b>						<b>(21,499)</b>

<sup>(1)</sup> Excludes proportionate EBITDA of associates and includes the equity accounted share of profits/(losses).

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

	DBP \$'000	UEDH \$'000	MGH \$'000	WAGN \$'000	DUET2 \$'000	Total \$'000
<b>DUET2 for the 6 months to 31 December 2010</b>						
<b>Proportionate EBITDA</b>	<b>105,448</b>	<b>85,616</b>	<b>64,177</b>	<b>12,088</b>	<b>-</b>	<b>267,329</b>
Exclude associates <sup>(1)</sup>	(105,448)	(85,616)	(64,177)	(12,088)	-	(267,329)
Corporate income	-	-	-	-	2,761	2,761
Corporate expenses	-	-	-	-	(5,251)	(5,251)
Equity accounted profits <sup>(1)</sup>	-	1,959	10,699	-	1,764	14,422
<b>Consolidated EBITDA</b>						<b>11,932</b>
Interest income	-	-	-	-	41,427	41,427
Finance costs	-	-	-	-	(10,608)	(10,608)
Changes in fair value of derivatives	-	-	-	-	-	-
<b>Profit before income tax expense</b>						<b>42,751</b>

<sup>(1)</sup> Excludes proportionate EBITDA of associates and includes the equity accounted share of profits/(losses).

# Interim Financial Report

## for half year ended 31 December 2011

### 9 Segment Information (continued)

#### DUET3

DUET3 had a promissory note with DQE, which was disposed on 13 September 2011. DUET2 also holds a hybrid instrument with MGH. Proportionate earnings for DQE and MGH are set out on page 35.

A reconciliation of DUET3 EBITDA to profit before income tax expense is provided as follows:

	MGH \$'000	DQE <sup>(1)</sup> \$'000	DUET3 \$'000	Total \$'000
<b>DUET3 for the 6 months to 31 December 2011</b>				
<b>Proportionate EBITDA</b>	<b>74,329</b>	<b>29,423</b>	<b>-</b>	<b>103,752</b>
Exclude associates	(74,329)	(29,423)	-	(103,752)
Corporate expenses	-	-	(1,548)	(1,548)
Net gain on disposal of P Note	-	-	5,905	5,905
<b>Consolidated EBITDA</b>				<b>4,357</b>
DQE Promissory note interest	-	-	-	-
Interest income	-	-	12,778	12,778
Finance costs	-	-	(2,197)	(2,197)
Foreign exchange losses	-	-	(273)	(273)
Changes in fair value of derivatives	-	-	-	-
<b>Profit before income tax expense</b>				<b>14,665</b>

<sup>(1)</sup> Includes the share of Duquesne reserves and expenses up until the date of sale on 13 September 2011.

	DQE \$'000	DUET3 \$'000	Total \$'000
<b>DUET3 for the 6 months to 31 December 2010</b>			
<b>Proportionate EBITDA</b>	<b>51,021</b>	<b>-</b>	<b>51,021</b>
Exclude associates	(51,021)	-	(51,021)
Corporate expenses	-	(2,216)	(2,216)
<b>Consolidated EBITDA</b>			<b>(2,216)</b>
DQE Promissory note interest	-	14,036	14,036
Interest income	-	6,868	6,868
Finance costs	-	(7,256)	(7,256)
Foreign exchange losses	-	(43,117)	(43,117)
Changes in fair value of derivatives	-	6,460	6,460
<b>Loss before income tax expense</b>			<b>(25,225)</b>

# Interim Financial Report

## for half year ended 31 December 2011

### 9 Segment Information (continued)

#### DIHL Group

DIHL had an investment in DQE, which was disposed of on 13 September 2011. On 29 September 2011, DIHL acquired 20.1% of MGH, and a wholly owned subsidiary Dampier Bunbury Investment Company Pty Limited (DBIC), which held a 22.4% equity interest in DBP at 31 December 2011. Proportionate earnings for MGH, DBP and DQE are set out on page 35.

	MGH \$'000	DBP \$'000	DQE \$'000	DIHL Group \$'000	Total \$'000
<b>DIHL for the 6 months to 31 December 2011</b>					
<b>Proportionate EBITDA</b>	<b>74,329</b>	<b>147,112</b>	<b>29,423</b>	-	<b>250,864</b>
Exclude associates <sup>(1)</sup>	(74,329)	(147,112)	(29,423)	-	(250,864)
Corporate income	-	-	-	(26)	(26)
Corporate expenses	-	-	-	(1,249)	(1,249)
Net loss on disposal of DQE, net of transaction costs	-	-	-	(41,646)	(41,646)
Equity accounted profits <sup>(1)</sup>	63	2,984	6,001	-	9,048
<b>Consolidated EBITDA</b>					<b>(33,873)</b>
Interest income	-	-	-	271	271
Finance costs	-	-	-	(4,638)	(4,638)
Foreign exchange gains/(losses)	-	-	-	12	12
Changes in fair value of derivatives	-	-	-	-	-
<b>Profit before income tax expense</b>					<b>(38,228)</b>

<sup>(1)</sup> Excludes proportionate EBITDA of associates and includes the equity accounted share of profits/(losses).

	DQE \$'000	DIHL \$'000	Total \$'000
<b>DIHL for the 6 months to 31 December 2010</b>			
<b>Proportionate EBITDA</b>	51,021	-	51,021
Exclude associates <sup>(1)</sup>	(51,021)	-	(51,021)
Corporate income	-	31	31
Corporate expenses	-	(1,859)	(1,859)
Equity accounted profits <sup>(1)</sup>	(9,884)	-	(9,884)
<b>Consolidated EBITDA</b>			<b>(11,662)</b>
Interest income	-	1,867	1,867
Finance costs	-	(3,589)	(3,589)
Foreign exchange gains	-	(1,832)	(1,832)
Changes in fair value of derivatives	-	1,123	1,123
Changes in fair value of derivatives – DQE <sup>(2)</sup>	4,368	-	4,368
Changes in defined benefit pension plan – DQE <sup>(2)</sup>	14,060	-	14,060
<b>Profit before income tax expense</b>			<b>4,335</b>

<sup>(1)</sup> Excludes proportionate EBITDA of associates and includes the equity accounted share of profits/(losses).

<sup>(2)</sup> Equity accounted share of Duquesne's changes in fair value of derivatives and changes in defined benefit pension plan.

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# Interim Financial Report

## for half year ended 31 December 2011

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### 10. 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 \$168m. DBIC held a 20.0% equity interest in DBNGP Trust ("DBP Trust") at 31 December 2011, which has been equity accounted into DIHL's consolidated result. This increased DUET Group's aggregated ownership in DBP to 82.4% at 31 December 2011, which will be progressively reduced 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 Ltd ("MGH") for a consideration of \$30 million. This is equity accounted for in DIHL's consolidated result. And the acquisition brings DUET Group's aggregated ownership in MGH to 100%.

#### Disposal of WAGN

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

#### Disposal of Duquesne

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

### 11. Contingent liabilities

#### Multinet

Multinet Gas Distribution Partnership is renegotiating the pricing of the services agreement with Jemena Asset Management (6) Pty Ltd and there may be an adjustment to the charges relating to the period 1 July 2008 to 31 December 2011. At this stage, management of MGH is not able to quantify the adjustment.

#### Dampier Bunbury Pipeline

Supreme Court proceedings were commenced against DBP (claims totalling approximately \$15m) by a construction contractor in connection with disputes as to claims made by the contractor for the provision of services to the Stage 5B Expansion project. An unfavourable outcome of the proceedings would result in additional costs being incurred to the expansion project, which would be met out of current project funding commitments and would ultimately be recovered from DBNGP shippers pursuant to the shipper contracts. Resolution of this dispute would not materially affect the statement of consolidated income of DBP.

The financial impact of each of the above contingencies cannot be reliably estimated at the date of issue of these financial statements.

#### United Energy

United Energy Distribution Pty Ltd ("UED") is renegotiating the pricing of the services agreement with Jemena Asset Management (6) Pty Ltd and there may be an adjustment to charges relating to the contract period from 1 July 2006 to 30 June 2011. At this stage, the management of UED is not able to quantify the adjustment.

UED has entered into contracts associated with the transition of service providers that will result in total payments of \$30.5 million if certain conditions are met. The first payment under the contract of \$8.3 million was made in September 2011, with further payments of \$8.3 million scheduled to be paid on each of 1 September 2012 and 1 September 2013. A payment of \$5.5 million will be made in January 2012.

# **Interim Financial Report**

## **for half year ended 31 December 2011**

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

#### **Interim distribution paid**

An interim distribution of 8.000 cents per stapled security was paid by DUET on 14 February 2012 (2010: 10.000 cents). This consisted of a distribution of 3.881 cents per unit from DUET1 and 4.119 cents per unit from DUET2.

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

Security holders participating in DUET's Distribution and Dividend Reinvestment Plan (DRP) reinvested \$32,220,232 of the distribution paid on 14 February 2012 in 18,203,045 DUET Group securities at a price of \$1.770. The represented a participation rate of 36.9%.

# Interim Financial Report

## for half year ended 31 December 2011

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### Statement by the Directors of the Responsible Entity of DUET1

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 (DUET1), the consolidated interim financial report for DUET1 and its controlled entities (DUET Group) set out on pages 10 to 43 are in accordance with the *Corporations Act 2001*, including:

- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting*, and the *Corporations Regulations 2001*;
- are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and
- giving a true and fair view of DUET Group's financial position as at 31 December 2011 and its performance for the half year ended on that date.

There are reasonable grounds to believe that DUET Group will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the half year ended on 31 December 2011.

This declaration is made in accordance with a resolution of the Directors of AMPCI Macquarie Infrastructure Management No.1 Limited (as Responsible Entity of DUET1).



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John Roberts  
Chairman  
Sydney  
16 February 2012



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Philip Garling  
Director  
Sydney  
16 February 2012

# Interim Financial Report

## for half year ended 31 December 2011

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### Statement by the Directors of the Responsible Entity of DUET2

In the opinion of the Directors of AMPCI Macquarie Infrastructure Management No.2 Limited as the Responsible Entity for Diversified Utility and Energy Trust No.2 (DUET2), the interim financial report set out on pages 10 to 43 are in accordance with the *Corporations Act 2001*, including:

- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting*, and the *Corporations Regulations 2001*;
- are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and
- giving a true and fair view of DUET2's financial position as at 31 December 2011 and its performance for the half year ended on that date.

There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the half year ended on 31 December 2011.

This declaration is made in accordance with a resolution of the Directors of AMPCI Macquarie Infrastructure Management No.2 Limited (as Responsible Entity of DUET2).



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John Roberts

Chairman

Sydney

16 February 2012



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Philip Garling

Director

Sydney

16 February 2012



# Interim Financial Report

## for half year ended 31 December 2011

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### Statement by the Directors of the Responsible Entity of DUET3

In the opinion of the Directors of AMPCI Macquarie Infrastructure Management No.2 Limited as the Responsible Entity for Diversified Utility and Energy Trust No.3 (DUET3), the interim financial report set out on pages 10 to 43 are in accordance with the *Corporations Act 2001*, including:

- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting*, and the *Corporations Regulations 2001*;
- are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and
- giving a true and fair view of DUET3's financial position as at 31 December 2011 and its performance for the half year ended on that date.

There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the half year ended on 31 December 2011.

This declaration is made in accordance with a resolution of the Directors of AMPCI Macquarie Infrastructure Management No.2 Limited (as Responsible Entity of DUET3).



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John Roberts

Chairman

Sydney

16 February 2012



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Philip Garling

Director

Sydney

16 February 2012

# Interim Financial Report

## for half year ended 31 December 2011

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### Statement by the Directors of DIHL

In the opinion of the Directors of DUET Investment Holdings Limited (DIHL), the consolidated interim financial report for DIHL and its controlled entity (DIHL Group) set out on pages 10 to 43 are in accordance with the *Corporations Act 2001*, including:

- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting*, and the *Corporations Regulations 2001*;
- are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and
- giving a true and fair view of DIHL's financial position as at 31 December 2011 and its performance for the half year ended on that date.

There are reasonable grounds to believe that DIHL will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the half year ended on 31 December 2011.

This declaration is made in accordance with a resolution of the Directors of DUET Investment Holdings Limited.



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John Roberts

Chairman

Sydney

16 February 2012



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Philip Garling

Director

Sydney

16 February 2012

To the unitholders of Diversified Utility and Energy Trust No.1, Diversified Utility and Energy Trust No.2, Diversified Utility and Energy Trust No.3 and the shareholders of DUET Investment Holdings Limited

## Report on the Interim Financial Report

We have reviewed the accompanying interim 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 (together "the trusts") and DUET Investment Holdings Limited ("the company") and the entities they controlled during the half year, which comprises the balance sheet as at 31 December 2011, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the half year ended on that date, other selected explanatory notes and the directors' declarations of the DUET Group, the trusts, the company and the entities they controlled at the half year end or from time to time during the half year.

## Directors' Responsibility for the Interim Financial Report

The directors of the responsible entities of the trusts, and the directors of the company, are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Corporations Act 2001*, and for the trusts, the Trust Deeds, and for such internal controls as the directors determine are necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001*, and for the trusts, the Trust Deeds, including: giving a true and fair view of the consolidated entity's, the trust's and the company's financial position as at 31 December 2011 and their performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of DUET Group and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the responsible entities of the trusts, and the directors of the company, a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of the DUET Group, Diversified Utility and Energy Trust No.2, Diversified Utility and Energy Trust No.3 and DUET Investment Holdings Limited is not in accordance with the *Corporations Act 2001*, and for the trusts, the Trust Deeds, including:

- (i) giving a true and fair view of the consolidated entities' and trusts' financial positions as at 31 December 2011 and of their performance for the half year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

A stylized, handwritten signature of the Ernst & Young firm, written in black ink.

Ernst & Young

A handwritten signature of Kester C Brown, written in black ink.

Kester C Brown  
Partner

Melbourne  
16 February 2012