DUET GROUP
FINANCIAL REPORT FOR YEAR ENDED 30 JUNE 2014

At 30 June 2014 the DUET Group comprised DUET Finance Limited (DFL) (previously DUET Management Company 2 Limited (DMC2)) (ABN 15 108 014 062) (AFSL 269287) in its personal capacity and as Responsible Entity for DUET Finance Trust (DFT) (previously Diversified Utility and Energy Trust No.2 (DUET2)) (ARSN 109 363 135) (ABN 85 482 841 876), DUET Company Limited (DUECo) (ABN 93 163 100 061) and DUET Investment Holdings Limited (DIHL) (ABN 22 120 456 573) and their controlled entities. In combination DFT, DFL, DUECo and DIHL referred to as "DUET" or "DUET Group". DUET may refer to any entity of the DUET Group or all of them or any combination thereof.

At 30 June 2014 the DUET Group comprised DUET Company Limited (DUECo) (ABN 93 163 100 061), DUET Investment Holdings Limited (DIHL) (ABN 22 120 456 573), DUET Finance Limited (DFL) (ABN 15 108 014 062) (AFSL 269287) in its personal capacity and as Responsible Entity for DUET Finance Trust (DFT) (ARSN 109 363 135) (ABN 85 482 841 876) and the entities they controlled.

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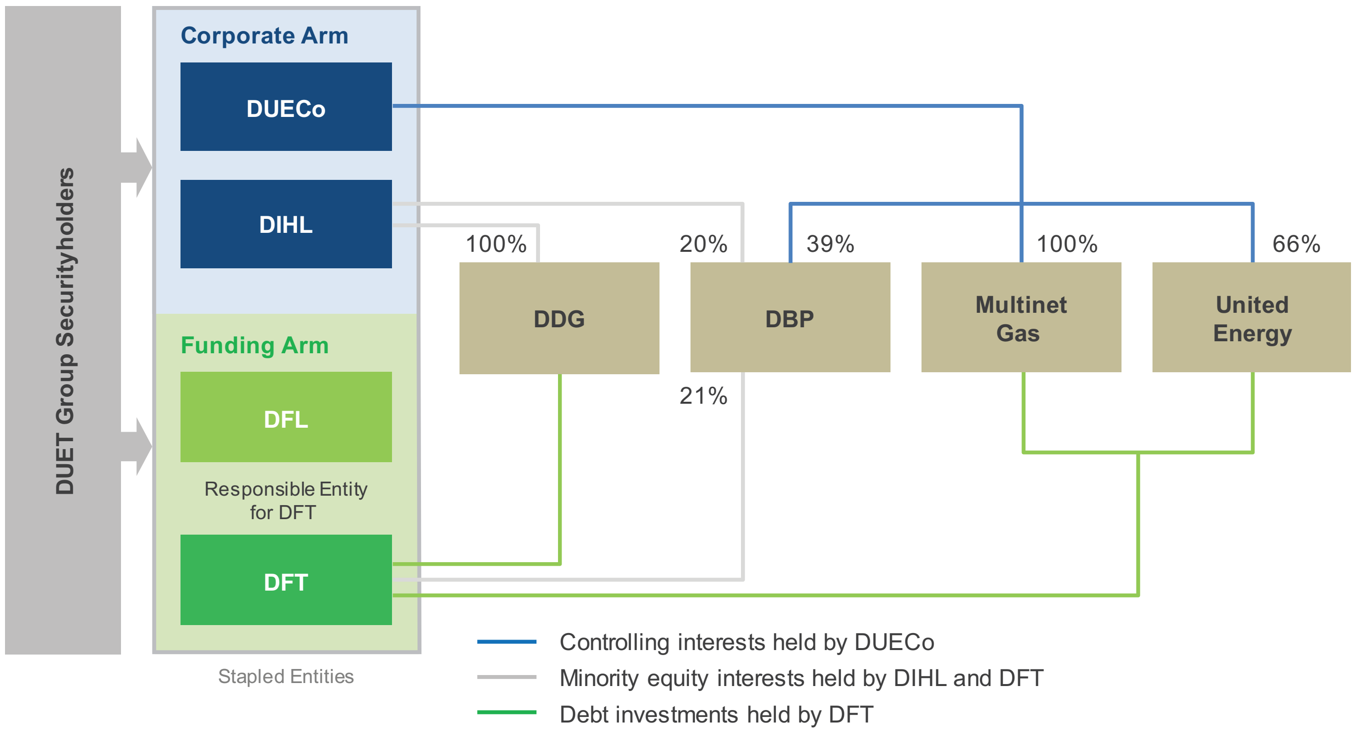
Explanation of the Financial Report

As at 30 June 2014, the DUET Group comprises DUET Company Limited (DUECo), DUET Investment Holdings Limited (DIHL), DUET Finance Limited (DFL) in its personal capacity and as responsible entity of DUET Finance Trust (DFT) and their subsidiaries (together DUET). These four stapled entities, DUECo, DIHL, DFL and DFT trade as one listed security, DUET Group, on the Australian Securities Exchange (ASX Code: DUE).

The four stapled entities are grouped into a corporate arm (comprising DUECo and DIHL) and a funding arm (comprising DFL and DFT). The corporate arm controls the Group's equity interests in its operating businesses, while the funding arm primarily holds debt investments in those businesses. Each arm has a separate and independent board, with one common director.

A summarised structure of DUET and its investments at 30 June 2014 is illustrated below.



Note: Structure is in summary form with interposed entities not shown

Explanation of the Financial Report

FOR YEAR ENDED 30 JUNE 2014

DUET consolidates its interest in United Energy Distribution Holdings Limited and its controlled entities (UEDH or United Energy), Multinet Group Holdings Limited and its controlled entities (MGH or Multinet Gas), the Dampier Bunbury Natural Gas Pipeline Trust and its controlled entities (DBP or Dampier Bunbury Pipeline) and DBP Development Group Nominees Pty Limited and its controlled entities (DDG). Accordingly the results, assets and liabilities of these entities are consolidated into the DUET Group Financial Report.

In accordance with AASB10 *Consolidated Financial Statements*, DUECo has been identified as the parent of the consolidated Group consisting of DUECo, DIHL, DFL and DFT and their subsidiaries.

Financial Statements for DFT, DIHL and its subsidiaries (DIHL Group), and DFL for the year ended 30 June 2014 have also been presented in this report jointly, as permitted by ASIC class order 05/642 and 06/441.

In the Financial Report for DUET Group, the column presented first serves as a summary of the financial performance and financial position of DUET Group as a whole, while the other columns of the Financial Report provide the individual entity Financial Reports of DFT, DIHL Group, and DFL.

Directors' Reports

FOR YEAR ENDED 30 JUNE 2014

Directors' Reports – DUECo, DFT, DIHL and DFL

DUET Finance Limited (DFL) acts as responsible entity for DUET Finance Trust (DFT).

The directors of DUET Company Limited (DUECo) submit the following report for DUECo for the year ended 30 June 2014.

The directors of DIHL submit the following report for DIHL for the year ended 30 June 2014.

The directors of DFL submit the following report for DFL and DFT for the year ended 30 June 2014.

Corporate Information

DUET consists of a registered managed investment scheme; DUET Finance Trust (DFT or the Trust) and three Australian public companies; DUET Finance Limited (DFL) which is the responsible entity of the Trust, DUET Company Limited and DUET Investment Holdings Limited (DIHL). These four entities are stapled together and trade on the Australian Securities Exchange (ASX) as one DUET Group security. The entities are domiciled and incorporated in Australia.

Principal Activities

DUET Group owns controlling interests in energy utility assets in Australia with strong competitive positions and predictable cash flows.

Directors Names (and period of service)

The following persons held office as directors of DFL until 1 August 2013:

- Douglas Halley (appointed Chairman 4 December 2012)
- Ron Finlay
- Eric Goodwin
- Duncan Sutherland

The following persons held office as directors of DIHL until 1 August 2013:

- Douglas Halley (appointed Chairman 4 December 2012)
- Ron Finlay
- Emma Stein
- John Roberts
- Shemara Wikramanayake (alternate for John Roberts) (resigned 20 September 2013)

Prior to the DUET Group simplification on 1 August 2013, DUET Management Company 1 Limited (now known as DMC1 Limited) was part of the DUET Stapled group.

The following persons held office as directors of DMC1 Limited until 1 August 2013:

- Douglas Halley (appointed Chairman 4 December 2012)
- The Hon. Michael Lee
- Emma Stein
- John Roberts
- Shemara Wikramanayake (alternate for John Roberts) (resigned 20 September 2013)

Following the DUET Group structure simplification, DUECo became part of the DUET stapled group. Refer to 'Significant Changes in State of Affairs" on page 10.

From 2 August 2013, the following persons held office as directors of DUECo and DIHL to the date of this report:

- Douglas Halley (Chairman)
- Ron Finlay
- Emma Stein
- Duncan Sutherland
- Shirley In't Veld
- John Roberts
- Jack Hamilton (appointed 23 May 2014)
- Shemara Wikramanayake (alternate for John Roberts) (resigned 20 September 2013)

From 2 August 2013, the following persons held office as directors of DFL to the date of this report:

- Eric Goodwin (Chairman)
- Ron Finlay
- The Hon. Michael Lee
- Jane Harvey
- Terri Benson (appointed 23 May 2014)

Operating and Financial Review

About DUET

DUET is an owner and operator of energy utility businesses and related developments in Australia which generate regulated and long-term contracted cash flows. The combined aggregated ownership interest of DUET's stapled entities in the Dampier Bunbury Natural Gas Pipeline (DBP or DBNGP), DBP Development Group (DDG), United Energy and Multinet Gas is treated as a controlling interest for accounting purposes and consolidated in the DUET Group full year financial report.

There were no significant changes to DUET Group's ownership interest in its energy utility businesses. However, during the year DUET undertook a simplification of its corporate structure in August 2013. Refer to Significant Changes in State of Affairs on page 10.

Review of Operations

The DUET Group net profit after tax for the year of $193.1 million (2013: net profit after tax of $19.6 million) includes significant items such as a tax benefit resulting from the resetting of Multinet Gas' asset cost base on implementation of the group simplification project on 1 August 2013. The exclusion of these significant items resulted in a net profit after tax of $81.2 million for the year to 30 June 2014 (2013: net profit after tax of $81.7 million) as follows:

Full year to 30 June	2014 $'000	2013 $'000
Revenues from ordinary activities	**1,251,416**	1,313,386
*Less: items not included in Consolidated EBITDA**		
Unrealised mark to market gains on derivatives	**(10,130)**	(48,091)
Foreign exchange gains	**(66)**	(1,034)
Interest revenue	**(10,259)**	(6,343)
Revenues from ordinary activities, adjusted	**1,230,961**	1,257,918
Operating expenses	**(439,200)**	(569,689)
*Add: items not included in Consolidated EBITDA**		
Foreign exchange losses	**1,416**	21
Unrealised mark to market losses on derivatives	**2,829**	–
Operating expenses, adjusted	**(434,955)**	(569,668)
Consolidated EBITDA	**796,006**	688,250
Foreign exchange (losses)/gains	**(1,350)**	1,013
Net unrealised mark to market gains on derivatives	**7,301**	48,091
Depreciation and amortisation	**(265,546)**	(253,940)
Consolidated EBIT	**536,411**	483,414
Net interest expense	**(434,758)**	(433,560)
Net profit before income tax	**101,653**	49,854
Tax benefit/(expense)	**91,408**	(30,261)
Net profit after income tax	**193,061**	19,593
Add/(subtract): significant items		
Tax benefit arising on implementation of group simplification	**(107,496)**	–
Internalisation and group simplification expenses	**1,622**	111,243
Foreign exchange losses/(gains)	**1,350**	(1,013)
Unrealised mark to market gains on derivatives	**(7,301)**	(48,091)
Net profit after income tax excluding significant items	**81,236**	81,732

Directors' Reports

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Full year to 30 June (continued)	2014	2013
Proforma Cash available for distribution** ($'000)	**217,006**	198,114
Weighted average DUET Group stapled securities on issue ('000's)	**1,256,610**	1,143,852
Cash available for distribution** per stapled security - cents	**17.3**	17.3
Full year distribution declared and payable per stapled security - cents	**17.0**	16.5
Proforma Distribution coverage (%)	**102%**	105%

* Non cash items adjusted. Unaudited non-IFRS measure.

** Proforma Cash available for distribution represents the aggregate of net cash inflows from energy utilities and operations, head office net interest income, less head office operating expenses paid. $18.75 million dividend paid by Multinet Gas on 6 August 2013 has been excluded from proforma cash available for distribution and coverage as this was included in the prior year cash available for distribution.

The proportionate revenue, expenses and EBITDA figures of each energy utility is as follows. Refer to Note 31 Segment Information for further information.

Financial Year Ended	DBP		DDG		United Energy		Multinet Gas	
$'000	2014	Pro-forma 2013	2014	Pro-forma 2013	2014	Pro-forma 2013	2014	Pro-forma 2013
Revenue	**346,260**	362,649	**4,450**	3,176	**316,736**	307,951	**182,049**	197,820
Expense	**(64,863)**	(64,756)	**(2,714)**	(2,737)	**(96,417)**	(98,236)	**(58,791)**	(68,736)
EBITDA	**281,397**	297,893	**1,736**	439	**220,319**	209,715	**123,258**	129,084

DBP

DBP owns Western Australia's principal gas transmission pipeline (the "Dampier to Bunbury Natural Gas Pipeline"), which is the only pipeline connecting the natural gas reserves of the Carnarvon and Browse basins on Western Australia's North West Shelf with industrial, commercial and residential customers in Perth and the surrounding regions. DBP delivers about 50% of total primary energy consumption in Western Australia.

DBP delivered 334,776 TJ of gas during the year (2013: 309,054 TJ).

Total revenue at DBP was mostly affected by lower customer contributions from shipper-funded projects during the period. As revenue recognised from such projects is mostly a 'pass-through', it did not materially impact DBP's operating cashflow in the period.

DBP Development Group

DDG will be the owner and operator of the Wheatstone Ashburton West Pipeline which, when construction is complete, will connect the onshore Wheatstone LNG complex to the DBNGP along with the construction of a new looped (ie. interconnected) pipeline.

During the year, a sister company of DDG formed an unincorporated joint venture with TransAlta Corporation of Canada to build, own and operate a natural gas pipeline from the DBNGP to Fortescue's Solomon Hub operations in Western Australia's Pilbara region (the "Fortescue River Gas Pipeline").

The Wheatstone Ashburton West Pipeline and the Fortescue River Gas Pipeline are each expeced to be built by the end of the 2014 calendar year.

United Energy

United Energy's distribution network covers 1,472 km2 of south-east Melbourne and Mornington Peninsula. The distribution network transports electricity from the high voltage transmission network to residential, commercial and industrial electricity users. United Energy's distribution area is largely urban and although geographically small (about 1% of Victoria's land mass), serves around 25% of Victoria's population.

United Energy distributed 7,752 Gwh of electricity (2013: 7,961 Gwh).

During the year, distribution revenue at United Energy was up on the prior period reflecting higher regulated tariffs. Improved operating expenses are attributable to transition costs no longer being incurred.

Multinet Gas

Multinet Gas is a Victorian gas distribution company with a network covering 1,860 km2 of the eastern and south-eastern suburbs of Melbourne. Multinet Gas has expanded its geographic base through participation in the state government's natural gas extension program. Its network transports gas from the high pressure transmission network to residential, commercial and industrial gas users.

During the year, Multinet Gas delivered 51,855 TJ (2013: 56,389 TJ).

Distribution revenue at Multinet Gas was down on the prior period reflecting an initial 11.1% reduction in tariffs from the AER final 2013-2017 regulatory tariff decision. This was partially offset by an improvement in operating expenses as transition costs are no longer being incurred.

Other DUET Stapled Entities

The financial performance of the other stapled entities (excluding the parent, DUECo) comprising the DUET Group for the year ended 30 June 2014 was as follows:

	DFT 1 Jul 13 – 30 Jun 14 $'000	DIHL Group 1 Jul 13 – 30 Jun 14 $'000	DFL 1 Jul 13 – 30 Jun 14 $'000
Revenue and other income	**132,633**	**19,698**	**101**
Profit/(loss) after tax for the year	**127,374**	**2,395**	**(323)**
Profit/(loss) after tax attributable to securityholders	**127,374**	**2,395**	**(323)**
Earnings used in calculation of basic and diluted earnings per unit/share	**127,374**	**2,395**	**(323)**
Basic earnings/(loss) per stapled unit/share	**10.14c**	**0.19c**	**(0.03)c**

	DFT 1 Jul 12 – 30 Jun 13 $'000	DIHL Group 1 Jul 12 – 30 Jun 13 $'000	DFL 1 Jul 12 – 30 Jun 13 $'000
Revenue and other income	77,416	7,320	3,611
Profit/(loss) after tax for the year	39,708	(29,977)	674
Profit/(loss) after tax attributable to securityholders	39,708	(29,977)	674
Earnings used in calculation of basic and diluted earnings per unit/share	39,708	(29,977)	674
Basic earnings/(loss) per stapled unit/share	3.47c	(2.62)c	–

Financial Position

The net assets of the Group increased by $283.0 million to $1,805.0 million. The increase in net assets was mainly due to proceeds from issues of stapled securities of $300.6 million net of costs. As at 30 June 2014, the net asset backing of the Group was $1.37 (2013: $1.30).

The total interest bearing liabilities of the Group as at 30 June 2014 of $5,667.7 million, was largely similar to the previous year. The proportionate gearing of the Group (Proportionate Net External Debt divided by Proportionate RAB) as at 30 June 2014 was 73.2% (2013: 78.7%).

Net assets of DFT increased by $481.2 million to $1,234.0 million. Net assets increased mainly as a result of a number of new intra-group debt investments held by DFT (DFT being the DUET Group's funding arm) and partly from issues of stapled securities during the year. Net assets of DIHL Group increased by $79.4 million to $149.4 million and DFL by $0.3 million to $5.9 million respectively.

Business Strategies and Prospects

DUET Group's objective is to maximise shareholder value by owning and operating energy utility businesses that provide stable and predictable cashflows.

DUET Group's strategy is to grow both organically and through accretive acquisitions of energy utility businesses, with long-term contracted or regulated cashflows.

Distribution guidance for FY15 is 17.5 cents cash per stapled security and is expected to include a franked component. This guidance is subject to change if DUET's forecast assumptions are not met.

DUET has met its medium term distribution growth target of 3% per annum set in August 2011 for the FY12-14 period. Based on DUET's guidance, distributions will grow by a further 2.9% in FY15. Growth in distributions beyond FY15 will be subject to a number of outcomes, including the regulatory tariff reset effective from January 2016 for each of DBP and United Energy. Accordingly, DUET expects to be in a position to provide a new medium term distribution target once these outcomes are known.

Material Business Risks

The DUET Group has a structured and pro-active approach to identifying, understanding and managing risk.

The key focus of the risk management approach is to ensure alignment of strategy, processes, people, technology and knowledge, and evaluate and manage the uncertainties and opportunities faced by the DUET Group.

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Set out below are summaries of the key risks of which we are aware which may materially impact the execution and achievement of the business strategies and prospects for the DUET Group in future financial years. These key risks should not be taken to be a complete or exhaustive list of the risks and uncertainties associated with the DUET Group. Many of the risks are outside the control of the Directors. There can be no guarantee that DUET Group will achieve its stated objectives, that it will meet trading performance or financial results guidance that it may provide to the market, or that any forward looking statements contained in this report will be realised or otherwise eventuate.

Regulatory risk

The DUET Group operates in regulated industries and carries out its business activities under various permits, licences, approvals and authorities from regulatory bodies. Regulatory bodies are responsible for setting tariffs, which directly impact a significant proportion of the DUET Group's revenue and therefore any adverse change to regulatory tariffs would impact the Group's profitability. In addition, if any permits, licences, approvals or authorities are revoked, or if the DUET Group breaches its permitted operating conditions, this would adversely impact the DUET Group's operations and profitability.

DUET Group's operating businesses must satisfy a prudency test for certain expenditure to be recovered through the regulatory revenue mechanism. There is a risk that despite expenditure being incurred, the recovery of this expenditure is disallowed by the relevant regulatory body.

The regulatory compliance and network performance risks of DUET Group are actively managed by drawing on DUET's highly experienced in-house regulatory staff and engineers. Regulatory risk is also mitigated by the use of industry experts when the Group prepares for regulatory price reviews. Other measures employed include the use of KPI monitoring of network performance, equipment condition monitoring and the implementation of annual asset management plans.

Interest rate risk

There is a risk that changes in DUET Group's credit ratings, prevailing market interest rates and the strength of capital markets will influence the DUET Group's interest costs and its ability to refinance debt respectively.

The DUET Group has a structured and proactive approach to understanding and managing interest rate risk. DUET focuses on maintaining and monitoring base interest rate hedging commitments and diversified funding sources with reputable finance institutions both locally and globally.

Tax

The risk that changes in tax law (including goods and services taxes and stamp duties), or changes in the way tax laws are interpreted in the various jurisdictions in which the DUET Group operates, may impact the tax liabilities of the DUET Group and its operating businesses.

DUET Group seeks to manage this risk by monitoring changes in legislation, utilising external tax and legal advisors and employing highly experienced qualified accounting and tax experts within each operating business which regularly monitors the taxation relevant to the company's operations.

Workplace Health and Safety Risk

Failure to implement effective workplace health and safety (WHS) and public safety procedures at DUET Group's operating businesses give rise to WHS and/or public safety which in turn may create reputational or regulatory risk.

DUET Group manages these risks by developing appropriate WHS policies, training and reporting in accordance with the required legislation. Furthermore, the operating businesses employ WHS expertise to ensure dedicated resources are available to manage these risks. Senior management and internal audit regularly visit the operating businesses to further monitor WHS and public safety initiatives.

Climate

Changes in weather patterns as a result of climate change could have an adverse effect on the DUET Group's operating businesses by increasing both capital and operating costs. Volumes carried on the networks may vary due to weather conditions (as well as due to other factors such as changes in industrial use, seasonality, general economic conditions, use of competing sources of energy).

DUET Group undertakes significant capital expenditure on its assets to minimise the impact of climate-related factors.

General economic conditions

The DUET Group's operating and financial performance is also influenced by a variety of other general economic and business conditions, including exchange rates, commodity prices, the ability to access funding, oversupply and demand conditions, government fiscal and monetary policies, changes in gross domestic product and economic growth, and consumer and investment sentiment.

Prolonged deterioration in these conditions could have a materially adverse impact on the Group's operating and financial performance.

To the extent possible, the Group manages these risks by incorporating a consideration of general economic conditions and future expectations into its regulatory submissions and financial plans and forecasts.

Distributions and Dividends

The distribution for the year ended 30 June 2014 was 17.000 cents per stapled security (2013: 16.500 cents per stapled security).

An interim distribution for the year ended 30 June 2014 of 8.500 cents per stapled security was paid on 20 February 2014 (2013: 8.250 cents per stapled security). This consisted of 7.673 cents per unit from DFT, 0.534 cents per share from DUECo and 0.293 cents per share from DIHL (2013: 3.388 cents per unit from DUET1, 3.481 cents per unit from DFT and 1.381 cents per unit from DUET3). Both the DUEco and DIHL dividends were unfranked.

A final distribution of 8.500 cents per stapled security was announced on 16 June 2014 (2013: 8.250 cents per stapled security). This consists of 7.529 cents per unit from DFT, 0.713 cents per share from DUECo and 0.258 cents per share from DIHL (2013: 3.487 cents per unit from DUET1, 4.176 cents per unit from DFT and 0.587 cents per unit from DUET3). Both the DUEco and DIHL dividends will be unfranked.

Significant Changes in State of Affairs

DUET Group Simplification Proposal

On 31 May 2013, DUET announced the conclusion of the review announced on 31 July 2012 with a proposed simplification of the Group's structure (the Simplification Proposal).

Securityholders voted in favour of the Simplification Proposal at the securityholder meeting held on 18 July 2013. The Simplification Proposal was implemented on 1 August 2013.

The Proposal reduced the number of stapled entities from six to four and created a corporate arm (DIHL and DUECo) controlling the Group's equity interests in its operating businesses and a funding arm (DFT and DFL) holding intra-group debt investments.

On 1 August 2013, securityholders exchanged all of their units in DUET3 for additional units in DFT, and all of their units in DUET1 and shares in DMC1 for shares in DUECo.

Refer to the DUET Group Notices of Meeting and Meeting Booklet dated 31 May 2013 for further information which is available on the DUET Group website.

Wheatstone Ashburton West Pipeline Project and $100 million Placement

On 2 September 2013, DUET Group announced that DDG had reached agreement with Chevron Australia to build, own and operate the domestic gas pipeline for the Chevron-operated Wheatstone Project. The Wheatstone Ashburton West Pipeline will link the Wheatstone Project's domestic gas plant to the Dampier to Bunbury Natural Gas Pipeline. The project is expected to be completed by the end of December 2014 at an estimated total cost of $94.9 million.

To fund the project DUET Group completed a fully underwritten $100 million placement. A total of 48,543,690 new stapled securities were issued at a price of $2.06.

Fortescue River Gas Pipeline and $100 million Placement

On 16 January 2014, DUET Group announced that a sister company of DDG had formed a joint venture with TransAlta's 100%-owned subsidiary TEC Pilbara Pty Ltd to build, own and operate the Fortescue River Gas Pipeline (or the FRGP). The FRGP involves the construction of a pipeline connecting the DBNGP to TransAlta's power station situated at Fortescue Metals Group Limited's Solomon Hub iron ore operations in Western Australia's Pilbara region.

The FRGP is expected to be completed by the end of December 2014 at an estimated total cost of $178 million (DUET Group's share: $101.4 million).

To fund the project DUET Group completed a fully underwritten $100 million placement. A total of 49,019,608 new stapled securities were issued at a price of $2.04.

Security Purchase Plan

On 19 March 2014, DUET Group announced the completion of its Security Purchase Plan (SPP) after accepting all valid applications from eligible securityholders for approximately $43.0 million of stapled securities. A total of 21,280,939 new stapled securities were issued at a price of $2.02.

The funds raised from the SPP are expected to be mostly applied to fund capital expenditure at each of United Energy and Multinet Gas.

Multinet Gas $375 million Bank Debt Facility

On 16 December 2013, Multinet Gas reached contract close on a $375 million bank debt facility. The facility is to be applied to refinance all of their 2014 term debt and other facilities.

DBP $745 million Bank Debt Facility

On 23 December 2013, DBP reached contract close on a $745 million bank debt facility. The facility is to be applied to repay most of DBP's term debt maturing in October 2014 and other bank debt facilities.

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United Energy $455 million Bank Debt Refinancing

On 7 May 2014, United Energy reached contract close on a $455 million bank debt transaction. This will be used to refinance $305 million of existing term debt maturing in October 2014 as well as providing $150 million of new capex funding.

Events Occurring After Balance Sheet Date

Final distribution

A final distribution of 8.500 cents per stapled security was announced on 16 June 2014 (2013: 8.250 cents per stapled security) to be paid on 22 August 2014. This consists of 7.529 cents per unit from DFT, 0.713 cents per share from DUECo and 0.258 cents per share from DIHL (2013: 3.487 cents per unit from DUET1, 4.176 cents per unit from DFT and 0.587 cents per unit from DUET3). Both the DUEco and DIHL dividends will be unfranked.

DUET Group securities issued under DRP

Security holders participating in DUET's Distribution and Dividend Reinvestment Plan (DRP) will reinvest $23,311,976 of the distribution to be paid on 22 August 2014 in 9,910,121 DUET Group securities at a price of $2.352291.

Carbon tax repeal

The Australian government has repealed the carbon tax effective from 1 July 2014. This may result in an adjustment to the Group's final carbon tax costs with a retrospective adjustment in carbon tax recovery.

DBP Shipper recontracting

On 6 August 2014, DBP reached agreement to recontract with shippers representing most of its firm full haul capacity under its Standard Shipper Contracts. DBP will now have tariff certainty for more than 85% of DBP's aggregate firm full haul contracted capacity (including Alcoa's exempt contract). This means that less than 15% of DBP's firm full haul contracted capacity will now be subject to the 2016 regulatory tariff determination.

Indemnification and Insurance of Officers and Auditors

During the year, DUECo, DFL and DIHL 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 DUECo, DFT, DFL and DIHL against any losses incurred while acting on behalf of the DUECo, DFT, DFL, DIHL and DUET Group. The auditors of DUET Group are in no way indemnified out of the assets of DUECo, DFT, DFL DIHL or DUET Group. Disclosure of further details is prohibited by a confidentiality clause in the policy.

Interests in DUET Group Securities Issued During the Financial Year

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

	DUET Group 1 Jul 13 – 30 Jun 14 '000	DFT 1 Jul 13 – 30 Jun 14 '000	DIHL Group 1 Jul 13 – 30 Jun 14 '000	DFL 1 Jul 13 – 30 Jun 14 '000
Securities on issue at the beginning of the year	**1,169,314**	**1,169,314**	**1,169,314**	**1,169,314**
Securities issued during the year	**148,495**	**148,495**	**148,495**	**148,495**
Securities on issue at the end of the year	**1,317,809**	**1,317,809**	**1,317,809**	**1,317,809**

	DUET Group 1 Jul 12 – 30 Jun 13 '000	DFT 1 Jul 12 – 30 Jun 13 '000	DIHL Group 1 Jul 12 – 30 Jun 13 '000	DFL 1 Jul 12 – 30 Jun 13 '000
Securities on issue at the beginning of the year	1,109,831	1,109,831	1,109,831	–
Securities issued during the year	59,483	59,483	59,483	1,169,314
Securities on issue at the end of the year	1,169,314	1,169,314	1,169,314	1,169,314

Carrying Value of Assets

	DUET Group $'000	DFT $'000	DIHL Group $'000	DFL $'000
Carrying Value of assets at 30 June 14	**8,846,247**	**1,335,541**	**394,681**	**5,953**
Carrying Value of assets at 30 June 13	8,505,444	1,019,135	197,036	6,122

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

Directors' Holdings of Stapled Securities

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

	DUET Group stapled securities 2014	DUET Group stapled securities 2013
Director		
John Roberts	**5,422,901**	5,422,901
The Hon Michael Lee	**19,694**	19,178
Emma Stein	**36,130**	50,506
Douglas Halley	**143,900**	134,000
Ron Finlay	**37,208**	20,237
Eric Goodwin	**66,583**	57,607
Duncan Sutherland	**157,425**	150,000

Directors' Reports

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Additional Specific Disclosures

Information on Directors at 30 June 2014

Experience and Directorships	
Douglas Halley	BCom (UNSW), MBA (UNSW), FAICD *Independent Chairman and Non Executive Director (DUECo and DIHL)* Doug joined the DUET stapled group entity boards in February 2006 as an independent director and became the independent chairman of the DUET Group following the internalisation of DUET's management arrangements in December 2012. Since 2 August 2013, Doug serves as the chairman of the DUET Corporate Arm entities. Doug has held senior financial and general management positions for over 30 years in Australia, UK and the Netherlands. He has strong skills in banking and commercial sectors in treasury, finance, business development, investor relations, restructuring, corporate strategy and large scale acquisitions and divestments. His experience has been gained in executive positions at national or Asia Pacific level with Philips Electrical, Hill Samuel Australia (now Macquarie Bank), Rothschild Australia, Goodman Fielder, John Fairfax Holdings (now Fairfax Media), IBM Global Services and Thomson Corporation (now Thomson Reuters). Since 2007 Doug has been focusing on advisory and non-executive board activities. He has prior listed company board experience with John Fairfax Holdings (now Fairfax Media), Television and Media Services and Mikoh Corporation Ltd (now Kollakorn Corporation Limited). Other current directorships are: chairman, Foyson Resources Limited; director of Vocation Limited and Print & Digital Publishing Pty Limited ("Time Out Sydney").
Ron Finlay	LLB (Sydney) *Independent and Non Executive Director (DUECo, DIHL and DFL)* Ron is a lawyer and chief executive of Finlay Consulting, with over 37 years experience in property, construction development and infrastructure projects, including as project manager or facilitator of major infrastructure projects in Australia and overseas for both public and private sector organisations (such as the Commonwealth Government Solar Flagships Program). Other current directorships are: Macquarie Generation, NSW's largest generator, independent chairman on a number of government and private sector Project Control Groups and Dispute Avoidance Boards for major projects, including independent chair of the Aqua Sure Group (the SPV responsible for the development and commissioning of the Victorian Desalination Plant), Brisbane Airport's New Parallel Runway Project and the Brisbane Legacy Way Project. Formerly, Ron was for six years chair of the New South Wales Transport Infrastructure Development Corporation.

Directors' Reports

FOR YEAR ENDED 30 JUNE 2014

Experience and Directorships

Shirley In't Veld	BComm LLB (Hons) (Melb), FAICD *Independent and Non Executive Director (DUECo and DIHL)* Shirley joined the DUET Group as an independent director as part of the DUET restructure in August 2013. Shirley In't Veld was the Managing Director of Verve Energy for five years, relinquishing her position in April 2012. Prior to her position at Verve Energy, Shirley was Vice President Primary Business Development with Alcoa, and from 2001–2004 she was the Managing Director of Alcoa Australia Rolled Products. Shirley commenced her career as a commercial lawyer with Mallesons and has also held senior legal, commercial and marketing positions with WMC Resources Ltd, Bond Corporation and BankWest. Shirley has held industry group representation positions with the Energy Supply Association of Australia, the Packaging Council of Australia and the Aluminium Council of Australia, and has been a board member with the Co-operative Research Centre for Landscape Evolution in Mineral Exploration (CSIRO) and the Association of Mining and Exploration Companies in WA (AMEC). Other current directorships are: Independent Non-Executive Director of Asciano Ltd, CSIRO, Chairperson of the Sustainability Committee of Asciano, Council member of the SMART Infrastructure Facility (University of Wollongong) and the Australian Institute of Company Directors (WA) and director of Perth Airport, WA Chamber of Commerce and Industry (Board and Council) and Juniper (a WA based Uniting Church Aged Care Provider).
John Roberts	LLB (Canterbury) *Non-Executive Director (DUECo and DIHL)* John was the former DUET Group Chairman having been a director of the DUET Group entities since 14 May 2004. John joined Macquarie Group Limited in 1991 and was, until June 2013, the executive chairman of the Macquarie Funds Group, which has over US$400 billion of capital under management and includes the activity of the Macquarie Infrastructure and Real Assets division (MIRA). John now consults to Macquarie and continues to serve on the Boards and/or Investment Committees of a number of MIRA-managed funds to provide oversight and strategic direction to individual fund management executive teams. Previous roles within Macquarie include Head of Europe; Joint Head of Macquarie Capital Advisors; and Global Head of Macquarie Capital Funds. Other directorships are: Sydney Airport Limited and Macquarie Atlas Roads Limited. His former directorships include Macquarie International Infrastructure Fund Limited and Macquarie Infrastructure Company Inc.
Emma Stein	BSc (Hons) Physics (Manch), MBA (Manch), FAICD *Independent and Non Executive Director (DUECo and DIHL)* Emma joined the DUET entity boards as part of DUET's initial public offering in June 2004. Emma has extensive experience in operational utilities which includes energy retailing and asset management, international business operations, strategy development and implementation, acquisition integration and divestment. Before leaving the UK in 2003, Emma was the UK managing director for French utility Gaz de France's energy retailing operations. She was also a non-executive director for Cofathec Heatsave Limited and an executive UK board director for Gaz de France Energy. Other current directorships are: Programmed Maintenance Group; Alumina Limited; and Transpacific Industries Limited. Emma is also a NSW Ambassador for the Guides. Formerly, Emma was a non-executive director of ARC Energy, Merlin Petroleum Limited (Australian oil and gas exploration and production companies), Transfield Services Infrastructure Fund and Clough Limited.

Directors' Reports

FOR YEAR ENDED 30 JUNE 2014

Experience and Directorships

Duncan Sutherland	BA (Yale), MBA (Wayne State) *Independent and Non Executive Director (DUECo and DIHL)* Duncan joined one of the DUET entity boards as part of DUET's initial public offering in June 2004. Duncan has broad experience in the mining, metals and auto industries, where his focus areas included acquisitions and divestment, business analysis and corporate planning. Duncan joined CRA Limited in 1980, and was most recently responsible for acquisitions and divestments and corporate strategy. After CRA merged with RTZ in 1995 to form Rio Tinto, Duncan was appointed managing director, Energy Developments, responsible for business development and the management of acquisitions and divestments in the energy sector. During his career, Duncan has also worked overseas in the USA, Europe, Brazil and Argentina. Other current directorships are: independent director of a Macquarie-owned manager of a number of unlisted managed vehicles and a director of Haileybury College Foundation.
Jack Hamilton	B. Chem, PhD *Independent and Non Executive Director (DUECo and DIHL)* Jack joined the boards in May 2014. He has extensive technical and operational experience in the midstream/downstream gas sectors and has led large scale LNG project developments in both Australia (particularly Western Australia) and Papua New Guinea. Jack has more than 20 years of CEO and senior executive experience working in top tier multinational organisations including Shell and Woodside Petroleum, where he developed strong capabilities in strategic development, commercial and M&A negotiations and project management. He has also led organisations in the renewable and clean energy sectors. Jack holds a PhD in Engineering from the University of Melbourne and is a Fellow of the Australian Institute of Company Directors. Other current directorships are: director of the boards of Calix Ltd, Geodynamics Ltd and Southern Cross Electrical Engineering Ltd, and non-executive director of the boards of Antilles Oil and Gas NL and Federation Training.
Eric Goodwin	BEng (UNSW), MIE (Aust) *Independent Chairman and Non Executive Director (DFL)* Eric joined the DFL board as part of DUET's initial public offering in June 2004. Eric joined the Lend Lease Group in 1963 as a cadet engineer. During his 43 year career with Lend Lease he held a number of senior executive and subsidiary board positions in their Australian operations. Eric has extensive experience in design, construction and project management, general management and investment and funds management. Eric managed the MLC property portfolio during the 1980s and was the founding fund manager of Australian Prime Property Fund. Other current directorships are: Macquarie Global Property Fund Advisors; the GPT Group; and Eureka Funds Management Limited. Eric is also the chair of Jarjum College Council.
Jane Harvey	B Com (Melb), MBA (Melb), FCA, FAICD *Independent and Non Executive Director (DFL)* Jane joined the DUET Group as an independent director as part of the DUET restructure in August 2013. As a Partner at PricewaterhouseCoopers, Jane provided many years of consulting advice to the utilities sector including commercialisation and privatisation of both gas and electricity entities across Australia. Jane retired from PricewaterhouseCoopers in 2002, and since then has developed a portfolio of board positions. Jane was formerly a director of David Jones Limited. Other current directorships are: Non executive director of IOOF Holdings Limited, the Telecommunications Industry Ombudsman, Colonial Foundation Trust and Orygen Youth Health Research Centre. Jane chairs a number of Audit and Risk Committees on these Boards and is also a Council member of the Australian Institute of Company Directors (Vic).

Experience and Directorships	
The Hon. Michael Lee	BSc (UNSW), BEng (Hons) (UNSW), FIE (Aust) *Independent and Non Executive Director (DFL)* Michael joined one of the DUET entity boards as part of DUET's initial public offering in June 2004. Michael is an electrical engineer. He served in the Australian Parliament for 17 years, and was Minister for Resources, Tourism, Communications and The Arts in the Keating Government. He is currently president of the NSW Branch of the Australian Labor Party. Other current directorships are: Sydney Airport Limited; Chairman, Communications Alliance Limited, the peak communications industry body, and Superpartners Limited. Former roles include chairman of NSW TAFE Commission Board and the Central Coast Campuses Board; a director of Essential Energy (formerly Country Energy); a councillor of the City of Sydney; and a member of the NSW Architects Registration Board.
Terri Benson	B. Bus., CPA *Independent and Non Executive Director (DFL)* Terri joined the board in May 2014. She has held a number of senior executive positions in the energy and water utility sector, including as Managing Director of Essential Energy in NSW and most recently as Chief Executive Officer of Seqwater in Queensland. She has extensive experience in Australian energy regulation, a track record in merging and restructuring energy utility businesses and a deep understanding of energy customer expectations. Terri holds a Bachelor of Business (Accounting) from the University of Western Sydney and has completed the Harvard Business School Advanced Management Program. She is a member of the Australian Society of Certified Practicing Accountants and a member of the Australian Institute of Company Directors. Other current directorships are: Managing Director of Birdon Holdings Pty Ltd (marine engineering company based in Port Macquarie). Former roles include director of the Energy Networks Association, the Energy and Water Ombudsman of NSW and Gas Market Company Pty Ltd.

Company Secretary

Until 1 August 2013, the Company Secretary of DIHL, DMC1 and DFL was Ms Leanne Pickering. From 2 August 2013, she is the Company Secretary of DUECo, DFL and DIHL. Ms Pickering was appointed Company Secretary in 2006. She has been the legal manager of DUET since 2006 and is a practising solicitor.

Meetings of DUECo, DIHL and DFL's Directors

The number of meetings each member of the DUECo, DIHL and DFL board of directors and each member of the audit and risk committee was eligible to attend and actually attended during the year ended 30 June 2014 is summarised as follows:

	Meetings of Directors		Meetings of Audit and Risk Committee	
DUECo	**Meetings attended**	**Meetings eligible to attend^**	**Meetings attended**	**Meetings eligible to attend**
Director				
Douglas Halley*^	8	8	2	2
John Roberts	8	8	–	–
Duncan Sutherland*	6	8	3	3
Ron Finlay*^	8	8	1	1
Emma Stein*^	8	8	3	3
Shirley In't Veld*^	7	8	3	3
Jack Hamilton*	2	2	1	1

* Members of the Audit and Risk Committee

^ Includes Board sub-committee meetings where only some directors were required to attend.

Directors' Reports

FOR YEAR ENDED 30 JUNE 2014

DIHL	Meetings of Directors		Meetings of Audit and Risk Committee	
	Meetings attended	Meetings eligible to attend^	Meetings attended	Meetings eligible to attend
Director				
Douglas Halley*^	8	8	2	2
John Roberts	8	8	–	–
Duncan Sutherland*	6	8	3	3
Ron Finlay*^	8	8	1	1
Emma Stein*^	8	8	3	3
Shirley In't Veld*^	7	8	3	3
Jack Hamilton*	2	2	1	1

* Members of the Audit and Risk Committee

^ Includes Board sub-committee meetings where only some directors were required to attend.

DFL	Meetings of Directors		Meetings of Audit and Risk Committee	
	Meetings attended	Meetings eligible to attend^	Meetings attended	Meetings eligible to attend
Director				
Michael Lee*	6	6	4	4
Jane Harvey*	6	6	4	4
Ron Finlay*	6	6	4	4
Eric Goodwin*	6	6	4	4
Terri Benson*	2	2	1	1

* Members of the Audit and Risk Committee

^ Includes Board sub-committee and independent board committee meetings where only some directors were required to attend.

DUET Group (DUECo, DIHL and DFL) Remuneration Report (audited)

To our securityholders

On behalf of the Board, I am pleased to present the remuneration report for 2014 to you as chairman of the DIHL Remuneration Committee. DUET is committed to disclosing a clear and transparent summary of our director and executive remuneration and appointment arrangements and any changes made during the financial year.

Last year's remuneration report received strong support at the 2013 AGM. That report detailed the remuneration arrangements implemented as part of the internalisation of DUET's management in December 2012 when DIHL first directly employed staff. As part of the internalisation and prior to the 2013 AGM, we undertook various meetings with proxy advisers and other stakeholders to seek feedback on the remuneration structure. We have also listened to feedback from securityholders during the 2013 AGM and in other forums since that time. We have been mindful in preparing this remuneration report of the expectations of the market and securityholders in setting and reporting on our executive remuneration framework.

Non-executive director remuneration

Since DUET's corporate simplification in August 2013, DUET has continued with its board renewal process and review of the mix of Directors' skills on each of our boards. On 23 May 2014, DUET announced the appointment of two new directors: Dr Jack Hamilton to the DIHL and DUECo boards, and Ms Terri Benson to the DFL board. The appointment of these directors serves to enhance the operational, sector and regulatory experience and geographic and gender diversity of the DUET boards.

There have been minor changes to the director remuneration structure in FY2014 as a consequence of the corporate simplification in August 2013. Refer to section 6 for further detail.

2014 performance and executive remuneration

The FY2014 STI awards for the CEO and CFO (the 'Executives') were, on average, at 88% of possible awards. This result was due to DUET exceeding its FY2014 budgets and targets, maintaining tight corporate cost control and achieving greater than 100% cash cover of distributions and proportionate EBITDAF of $626.7m. While the outcomes were pleasing, the Group did not achieve all of the stretch targets set by the DIHL Board. The Executives also delivered a number of planned and unplanned FY2014 Group projects which included:

- The transition to independent management post the internalisation of DUET's management arrangements including establishing standalone policies, systems and procedures for its head office;
- Completion of the DUET corporate simplification project in August 2013;
- Securing the rights to develop and operate the Chevron Wheatstone Ashburton West and Fortescue River Gas Pipeline development projects for DUET's wholly owned DBP Development Group (DDG) in September 2013 and January 2014;
- Conducted capital raisings associated with the DDG development projects at a tight discount to the volume weighted average price of DUET securities;
- Refinanced over $1.5 billion of debt facilities at Multinet, United Energy and DBP; and
- Contributing positively to a number of Government reviews in to economic regulation of the energy utilities sector.

There were no changes in FY2014 to the FY2013 fixed remuneration of the Executives, nor the proportion of the 'at risk' components. When reviewing any FY2013 comparative figures included in section 7 of this remuneration report, please note that FY2013 for executive remuneration was only for the 7 month period from December 2012 (when DIHL became the employer) until 30 June 2013.

Remuneration arrangements for 2015

As outlined in section 1 and the body of this report, a number of changes to the executive remuneration structure have been implemented for FY2015 to provide greater alignment with securityholder distributions and the value of securityholder equity.

The DIHL board continues to monitor and review the appropriateness of the remuneration structure in light of emerging corporate governance and remuneration trends, DUET's strategic focus and our aim is to align the interests of Executives with securityholders.

Shirley In't Veld
Chair, Remuneration Committee for DUET Investment Holdings Limited

Directors' Reports

FOR YEAR ENDED 30 JUNE 2014

DUET Group (DUECo, DIHL and DFL) Remuneration Report (audited) (continued)

Contents

Key Terms used in this report

Term	Meaning	Term	Meaning
DFL	DUET Finance Limited, being one of the stapled entities of the DUET Group	**KMP**	Key Management Personnel, who for the purposes of this Report are the NEDs and Executives as listed in section 3
DIHL	DUET Investment Holdings Limited, being one of the stapled entities of, and the employing entity in, the DUET Group	**LTI**	Long Term Incentive Plan
DUECo	DUET Company Limited, being one of the stapled entities of the DUET Group	**NED**	Non-executive director of each of DFL, DIHL and DUECo as listed in section 3
EBITDA	Earnings Before Interest Tax Depreciation and Amortisation Costs	**STI**	Short Term Incentive Plan
EBITDAF	Earnings Before Interest Tax Depreciation Amortisation and Finance Costs	**TSR**	Total Shareholder Return. TSR represents an investor's return, calculated as the percentage difference between the initial amount invested in stapled securities and the final value of those stapled securities at the end of the relevant period, assuming distributions were reinvested, or such other method of calculation as determined by the Board.
Executive	David Bartholomew , the Chief Executive Officer (CEO) and Jason Conroy, the Chief Financial Officer (CFO)	**VWAP**	Volume Weighted Average Price

DUET Group (DUECo, DIHL and DFL) Remuneration Report (audited) (continued)

1. Remuneration structure for 2015

The DIHL Board has implemented the following changes to the executive remuneration structure for future incentive awards to ensure that the Executives are appropriately incentivised and their interests are aligned with DUET securityholders. Further details are set out in section 5.

Feature		Further details
Clawback	In order to further strengthen DUET's remuneration governance framework, the DIHL Board has introduced a clawback policy for Executives. The policy gives the Board the ability to clawback incentives in the event of a material financial misstatement or gross misconduct. The clawback provisions will apply to future unvested STI awards.	Section 5
STI Retentions	The arrangements for retention of a portion of the Executives' STI awards have been changed to align with market practice and to provide a stronger alignment with the interests of securityholders. The changes involve: • an increase in the proportion to be retained to 50% of the total award for the CEO and 40% of the total award for the CFO; • a reduction in the period of retention from four years to two years; and • A change from cash to 'notional equity' where the value of deferred payments is adjusted (up or down) to reflect changes in the DUET security price and distributions paid between the date of grant and the vesting date.	Section 5 and 7
LTI	The LTI targets have been changed for grants made in FY2015 in order to increase the emphasis on the Group's cash distribution profile and to remove the LTI target relating to total shareholder return (TSR) relative to the ASX Utilities Accumulation Index (UAI) as the DIHL Board is of the view that the composition of the UAI is no longer of relevance to the Group, being dominated by a small number of companies including energy retailers and electricity generators. Note that this LTI target continues to apply to LTI grants made in FY2013 and FY2014. The LTI target relating to TSR relative to the ASX200 Accumulation Index has been retained.	Section 5 and 7
Post employment restraints	As announced on 16 June 2014, in return for increased non-compete provisions, the DIHL board agreed to loyalty payments equivalent to the prevailing base salary for the Executives payable on or prior to 31 December 2015 as further detailed in section 9. The Board believes that with the increased corporate activity and interest in DUET and the sector, these arrangements serve the best interests of security holders by putting in place arrangements for the continuity of trusted and experienced management to implement DUET Group's strategic objectives and further enhance security holder value.	Section 9

While DUET is mindful of the ongoing market commentary regarding securityholding requirements of directors and executives, as well as incentives being paid in equity, these are not measures that have been included in the DUET remuneration structure. Due to the limited liquidity and trading window restrictions on DUET securities for Executives (particularly in light of the number and frequency of market sensitive transactions undertaken by DUET), the DIHL board considers it appropriate to have cash-based 'notional equity' incentive awards, with sufficiently rigorous performance hurdles and vesting periods, rather than equity-based incentive awards.

Section 5 outlines the terms of the STI and LTI and 'notional equity' arrangements, including that the value of any award payable under the LTI may increase or decrease in value in line with the DUET security price over the three year vesting period, but is ultimately paid in cash. And, from FY2015, that the value of any deferred component of an STI award to the Executives may increase or decrease in value in line with the DUET security price over the two year vesting period, but is ultimately paid in cash. The DIHL Board considers that this change to 'notional equity' better aligns with market practice and provides a stronger alignment with the interests of DUET securityholders.

Directors' Reports

FOR YEAR ENDED 30 JUNE 2014

DUET Group (DUECo, DIHL and DFL) Remuneration Report (audited) (continued)

2. DUET's Remuneration Principles

DUET Group's remuneration philosophy is designed to:

- attract, motivate and retain high performing Executive and board members;
- directly align the interests of Executive employees with those of DUET Group securityholders in such a way that their variable remuneration is linked to both the success and any downturn in the DUET Group's performance; and
- comply with appropriate governance standards and legal requirements.

In summary, DUET Group's Executive remuneration strategy is intended to directly align with securityholders' interests. See section 5 and 7 for further details.

The remuneration policy for non-executive directors (**NEDs**) is to provide remuneration that is sufficient to attract and retain Directors with the experience, knowledge, skills and judgement to govern DUET Group's operations, financing and employees. See section 6 for further details.

3. The DUET Entities and Key Management Personnel

The directors of the DUET Group present the Remuneration Report for DUET Investment Holdings Limited (**DIHL**), DUET Company Limited (**DUECo**) and DUET Finance Limited (**DFL**). DIHL is the employer entity within the DUET Group and makes staff available to the other entities in the DUET Group under a Resources Agreement.

This Remuneration Report for the year ended 30 June 2014 outlines the remuneration arrangements of DIHL, DUECo and DFL in accordance with the requirements of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

For the purposes of this Report, the term "**Executive**" includes the Chief Executive Officer (**CEO**) and Chief Financial Officer (**CFO**).

This Remuneration Report details the remuneration arrangements for key management personnel (**KMP**) who are those persons having authority and responsibility for planning, directing and controlling the major activities of DIHL, DUECo and DFL. KMPs have been identified as the Executives of DIHL and the Non-Executive Directors (**NEDs**) of DIHL, DUECo and DFL. The NEDs of each entity comprising the DUET Group meet the definition of KMP as they have this authority in relation to the activities of these entities.

Non-Executive Directors during the financial year ended 30 June 2014	
Douglas Halley	Chairman – DIHL and DUECo
Eric Goodwin	Chairman – DFL
Ron Finlay	Independent Director
Duncan Sutherland[1]	Independent Director
Emma Stein	Independent Director
Shirley In't Veld	Independent Director – appointed 2 August 2013
John Roberts	Director
Jack Hamilton	Independent Director – appointed 23 May 2014
Michael Lee[1]	Independent Director
Jane Harvey	Independent Director – appointed 2 August 2013
Terri Benson	Independent Director – appointed 23 May 2014
Shemara Wikramanayake	Director – resigned 20 September 2013

1 As announced on 23 May 2014, Michael Lee will resign on 1 September 2014 and Duncan Sutherland will resign on 20 November 2014.

Executives	
David Bartholomew	Chief Executive Officer
Jason Conroy	Chief Financial Officer

Except as noted, all of the above NEDs and Executives have held their current positions for the whole of the financial year and since the end of the financial year, up to the date of this Report.

DUET Group (DUECo, DIHL and DFL) Remuneration Report (audited) (continued)

As detailed in the directors' report, DUET Group completed its corporate simplification on 1 August 2013. This Remuneration Report is as at 30 June 2014, although any relevant details for the period from 1 to 31 July 2013 are mentioned as necessary.

4. Nomination and Remuneration Committees

The Nomination and Remuneration Committees were established by the Board of Directors of each entity comprising the DUET Group in accordance with the requirements of ASX Listing Rule 12.8 and for the purpose of (among other things) discharging the responsibilities and making recommendations to the DIHL Board relating to the compensation of DIHL's key management personnel. In so doing, it seeks independent input and advice on market practice, trends and overall executive remuneration structure.

Each of the DIHL, DUECo and DFL Boards has a Nomination and Remuneration Committee. The members of the Nomination and Remuneration Committees are:

DUECo and DIHL	DFL
Shirley In't Veld (chair Remuneration Committee) – appointed 2 August 2013	Michael Lee (chair)
Doug Halley	Eric Goodwin
John Roberts	Jane Harvey – appointed 2 August 2013
Emma Stein (chair Nomination Committee)	Terri Benson – appointed 23 May 2014

Specifically, the DIHL Board approves the remuneration arrangements of the CEO and CFO and all awards made under the long-term incentive (**LTI**) plan, following recommendations from the DIHL Remuneration Committee. The DIHL Board also approves, having regard to the recommendations made by the Remuneration Committee, the level of the Group short-term incentives (**STIs**) and the individual STI awards to the Executives.

The Remuneration Committees of each of the DUET Group entities also have responsibility for recommending the remuneration of each Company's directors in their role as a director and chairman or member of any committee or subcommittee of the Board, as the case may be.

The Nomination Committees provide advice and recommendations to each Board on the criteria for selection, performance review and nominations for appointment of directors (either between AGMs or to stand for election).

As part of the board renewal process which commenced with the DUET Group simplification implemented on 1 August 2013, the Nomination and Remuneration Committees have undertaken a detailed review of NED remuneration, skills required and selection processes to ensure consistency with market practice. This resulted in the appointment of two new directors on 23 May 2014 – Mr Jack Hamilton to the DIHL and DUECo boards, and Ms Terri Benson to the DFL board. See section 6 for further details.

The Nomination and Remuneration Committees meet regularly throughout the year. The CEO attends certain Remuneration Committee meetings by invitation, where management input is required. The CEO is not present during any discussions relating to his own remuneration arrangements.

The charters for the Nomination and Remuneration Committees are available on the DUET Group website (www.duet.net.au).

5. Executive Remuneration Arrangements and link to DUET's performance

The link between remuneration arrangements and DUET Group's performance is provided by:

- a material portion of Executive remuneration varying with short term and long term performance;
- applying financial and non-financial measures to assess performance; and
- ensuring that these performance measures focus management on strategic business objectives that are aimed at creating securityholder value over the short and long term.

Directors' Reports

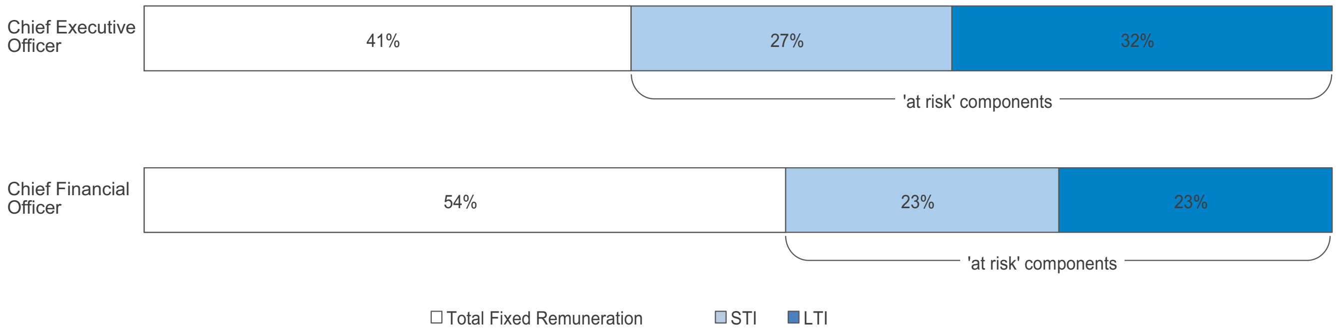
FOR YEAR ENDED 30 JUNE 2014

DUET Group (DUECo, DIHL and DFL) Remuneration Report (audited) (continued)

5.1 Remuneration Mix

The mix of total remuneration and reward is reflective of the Executive's ability to influence DUET's financial results and therefore the range is varied. The table below shows the potential total reward mix for 2014, assuming maximum at risk incentives.

Remuneration Structure (% total remuneration opportunity)



Note that as the LTI is 'notional equity', the value can increase or decrease in line with changes in the DUET security price providing alignment to securityholders. See the table below and section 5.3.2 for further detail.

As noted above, the DUET Group Executive Remuneration structure comprises a fixed and at risk component which are explained in further detail below.

Fixed Remuneration

Feature	Rationale	Rationale and link to performance
Comprises base salary inclusive of superannuation contributions and other benefits	• To provide competitive fixed remuneration set with reference to role, market and experience to **attract and retain**. • Designed to provide a **predictable 'base' level** of remuneration reviewed annually **to retain** executives • **Market competitive** and benchmarked against ASX200 and peer group of listed infrastructure entities	DUET Group and individual performance are considered during annual remuneration reviews with key performance measures set at the beginning of each financial year.

DUET Group (DUECo, DIHL and DFL) Remuneration Report (audited) (continued)

Short Term Incentive (STI) plan

Feature	Rationale	Rationale and link to performance
Paid partly in cash on grant and **partly retained**. For grants made in FY2013 and FY2014, retained components vest in cash over three years from the second anniversary of grant. For FY2015, the arrangements for retention of a portion of the Executives' STI award have been amended as follows: • The proportion of STI to be retained is **50%** of the CEO's total STI award and 40% of the CFO's total STI award (rather than 30% of any payment over $80,000 for prior awards); • Payment of deferred amounts are to be made in equal instalments **one year and two years after award** (rather than over four years as applied for prior awards); and The form of payment of retained STI for Executives has changed from cash to '**notional equity**' where the deferred amounts to be paid will be adjusted (up or down) for movements in the DUET security price and distributions paid from the date of grant until the date of vesting.	• Rewards executives over a short term period for their contribution to achievement of Group outcomes, as well as individual key performance measures **to retain and motivate executives**. ***The targets are set to ensure that all of the*** **key determinants** ***(both exogenous and controllable) of operating company performance and capital management are incorporated.*** • The retained component is aimed at assisting the **retention of high performing individuals** and the change in FY2015 to the retention arrangements is to **better align with market practice and to provide a stronger alignment with the interests of securityholders**. • Due to the limited liquidity and trading window restrictions on DUET securities for executives (particularly in light of the high transactional track record of DUET), the DIHL board considers it appropriate to have cash-based awards, with sufficiently rigorous performance hurdles and vesting periods, rather than equity-based awards. However the value of any deferred component of an STI award from FY2015 may increase or decrease in value in line with the DUET security price and distributions paid over the two year vesting period to **better align with market practice and to provide a stronger alignment with the interests of securityholders**.	**50%** based on hurdles for the following **financial outcomes** for the relevant financial year: • Group Proportionate Earnings Before Interest, Tax, Depreciation, Amortisation and fair value changes in derivatives (**EBITDAF**) relative to budget. This measure will constitute **30%** of the STI Performance Measures. The **budget must be materially exceeded** for the Executive to receive 100% for this performance measure. For FY2015, the hurdle will be proportionate EBITDAF (adjusted for net customer contributions) less net external interest expense relative to budget. • **cash cover of distribution** on a cents per stapled security basis relative to budget/ guidance. This performance measure will constitute **10%** of the STI Performance Measures. The **guidance must be met or exceeded** for the Executive to receive 100% for this measure. This measure is considered by the DIHL Board to be essential to ensuring DUET meets its distribution guidance to securityholders and fully covers its distribution with operating cash flow. • **actual controllable corporate costs** relative to budget. This Performance Measure will constitute **10%** of the STI Performance Measures. The total controllable corporate costs **must be materially less than budget** for the Executive to receive 100% for this Performance Measure. This measure is considered by the DIHL Board to provide focus on the day-to-day running costs of the Group's head office. **50%** based on **qualitative** and other performance measures of individual performance objectives including development of Group strategy and Business Plan, special projects, operating company initiatives, safety and environment, Board, investor and other stakeholder relations, leadership of business unit executive teams and people management.

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DUET Group (DUECo, DIHL and DFL) Remuneration Report (audited) (continued)

Long Term Incentive (LTI) plan

Feature	Rationale	Rationale and link to performance
Cash based '**notional equity**' plan	Any LTI grants are at risk and are intended to **align** Executive reward with **longer term securityholder value** creation. The cash based award may increase or decrease in value in line with the DUET security price and distributions declared over the three year vesting period (but ultimately paid in cash) which means the Executive is **exposed to the performance of DUET securities** over three years.	**100%** is subject to vesting based on satisfaction of the following performance measures tested against certain hurdles three years from the grant date: • the 3 year average DUET Total Securityholder Return (**TSR**) based on the DUET Accumulation Index (DAI)[1] **relative to the S&P/ASX200 Industrials Accumulation Index** (IAI). The DIHL Board considers this an appropriate measure as DUET seeks to deliver stable returns and distribute all of its earnings through the investment cycle, therefore Executives should seek to outperform the ASX200 over the long term. This target constitutes **33%** of the weighting for the LTI Performance Measures. • the 3 year average DUET **TSR** based on the DUET Accumulation Index (DAI) relative to the ASX Utilities Accumulation Index (UAI)[1]. As noted in section 1, this target has been removed for LTI awards made in FY2015 as the DIHL Board is of the view that the composition of the UAI is no longer of relevance to the Group, being dominated by a small number of companies including energy retailers and electricity generators; and • achievement of **distributions** to securityholders relative to stretch targets and business plan projections[2]. The DIHL Board considers this measure to be essential to ensuring the Executives remain accountable to achieve the medium term targets for distributions to securityholders. For LTI grants made in FY2015, this target has been increased from one third to **67%** of the weighting for the LTI Performance Measures.

1 50% of notional securities for the TSR hurdles vest at the 51st percentile, up to 100% at the 75th percentile (pro rata vesting in between). The Board has reviewed appropriate vesting hurdles and consider these vesting hurdles to be in line with market practice.

2 67% of notional securities for the distribution hurdle vest if the business plan targets are met and up to 100% if the stretch targets are met. The Board has reviewed appropriate vesting hurdles and consider these hurdles focus the Executives on creating securityholder value.

5.2 Fixed Remuneration

DUET aims to reward Executives with a level and mix of remuneration appropriate to their positions, responsibilities and performances within the Group and aligned with market practice.

DUET Group (DUECo, DIHL and DFL) Remuneration Report (audited) (continued)

5.3 Performance Based Remuneration

DIHL's performance based remuneration includes the STI plan and LTI plan (as further detailed in sections 5.3.1 and 5.3.2). The key philosophy underlying these plans is to align the interests of Executives with those of DUET Group securityholders in such a way that variable remuneration is directly linked to both the success and any downturn in the DUET Group performance.

The Remuneration Committee has focussed on ensuring that the performance targets and therefore the quantum of short and long term incentives are demanding of performance that is sufficiently challenging to ensure the Executives continue to strive for outstanding sustainable DUET Group performance and encompass all of the key determinants (both exogenous and controllable) of operating company performance and capital management. While a material proportion of the Executive's variable remuneration is linked to financial outcomes that, in turn, relate to securityholder distribution levels and security price performance, DUET Group also rewards (through the Executive's individual non-financial high level performance measures) management disciplines and projects that improve DUET Group's growth prospects and/or reduce uncertainty.

The arrangements for discretionary STIs and LTIs are also intended to assist in the retention of high performing Executives through to the dates that DIHL determines that a STI or LTI allocation becomes payable and in line with peer and market practice. Due to the limited liquidity and trading window restrictions on DUET securities for Executives, the DIHL board considers it appropriate to have cash-based awards, with sufficiently rigorous performance hurdles and vesting periods, rather than equity-based awards. Note that the value of any LTI award, and any deferred component of a STI award (from FY2015), are 'notional securities' meaning that their value may increase or decrease in line with the DUET security price and distributions paid over the relevant vesting period but are ultimately paid in cash.

The Remuneration Committee may recommend, and the DIHL Board may, at its discretion, amend the terms of the STI and/or LTI at any time for future allocations. The DIHL Board intends to consider the appropriate thresholds for the STI and LTI annually to ensure that the Performance Measures remain an appropriately challenging target.

5.3.1 Short Term Incentive (STI) plan

Retention policy

In order to assist in retaining its high performing Executives and to align Executive interests and securityholder interests, DIHL may retain a portion of allocated STI. For FY2015, the arrangements for retention of a portion of the Executives' STI award have been changed to better align with market practice and to provide a stronger alignment with the interests of securityholders as follows:

- The proportion of STI to be retained is 50% of the CEO's total STI award and 40% of the CFO's total STI award (rather than 30% of any payment over $80,000 for prior awards);
- Payment of deferred amounts are to be made in equal instalments one year and two years after award (rather than over four years as applied for prior awards) subject to the Executive's ongoing employment except in the case of termination by DIHL with notice1 where STI retentions will become payable;
- The form of payment of the Executives' retained STI has changed from cash to 'notional equity' where the deferred amounts to be paid will be adjusted for movements in the DUET security price and distributions paid from the date of grant until the date of vesting.

Performance Measures

The STI is variable and is typically determined with reference to the annual performance of the DUET Group and each Executive's relative contribution to the business and their performance against a mix of quantitative and qualitative performance objectives and key performance measures which as at the date of this report are as described in the table at section 5.1 (**STI Performance Measures**).

The STI Performance Measures are discussed with each Executive and determined by the DIHL Remuneration Committee for each Executive on an annual basis. Assessments of performance will take into account these STI Performance Measures and other factors which may include development of Group strategy and Business Plan, special projects, operating company initiatives, safety and environment, Board, investor and other stakeholder relations, leadership of business unit executive teams and people management.

To determine if the quantitative STI Performance Measures are satisfied, the Board has regard to the audited financial statements and the DUET Management Information Report. The qualitative STI Performance Measures are assessed by the DIHL Remuneration Committee as part of the annual performance review of each Executive.

Clawback

In order to further strengthen DUET's remuneration governance framework, the DIHL Board has introduced a clawback policy for Executives. The policy gives the Board the ability to clawback incentives in the event of a material financial misstatement or gross misconduct. The clawback provisions will apply to future unvested STI awards.

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5.3.2 Long Term Incentive plan

Allocation and Vesting

The first LTI allocation was made on the date of implementation of the internalisation of management of the DUET Group on 4 December 2012 (the "2012 LTI Allocation"). The first vesting date for the 2012 LTI Allocation will be 1 July 2015 subject to satisfaction and testing of the relevant LTI Performance Measures. Subsequent LTI grants were made on 1 July 2013 and 1 July 2014 which will respectively vest (subject to the satisfaction of the relevant LTI Performance Measures) on 1 July 2016 and 1 July 2017 as shown in section 7.3. LTI awards remain subject to the Executive's ongoing employment except in the case of termination by DIHL with notice[1] where LTI grants will remain subject to the terms of grant.

Notional securities

Any LTI allocation is paid as "notional securities". That is:

- The cash value of the allocation is converted to a number of notional DUET Group stapled securities based on the 20 day volume weighted average price (VWAP) after the full year financial results. Note that these notional securities are not actual DUET Group securities and do not carry any voting entitlements.
- Any distributions that would have been paid on the allocated number of notional securities will be reinvested at the price of DUET Group securities on the relevant ex-distribution date.
- The vesting amount of the allocation and reinvested distributions will be the value of the notional stapled securities based on the 20 day VWAP prior to but not including the relevant vesting date.

Adjustments will be made to the allocated number of notional securities for corporate actions as applicable in accordance with the Listing Rules.

The vesting of all LTI allocations is subject to the achievement of the LTI Performance Measures (as determined at the time of allocation) with an equivalent amount to the notional security (as determined above) paid in cash. Therefore, an Executive has no legal right or entitlement (whether contractual, equitable or otherwise) to any LTI allocation until the relevant vesting dates.

As noted at section 5.1 above, due to the limited liquidity and trading window restrictions on DUET securities for Executives, the DIHL board considers it appropriate to have cash-based LTI awards, with sufficiently rigorous performance hurdles and vesting periods, rather than equity-based awards, noting that the value of any LTI award may increase or decrease in value in line with the DUET security price and distributions paid over the three year vesting period.

Performance Measures

The LTI is determined against key performance targets which as at the date of this report are as described in the table at section 5.1 (LTI Performance Measures).

The LTI Performance Measures were initially selected by the Board in late 2012 in order to align the Executives' long term remuneration with the interests of securityholders by providing an incentive to achieve first or second quartile TSR performance relative to market (represented by the IAI) and relative to peers (represented by the UAI), and to ensure that the Executives remain accountable to achieve the medium term DUET Group business plan targets for distributions to securityholders.

The LTI targets have been changed for grants made in FY2015 in order to increase the emphasis on the Group's cash distribution profile and to remove the LTI Performance Measure relating to TSR relative to peers (represented by the UAI). The DIHL Board is of the view that the composition of the UAI is no longer of relevance to the Group, being dominated by a small number of companies including energy retailers and electricity generators (however this LTI Performance Measure continues to apply to LTI grants made in FY2013 and FY2014).

Any changes to the LTI Performance Measures are discussed with each Executive and determined by the DIHL Remuneration Committee for each Executive on an annual basis.

Morningstar has been engaged to provide information on which to base the TSR calculations necessary to determine if those LTI Performance Measures are satisfied at the relevant vesting date.

The LTI Performance Measures may also be tested in circumstances where a third party submits a privatisation proposal that would result in DUET Group securities ceasing to be quoted on the ASX. Any LTI allocations will vest at the date of a DUET Group ASX announcement that such a proposal has become unconditional or an earlier date determined by the Board.

1 Termination with notice: employment may be terminated by giving 3 months' notice or payment in lieu of notice (see section 9).

DUET Group (DUECo, DIHL and DFL) Remuneration Report (audited) (continued)

5.4 Summary Executive Remuneration Structure

Executive remuneration structure applicable per annum for FY2014 was:

KMP	Position	Fixed Remuneration $[1]	STI opportunity (% of Fixed Remuneration)	LTI opportunity (% of Fixed Remuneration)	Total performance based pay (% of Fixed Remuneration)
David Bartholomew	CEO	800,000	66%	75%	141%
Jason Conroy	CFO	600,000	42%	42%	84%

1 Including superannuation

Except for the payment of statutory superannuation entitlements and any termination benefit described in section 9, Executives do not receive any other post-employment benefits.

The Executive remuneration structure applicable per annum from 1 September 2014 is as follows[2]:

KMP	Position	Fixed Remuneration $[1]	STI opportunity (% of Fixed Remuneration)	LTI opportunity (% of Fixed Remuneration)	Total performance based pay (% of Fixed Remuneration)
David Bartholomew	CEO	832,000	66%	75%	141%
Jason Conroy	CFO	624,000	42%	42%	84%

1 Including superannuation

2 The DIHL Remuneration Committee is in the process of undertaking an external review of the level and structure of the CFO's remuneration package.

The above increase of 4% to the fixed remuneration of the Executives is the first increase since December 2012 when DUET internalised its management arrangements. Since that time, the statutory minimum superannuation contribution rate has increased from 9% to 9.5% (which is deducted from the abovementioned gross fixed remuneration) and the consumer price index (CPI) has increased by 4.1%.

6. Non-Executive Directors (NED) Remuneration Arrangements

Each of the DUET Group boards seeks to attract and retain a high calibre of directors who are equipped with diverse skills and contributions. As announced on 23 May 2014, further appointments were made to each of the DUET boards which will enhance the regulatory experience of the boards.

The NED fees have undergone various changes during the last financial year as a consequence of the DUET Group structure simplification on 1 August 2013. In all cases, NED fees are fixed and are not linked to the financial performance of DUET Group in order for NEDs to maintain their independence in line with market practice. The changes to the NED fee structure in August 2013 were considered by each Board and its Remuneration Committee utilising external market data and positioned at the market median of comparable board fees across various ASX peer groups (eg ASX100 and ASX 200 groupings), and taking into account entity size, market capitalisation, number of meetings, board and committee workload and different workloads between board and committee chairs and members.

The NED remuneration comprises a base board fee (inclusive of superannuation) and an additional fee for serving on a committee of the Board. One off 'special services fees' may be paid for additional services and time commitments from individual directors. However no special services fees have been paid in this reporting period.

6.1 NED fees payable prior to corporate restructure (July 2013)

NED fees payable (per annum) from 1 to 31 July 2013 were paid at the following annual rate on a pro-rata basis:

Role	Annual fee[1] $
Chair	240,000
NEDs[2]	110,000
Additional Committee Chair Fee	12,000
Committee Member Fees[3]	10,000

1 Fees are inclusive of superannuation.

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2 The two directors previously appointed by Macquarie Capital Group Limited and AMP Capital Investors Limited (being John Roberts and Scott Davies respectively) shared the fees equally.

3 The Chairman of the Board did not receive committee member fees.

In the event that a director was also a director of another DUET Group entity, the director fee is shared equally between the entities.

6.2 NED fees payable post corporate restructure (from August 2013)

As noted in the Meeting Booklet for the DUET Group corporate simplification implemented on 1 August 2013, the NED fees payable from 1 August 2013 were amended to include payment for Committee membership and also to distinguish between the business aspects of each board in the DUET Group. The NED fees payable from 1 August 2013 to 30 June 2014 were:

	Annual fee[1] $
DIHL/DUECo	
Chair	230,000
NED Fee	110,000
NED also on DFL	80,000
DFL	
Chair	125,000
NED Fee	85,000
NED also on DIHL/DUECo	60,000
Committee Fees – DIHL, DUECo, DFL	
Audit & Risk Committee Chair	15,000
Audit & Risk Committee Member	7,500
Nomination and Remuneration Committee Chair	10,000
Nomination and Remuneration Committee Member	5,000

1 Fees are inclusive of superannuation.

Given that the DIHL and DUECo boards have the same directors, board meetings are held at the same time and therefore the above costs are the aggregate fees which are shared equally between DIHL and DUECo.

As the DFL board meets independently of the DIHL and DUECo boards and has different business to consider regarding the funding aspects of the DUET Group, the total amount of DFL director fees will be borne by DFL.

The fee for a director who sits on each of DIHL, DUECo and DFL (being Mr Ron Finlay) differs from that of other non-executive directors which is considered appropriate as, although there are separate meetings of the Boards, there is some overlap in issues considered by the boards of Directors (such as consolidated financial accounts) and therefore it is appropriate for that director to receive a lower fee than other directors who serve on the Boards of fewer Group entities.

The DIHL and DUECo constitutions provide that directors are entitled to remuneration in aggregate not exceeding $650,000 per annum per entity. The maximum amount of director fees that DIHL, DFL and DUECo may pay in aggregate is $1,950,000 p.a. None of the NEDs is entitled to DUET Group options or securities, retirement benefits or STI or LTI incentives as part of remuneration packages.

Except for the payment of statutory superannuation entitlements, NEDs do not receive any other post-employment benefits.

6.3 NED securityholdings

As noted in the Directors Report, except for those directors appointed on 23 May 2014, all of the directors hold DUET securities as shown in section 8. Note that there has not been a trading window since the appointment of directors on 23 May 2014 and the date of this report.

Due to the limited liquidity and trading window restrictions on DUET securities for Executives and Directors, the boards do not consider it necessary to introduce a compulsory DUET securityholding requirement for directors. Ultimately, it is a matter for each director taking into account their own financial circumstances and investment practices.

DUET Group (DUECo, DIHL and DFL) Remuneration Report (audited) (continued)

7. Details of KMP Remuneration for year ended 30 June 2014

7.1 Statutory Remuneration of KMP

Non-executive directors

Name	DIHL		DUECo		DFL			
	Director Fees $	Super-annuation $	Director Fees $	Super-annuation $	Director Fees $	Super-annuation $	Total paid FY2014 $	Total paid FY2013 $
Doug Halley	108,547	8,641	108,547	8,641	6,172	494	241,042	285,317
Emma Stein	58,143	5,378	58,143	5,378			127,042	156,952
John Roberts	52,441	4,851	52,441	4,851			114,584	31,730
Duncan Sutherland	48,656	12,865	41,469	10,885			113,875	150,000
Shirley In't Veld	61,880	5,724	53,490	4,948			126,042	27,500
Jack Hamilton	5,762	533	5,762	533			12,590	–
Ron Finlay	38,787	3,588	38,787	3,588	61,289	5,669	151,708	186,952
Eric Goodwin					124,676	11,533	136,209	156,952
Michael Lee					94,394	8,731	103,125	150,000
Jane Harvey					94,203	8,714	102,917	21,250
Terri Benson					9,562	884	10,446	–
Scott Davies							–	34,804
TOTAL	415,796		397,463		426,321		1,239,580	1,201,457

Executives

Note that all FY2013 remuneration disclosed below with respect to Executives reflects the period of 7 months from 4 December 2012 to 30 June 2013, being the period of employment by DIHL following internalisation of the previous management arrangements.

	Salary and fees $	STI awarded $	LTI[1] $	Non-monetary[2] $	Super-annuation $	Other payments[2] $	Total $
David Bartholomew							
2014	**775,535**	**461,500**	**238,194**	**5,667**	**24,465**	**–**	**1,505,361**
2013[3]	454,046	308,000	–	4,688	9,544	250,000	1,026,278
Jason Conroy							
2014	**582,225**	**225,300**	**100,042**	**2,339**	**17,775**	**–**	**927,681**
2013[3]	338,148	147,000	–	1,511	9,544	200,000	696,203

1 LTI represents accrued expenses amortised over the vesting period of the relevant grant. A portion of the FY2014 expense relates to the LTI awards granted in December 2012. The expense is based on the likelihood of the LTI performance conditions vesting on 30 June 2015 and 2016 respectively, , currently assumed to be approximately 60% (opposed to a nil assumption in FY2013).

2 Non-monetary benefits include salary continuance insurance and professional membership fees paid by DIHL on behalf of the Executive.

3 FY2013 payments include retention payments paid in January 2013 which were one off payments.

4 All FY2013 remuneration disclosed with respect to Executives reflects the period from 4 December 2012 to 30 June 2013, being the period of employment by DIHL following internalisation of the previous management arrangements.

The FY2014 STI awards for the Executives were, on average, at 88% of possible awards. This result was due to DUET exceeding its FY2014 budget and targets, maintaining tight corporate cost control and achieving greater than 100% cash cover of distributions and proportionate EBITDAF of $626.7m. While these outcomes were pleasing, The Group did not achieve all of the stretch targets set by the DIHL board. The Executives also delivered a number of planned and unplanned FY2014 Group projects which included:

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- The transition to independent management post the internalisation of DUET's management arrangements including establishing standalone policies, systems and procedures for its head office;
- Completion of the DUET corporate simplification project in August 2013;
- Securing the rights to develop and operate the Chevron Wheatstone Ashburton West and Fortescue River Gas Pipeline development projects for DUET's wholly owned DBP Development Group (DDG) in September 2013 and January 2014;
- Conducting capital raisings associated with the DDG development projects at a tight discount to the volume weighted average price of DUET securities;
- Refinancing over $1.5 billion of debt facilities at Multinet, United Energy and DBP; and
- Contributing positively to a number of Government reviews into economic regulation of the energy utilities sector.

The specific performance targets and their outcomes for each STI Performance Measure are not disclosed as the DIHL Board believes that it would not be in the interests of securityholders to make specific disclosure of the actual targets set for Executives. However, the budget must be materially exceeded for Executives to obtain 100% of an STI award.

7.2 Actual Remuneration received by Group Executives

Actual remuneration is provided in addition to the statutory reporting of remuneration (refer section 6.1 Statutory Remuneration of KMP) to increase transparency about what the Executive actually received during the financial year. These tables do not include any retained STI or LTI allocations as they are still subject to conditions relating to service and performance (in the case of the LTI).

	Salary $	STI paid[1] $	Non-monetary[2] $	Super-annuation $	Other Payments[3] $	LTI paid $	Total $
David Bartholomew							
2014	**775,535**	**–**	**5,667**	**24,465**	**–**	**–**	**805,667**
2013[4]	454,046	239,600	4,688	9,544	250,000	–	957,878
Jason Conroy							
2014	**582,225**	**–**	**2,339**	**17,775**	**–**	**–**	**602,339**
2013[4]	338,148	126,900	1,511	9,544	200,000	–	676,103

1 FY2014 STI will be paid in FY2015.

2 Non-monetary benefits include salary continuance insurance and professional membership fees paid by DIHL on behalf of the Executive.

3 FY2013 payments include retention payments paid in January 2013 which were one off payments.

4 All FY2013 remuneration disclosed with respect to Executives reflects the period from 4 December 2012 to 30 June 2013, being the period of employment by DIHL following internalisation of the previous management arrangements.

7.3 Performance related remuneration of Group Executives

STI

The following table shows the STIs that were earned during the financial years.

	STI awarded in cash $	STI to be paid[1] $	STI to be retained[1] $	STI achieved (% of opportunity)[2]	STI forfeited (% of opportunity)
David Bartholomew					
2014	**461,500**	**347,050**	**114,450**	**87.4%**	**-12.6%**
2013	308,000	239,600	68,400	100%[2]	–%
Jason Conroy					
2014	**225,300**	**181,710**	**43,590**	**89.4%**	**-10.6%**
2013	147,000	126,900	20,100	100%[2]	–%

1 FY2014 STI will be paid in FY2015.

2 The FY2013 STI % achieved is 100% of the pro-rata STI opportunity (i.e. 58.3%) for the 7 month period from 4 December 2012 to 30 June 2013.

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3 All FY2013 remuneration disclosed with respect to Executives reflects the period from 4 December 2012 to 30 June 2013, being the period of employment by DIHL following internalisation of the previous management arrangements.

Vesting of the retained component of the STIs granted are as follows:

Executives	Award date[1]	STI deferred ($)	Vesting dates[2]
David Bartholomew	**30 June 2014**	**114,450**	**Equal proportions**
			29 August 2016
			29 August 2017
			29 August 2018
Jason Conroy	**30 June 2014**	**43,590**	**Equal proportions**
			29 August 2016
			29 August 2017
			29 August 2018
David Bartholomew	30 June 2013	68,400	Equal proportions
			23 August 2015
			23 August 2016
			23 August 2017
Jason Conroy	30 June 2013	20,100	Equal proportions
			23 August 2015
			23 August 2016
			23 August 2017

1 FY2014 STI will be paid in FY2015.

2 If the employment of the Executive is terminated without notice or the Executive resigns, all unvested STIs will be forfeited. If the employment of the Executive is terminated with notice all unvested STIs will be payable on the date of termination.

LTI

The following table sets out the number of notional securities that have been allocated to Executives but have not yet vested or been paid and the years in which they may vest.

Executive	Date of award	Cash amount of Award $	Notional reference securities (No[1])	Opening VWAP $	Vesting date[2]
David Bartholomew	4 December 2012	343,800	160,763	2.13855	1 July 2015
	1 July 2013	600,000	*288,377*	*2.08061*	1 July 2016
	1 July 2014	**600,000**	***(See note 3)***	***(See note 3)***	**1 July 2017**
Jason Conroy	4 December 2012	144,396	*67,521*	*2.13855*	1 July 2015
	1 July 2013	252,000	*121,118*	*2.08061*	1 July 2016
	1 July 2014	**252,000**	***(See note 3)***	***(See note 3)***	**1 July 2017**

1 The notional reference securities do not include any distributions notionally reinvested to 30 June 2014. The actual cash amount to be paid on the vesting date may be nil if none of the performance hurdles are met. However, the actual cash amount paid at vesting may be higher or lower than the cash amounts listed above depending on the VWAP at the vesting date, the amount of DUET distributions notionally reinvested over the vesting period and also if the performance measures are only partially met.

2 If the employment of the Executive is terminated without notice or the Executive resigns, all unvested LTIs will be forfeited.

3 The VWAP will be determined post the announcement of the FY2014 DUET Group results in accordance with the LTI terms.

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DUET Group (DUECo, DIHL and DFL) Remuneration Report (audited) (continued)

8. Securityholdings of Key Management Personnel

The number of shares in the DUET Group held during the financial year (directly or indirectly) by Key Management Personnel, including their respective personally and closely related parties, are set out below:

Name	Balance at 1 July 2013	Granted during the year as compensation	Received during the year via exercise of option/right	Other changes during the year	Balance at 30 June 2014
John Roberts	5,422,901	–	–	–	**5,422,901**
The Hon Michael Lee	18,459	–	–	1,235	**19,694**
Emma Stein	50,506	–	–	(14,376)	**36,130**
Douglas Halley	134,000	–	–	9,900	**143,900**
Ron Finlay	20,237	–	–	16,971	**37,208**
Eric Goodwin	55,447	–	–	11,136	**66,583**
Duncan Sutherland[1]	167,176	–	–	18,843	**186,019**
Shirley In't Veld	–	–	–	–	**–**
Jane Harvey	–	–	–	–	**–**
Jack Hamilton[2]	–	–	–	–	**–**
Terri Benson[2]	–	–	–	–	**–**
David Bartholomew	79,036	–	–	12,714	**91,750**
Jason Conroy	–	–	–	–	**–**

1 Includes holdings of Mr Sutherland's adult children (being closely related parties as defined under the Corporations Act)

2 Appointed on 23 May 2014 and there was not a trading window prior to 30 June 2014.

DUET Group (DUECo, DIHL and DFL) Remuneration Report (audited) (continued)

9. Executive Employment Contract Provisions

Each of the Executives is and has been employed on a permanent basis by DIHL from 4 December 2012. The terms and conditions of employment of each Executive reflect market conditions at the time of their contract negotiation on appointment and subsequently. The material terms of the employment agreements for each of the Executives is summarised in the table below.

Contractual Term	Conditions
Duration of Contract	Permanent full-time employment contract until notice given by either party
Notice to be provided by Executive or DIHL	Notice period is 3 months. Alternatively, DIHL may make a payment in lieu of notice
Termination without notice	DIHL may terminate the Executive's employment immediately in certain events including if the Executive engages in any misconduct, dishonesty which may injure the reputation of DUET Group, inappropriate workplace behaviour or for any other reason justifying termination without notice. In the event of termination without notice there is no termination payment payable to the Executive except for their accrued salary, superannuation and statutory entitlements.
Termination with notice by DIHL	Where DIHL terminates the Executives employment with notice, the Executive will receive a payment of up to 12 months' salary including any payment in lieu of notice. The Executive will be paid any unvested STI allocations and be entitled to retain any unvested LTI allocations subject to the same performance measures and vesting dates as if the Executive's employment continued.
Termination with notice by Executive	If the Executive resigns, DIHL must pay any accrued salary, superannuation and statutory entitlements and all unvested STI and LTI allocations will be forfeited.
Redundancy	Three weeks' fixed remuneration for each year of service capped at 12 months' fixed remuneration on redundancy.
Post employment restraints	As announced on 16 June 2014, the Executives have agreed to be restrained for a period of 12 months from taking a position or otherwise participating in a competitor business if the Executive's employment ceases before 31 December 2015. In consideration for accepting this non-compete obligation, the Executives will be eligible to receive a payment equivalent to the Executive's base salary on the earlier of: 31 December 2015; or on the date that an entity acquires a relevant interest in more than 50% of DUET Group; or on such earlier date that the Board of DIHL may determine ('Loyalty Payment Date'). The Board believes these arrangements serve the best interests of security holders by putting in place arrangements for the continuity of trusted and experienced management to implement DUET Group's strategic objectives and further enhance security holder value. After the Loyalty Payment Date, DIHL may determine that on termination of employment a six month non-compete and non-solicitation period applies in return for a restraint payment to the Executive equivalent to six month's Base Salary (less applicable deductions) paid on the standard monthly pay cycle.

In addition to the above, where considered appropriate, on termination the Board is also entitled at its absolute discretion subject to the Corporations Act to make further ex-gratia payments to Executives.

Directors' Reports

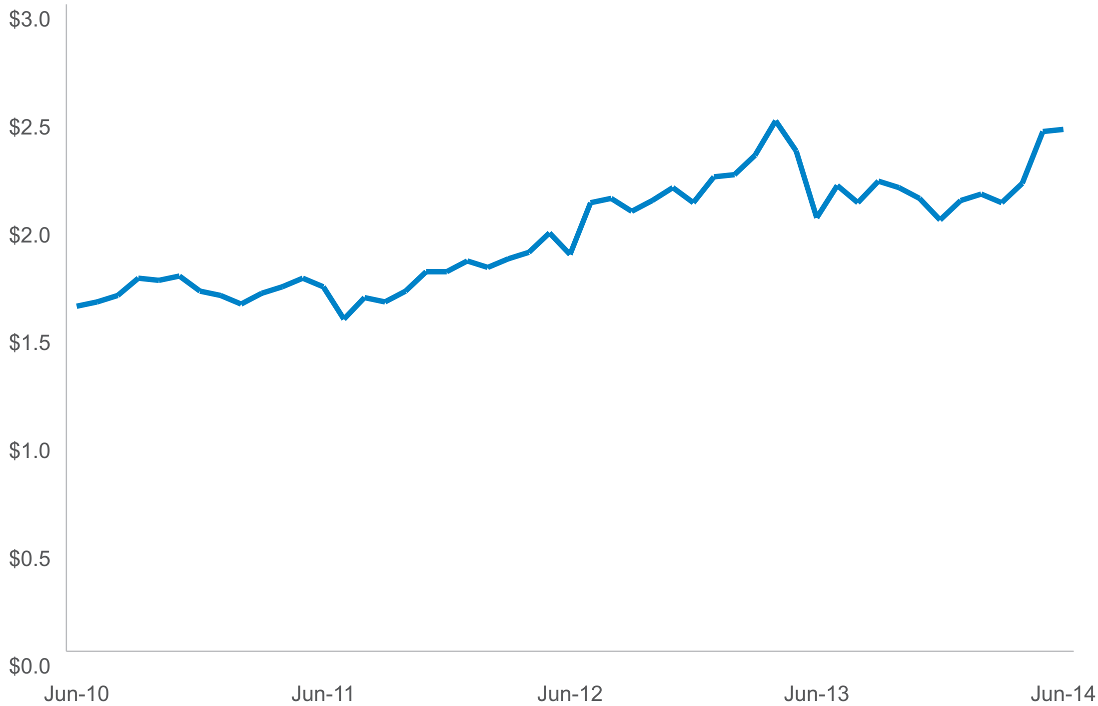
FOR YEAR ENDED 30 JUNE 2014

DUET Group (DUECo, DIHL and DFL) Remuneration Report (audited) (continued)

10. History of DUET Group performance

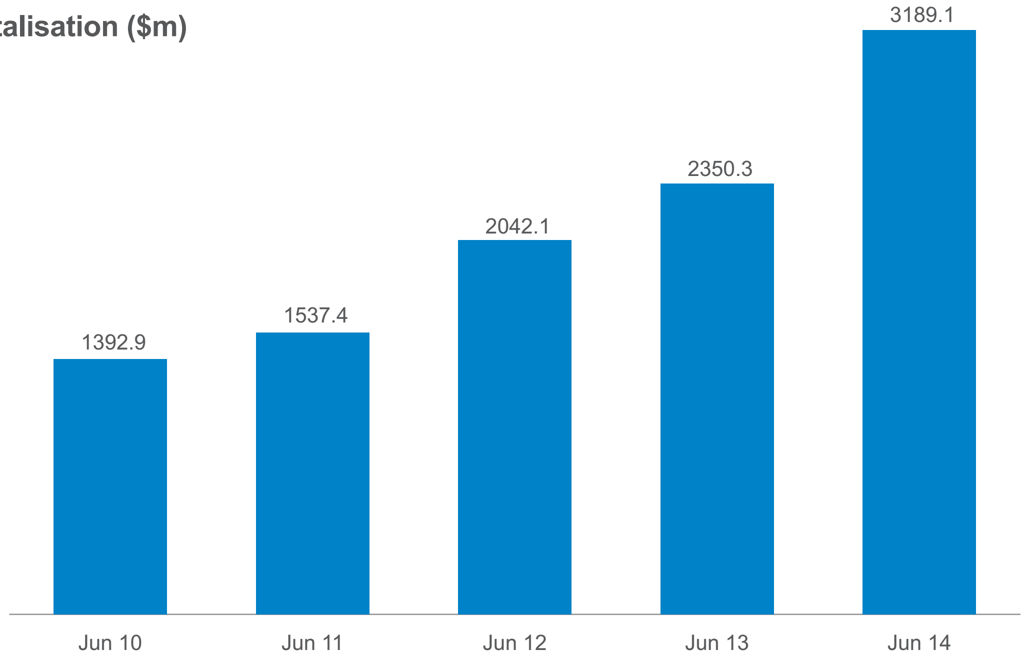
The charts below summarise DUET Group's key financial performance indicators over the last five financial years.

Security Price ($)



	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14
EBITDA ($m)	734	764	731	800	798
Distributions Paid (cpss)	20.0	20.0	16.0	16.5	16.5

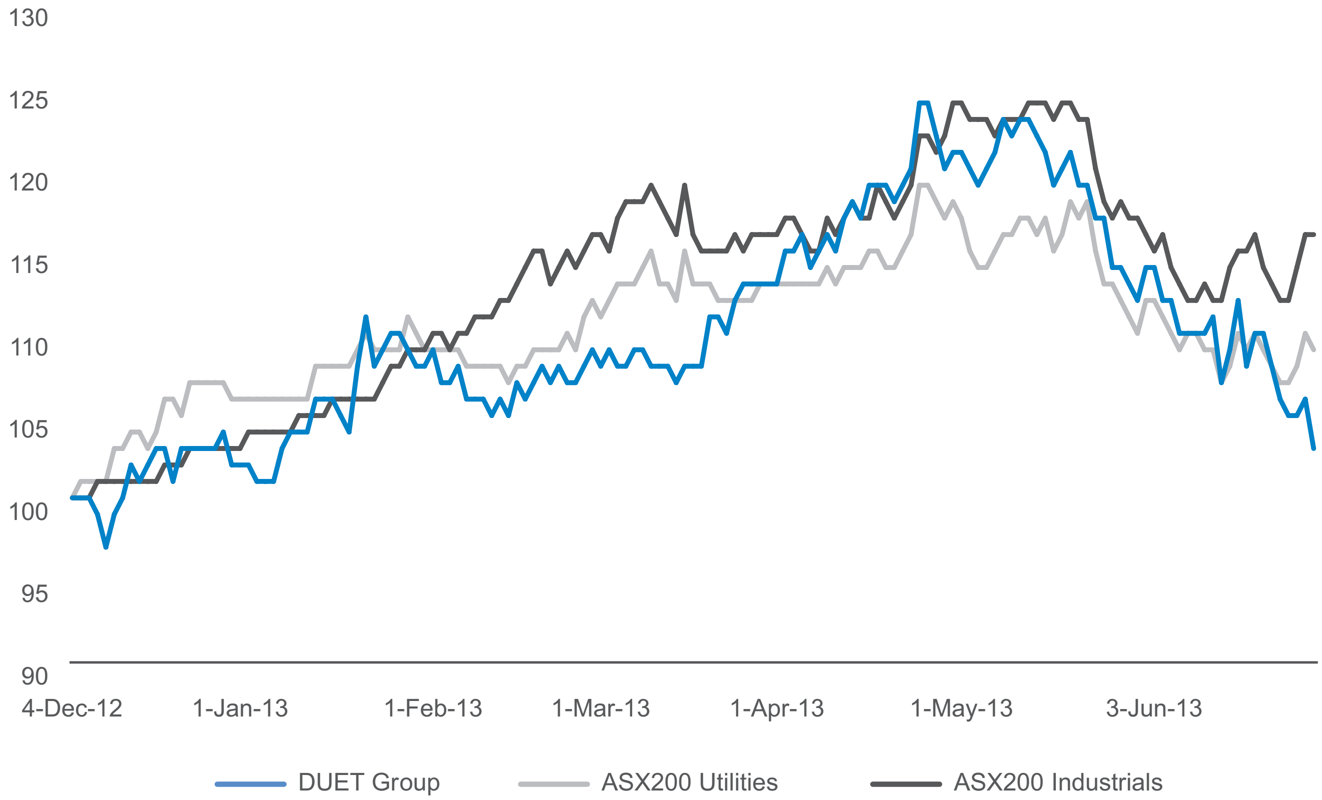
Market Capitalisation ($m)



Note that EBITDA as reported in DUET's Management Information Report is before financial instrument adjustments (EBITDAF), the measure for the calculation of Executive STI awards.

DUET Group (DUECo, DIHL and DFL) Remuneration Report (audited) (continued)

The graph below shows the relative performance for the period 4 December 2012 to 30 June 2014 of the DUET Accumulation Index (DAI) against the S&P ASX200 Industrials Index (IAI) and the S&P ASX 200 Utilities Index (UAI) (being two of the LTI Performance Measures (noting that the UAI measures has been removed for LTI awards made from FY2015)).



The vesting of LTI awards is calculated on the 3rd anniversary of their initial award date on the basis detailed in section 5.1 and 5.3.2. The graph above is illustrative only and indicates how the DAI performed against the IAI and UAI benchmarks during the period to 30 June 2014.

Directors' Reports

FOR YEAR ENDED 30 JUNE 2014

Non-Audit Services

DUET may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or DUET Group are important.

Details of the amounts paid or payable to the auditor (Ernst & Young) for audit and non-audit services provided during the year are set out in Note 4 of the Financial Report.

The board of directors has considered the position and, in accordance with the advice received from the Audit and Risk Committees, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out in Note 4 of the Financial Report, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit and risk committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement APES110, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Environmental Regulations

DUET Group, DFT, DIHL and DFL were not subject to any environmental regulations. The operations of the underlying assets in which the DUET Group, DFT, DIHL and DFL invested are subject to environmental regulations particular to the states in which they are located.

Dampier Bunbury Pipeline

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

Under the National Greenhouse and Energy Reporting (NGER) Act 2007, corporations that meet or exceed thresholds are required to report greenhouse gas emissions and energy usage by 31 October each year. DBP exceeds these thresholds and has lodged its current year's NGER reporting with the Clean Energy Regulator for the period from 1 July 2012 to 30 June 2013.

From 1 July 2012, the carbon pricing mechanism (introduced by the Clean Energy (CE) Act 2011) applies to certain greenhouse gas emissions, with liable entities being required to surrender carbon permits for each tonne of carbon dioxide equivalent emitted for each eligible financial year. This legislation also introduces additional annual reporting and compliance requirements for DBP.

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

United Energy

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

United Energy exceeds the thresholds under the NGER Act 2007, and has lodged its reporting with the Clean Energy Regulator for the period from 1 July 2012 to 30 June 2013.

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

Multinet

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

Multinet exceeds the thresholds under the NGER Act 2007, and has lodged its reporting with the Clean Energy Regulator for the period from 1 July 2012 to 30 June 2013.

The Clean Energy Act 2011 also applies to Multinet.

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

Application of Class Order

The Financial Reports for DUET Group, DFT, DIHL Group, and DFL for the year ended 30 June 2014 are jointly presented in one report, as permitted by ASIC Class Orders 05/642 and 06/441.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 39.

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

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

Share options for DUET Group

No options over the stapled securities of DUET Group existed at 30 June 2014 (2013: nil).

Signed in accordance with a resolution of directors of DUET Company Limited.

Douglas Halley
Director
DUET Company Limited
Sydney

21 August 2014

Emma Stein
Director
DUET Company Limited
Sydney

21 August 2014

Signed in accordance with a resolution of directors of DUET Finance Limited.

Eric Goodwin
Director
DUET Finance Limited
Sydney

21 August 2014

Ron Finlay
Director
DUET Finance Limited
Sydney

21 August 2014

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

Douglas Halley
Director
DUET Investment Holdings Limited
Sydney

21 August 2014

Emma Stein
Director
DUET Investment Holdings Limited
Sydney

21 August 2014

Building a better working world

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Auditor's Independence Declaration to the Directors of DUET Company Limited, DUET Investment Holdings Limited and DUET Finance Limited

In relation to our audit of the financial report of DUET Company Limited, DUET Investment Holdings Limited, DUET Finance Limited and DUET Finance Trust for the year ended 30 June 2014, 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.

Ernst & Young

Kester C Brown
Partner

21 August 2014

Financial Report

FOR YEAR ENDED 30 JUNE 2014

Income Statements

	Note	DUET Group 1 Jul 13 - 30 Jun 14 $'000	DUET Group 1 Jul 12 - 30 Jun 13 $'000
Revenue	2	**1,241,220**	1,264,261
Other Income	2	**10,196**	49,125
Total Revenue and other income	2	**1,251,416**	1,313,386
Expenses relating to internalisation and group structure simplification	2	**(1,622)**	(111,243)
Operating expenses	2	**(418,280)**	(439,709)
Depreciation and amortisation expense	2	**(265,546)**	(253,940)
Finance costs	2	**(445,017)**	(439,903)
Other expenses	2	**(19,298)**	(18,737)
Total expenses	2	**(1,149,763)**	(1,263,532)
Profit before income tax expense		**101,653**	49,854
Income tax benefit/(expense)	3	**91,408**	(30,261)
Profit for the year		**193,061**	19,593
(Loss)/profit is attributable to:			
DUECo shareholders[1]		**61,039**	(10,774)
DFT unitholders and DIHL/DFL shareholders as non-controlling interests		**129,446**	16,590
Stapled Securityholders		**190,485**	5,816
Other non-controlling interests		**2,576**	13,777
Basic earnings/(loss) per stapled security/share/unit[1]	27	**4.86**	(0.94)
Diluted earnings/(loss) per stapled security/share/unit[1]	27	**4.86**	(0.94)

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

(1) Following the DUET Group Simplification on 1 August 2013, DUECo was identified as parent of DUET. Prior to 1 August 2013, the parent of DUET was identified as DUET1. Refer to ‹Significant Changes in State of Affairs› on page 10. Earnings per stapled security on consolidated profit for the year is 15.37c (2013: 1.71c).

Financial Report

FOR YEAR ENDED 30 JUNE 2014

Income Statements (continued)

	Note	DFT 1 Jul 13 - 30 Jun 14 $'000	DIHL Group 1 Jul 13 - 30 Jun 14 $'000	DFL 1 Jul 13 - 30 Jun 14 $'000	DFT 1 Jul 12 - 30 Jun 13 $'000	DIHL Group 1 Jul 12 - 30 Jun 13 $'000	DFL 1 Jul 12 - 30 Jun 13 $'000
Revenue	2	**132,633**	**19,698**	**101**	77,416	7,320	3,611
Other Income		**–**	**–**	**–**	–	–	–
Total Revenue and other income	2	**132,633**	**19,698**	**101**	77,416	7,320	3,611
Share of net profit/(loss) of associates accounted for using the equity method		**2,539**	**8,098**	**–**	9,673	12,754	–
Expenses relating to internalisation and group structure simplification	2	**(422)**	**(400)**	**(42)**	(38,331)	(34,902)	–
Operating expenses	2	**–**	**(10,167)**	**–**	–	–	–
Depreciation and amortisation expense	2	**–**	**(343)**	**–**	–	(176)	(71)
Finance costs	2	**(1,174)**	**(6,223)**	**–**	(3,623)	(6,558)	–
Other expenses	2	**(6,202)**	**(7,922)**	**(153)**	(5,427)	(8,362)	(2,547)
Total expenses	2	**(7,798)**	**(25,055)**	**(195)**	(47,381)	(49,998)	(2,618)
Profit/(loss) before income tax expense		**127,374**	**2,741**	**(94)**	39,708	(29,924)	993
Income tax benefit/(expense)	3	**–**	**(346)**	**(229)**	–	(53)	(319)
Profit/(loss) for the year		**127,374**	**2,395**	**(323)**	39,708	(29,977)	674

Income Statements (continued)

	Note	DFT 1 Jul 13 - 30 Jun 14 $'000	DIHL Group 1 Jul 13 - 30 Jun 14 $'000	DFL 1 Jul 13 - 30 Jun 14 $'000	DFT 1 Jul 12 - 30 Jun 13 $'000	DIHL Group 1 Jul 12 - 30 Jun 13 $'000	DFL 1 Jul 12 - 30 Jun 13 $'000
Profit/(loss) is attributable to:							
DUECo shareholders		**–**	**–**	**–**	–	–	–
DFT unitholders and DIHL/DFL shareholders as non-controlling interests		**127,374**	**2,395**	**(323)**	39,708	(29,977)	674
Stapled Securityholders		**127,374**	**2,395**	**(323)**	39,708	(29,977)	674
Other non-controlling interests		**–**	**–**	**–**	–	–	–
Basic earnings/(loss) per stapled security/share/unit	27	**10.14**	**0.19**	**(0.03)**	3.47	(2.62)	–
Diluted earnings/(loss) per stapled security/share/unit	27	**10.14**	**0.19**	**(0.03)**	3.47	(2.62)	–

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

Financial Report

FOR YEAR ENDED 30 JUNE 2014

Statements of Comprehensive Income

	DUET Group 1 Jul 13 – 30 Jun 14 $'000	DUET Group 1 Jul 12 – 30 Jun 13 $'000
Profit after income tax expense for the year	**193,061**	19,593
Other comprehensive income/(expense)		
Items that may be reclassified subsequently to profit or loss		
Changes in fair value of cashflow hedges, net of tax:		
– Gain/(loss) taken to equity	**33,617**	110,928
– Transferred to Income Statement	**583**	(96,076)
Changes in share of associates other reserves, net of tax	**–**	–
Items that will never be reclassified to profit or loss		
Movement in defined benefit reserve	**428**	1,120
Gain/(loss) on dilution of minority interest	**(3,304)**	3,459
Total comprehensive income/(expense) for the year	**224,385**	39,024
Total comprehensive income/(expense) for the year is attributable to:		
DUECo shareholders	**83,853**	6,534
DFT unitholders and DIHL/DFL shareholders as non-controlling interests	**133,807**	21,958
Stapled Securityholders	**217,660**	28,492
Other non-controlling interests	**6,725**	10,532
Total comprehensive income/(expense) for the year	**224,385**	39,024

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

Statements of Comprehensive Income (continued)

	DFT 1 Jul 13 – 30 Jun 14 $'000	DIHL Group 1 Jul 13 – 30 Jun 14 $'000	DFL 1 Jul 13 – 30 Jun 14 $'000	DFT 1 Jul 12 – 30 Jun 13 $'000	DIHL Group 1 Jul 12 – 30 Jun 13 $'000	DFL 1 Jul 12 – 30 Jun 13 $'000
Profit/(loss) after income tax expense for the year	**127,374**	**2,395**	**(323)**	39,708	(29,977)	674
Other comprehensive income/(expense)						
Items that may be reclassified subsequently to profit or loss						
Changes in share of associates other reserves, net of tax	**(2,150)**	**6,505**	**–**	(1,752)	7,115	–
Total other comprehensive income/(expense) for the year	**(2,150)**	**6,505**	**–**	(1,752)	7,115	–
Total comprehensive income/(expense) for the year	**125,224**	**8,900**	**(323)**	37,956	(22,862)	674
Total comprehensive income/(expense) for the year is attributable to:						
DUECo shareholders	**–**	**–**	**–**	–	–	–
DFT unitholders and DIHL/DFL shareholders	**125,224**	**8,900**	**(323)**	37,956	(22,862)	674
Stapled Securityholders	**125,224**	**8,900**	**(323)**	37,956	(22,862)	674
Other non-controlling interests	**–**	**–**	**–**	–	–	–
Total comprehensive income/(expense) for the year	**125,224**	**8,900**	**(323)**	37,956	(22,862)	674

Financial Report

FOR YEAR ENDED 30 JUNE 2014

Balance Sheets

	Note	DUET Group 30 Jun 14 $'000	DUET Group 30 Jun 13 $'000
Current assets			
Cash and cash equivalents	6	**423,434**	402,181
Short term deposits		**85,000**	–
Receivables	7	**42,745**	79,652
Inventories	8	**22,946**	22,140
Other assets	9	**108,981**	105,918
Derivative financial instruments	10	**2,895**	2,625
Total current assets		**686,001**	612,516
Non-current assets			
Receivables	7	**20,559**	21,049
Property, plant and equipment	12	**5,784,571**	5,613,743
Deferred tax assets	13	**264,755**	94,325
Intangible assets	14	**2,067,797**	2,087,448
Other assets	9	**7,131**	29,416
Derivative financial instruments	10	**15,433**	46,947
Total non-current assets		**8,160,246**	7,892,928
Total assets		**8,846,247**	8,505,444
Current liabilities			
Distribution payable	15	**112,014**	96,468
Payables	16	**241,546**	235,409
Interest bearing liabilities	17	**648,460**	62,624
Provisions	18	**25,698**	33,184
Derivative financial instruments	10	**109,733**	108,926
Other liabilities	19	**39,556**	28,809
Total current liabilities		**1,177,007**	565,420
Non-current liabilities			
Interest bearing liabilities	17	**5,019,202**	5,609,273
Deferred tax liabilities	20	**610,758**	517,546
Derivative financial instruments	10	**166,457**	230,215
Provisions	18	**44,289**	36,220
Retirement benefit obligations	21	**2,449**	2,824
Other liabilities	19	**21,058**	21,897
Total non-current liabilities		**5,864,213**	6,417,975
Total liabilities		**7,041,220**	6,983,395
Net assets		**1,805,027**	1,522,049

Balance Sheets (continued)

	Note	DUET Group 30 Jun 14 $'000	DUET Group 30 Jun 13 $'000
Equity			
Equity attributable to DUECo shareholders			
Contributed equity	23	**793,109**	688,011
Reserves	24	**(293,783)**	(151,470)
Retained profits/accumulated (losses)	25	**(255,093)**	(300,132)
Shareholders interest		**244,233**	236,409
Equity attributable to DFT, DIHL, and DFL Securityholders (as non-controlling interest)			
Contributed equity	23	**1,857,492**	1,662,004
Reserves	24	**(307,492)**	(410,305)
Retained profits/accumulated (losses)	25	**(160,655)**	(155,597)
DFT, DIHL and DFL securityholders interest		**1,389,345**	1,096,102
Other non-controlling interest	22	**171,449**	189,538
Total equity		**1,805,027**	1,522,049

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

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FOR YEAR ENDED 30 JUNE 2014

Balance Sheets (continued)

	Note	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000	DFT 30 Jun 13 $'000	DIHL Group 30 Jun 13 $'000	DFL 30 Jun 13 $'000
Current assets							
Cash and cash equivalents	6	**77,010**	**145,422**	**5,671**	52,476	11,984	5,511
Short term deposits		**–**	**15,000**	**–**	–	–	–
Receivables	7	**1,423**	**2,303**	**–**	8,518	976	279
Other assets	9	**–**	**2,990**	**282**	–	633	325
Total current assets		**78,433**	**165,715**	**5,953**	60,994	13,593	6,115
Non-current assets							
Receivables	7	**1,257,108**	**238**	**–**	811,369	–	–
Other financial assets – investments in unlisted securities		**–**	**–**	**–**	861	–	–
Investment in associated entities	11	**–**	**145,779**	**–**	145,911	176,501	–
Property, plant and equipment	12	**–**	**82,215**	**–**	–	6,744	–
Deferred tax assets	13	**–**	**582**	**–**	–	46	7
Other assets	9	**–**	**152**	**–**	–	152	–
Total non-current assets		**1,257,108**	**228,966**	**–**	958,141	183,443	7
Total assets		**1,335,541**	**394,681**	**5,953**	1,019,135	197,036	6,122
Current liabilities							
Distribution payable	15	**99,214**	**3,400**	**–**	48,837	–	–
Payables	16	**2,359**	**24,724**	**3**	5,089	14,603	470
Interest bearing liabilities	17	**–**	**94,737**	**18**	212,392	108,829	–
Other liabilities	19	**–**	**76**	**–**	–	154	15
Provisions	18	**–**	**532**	**–**	–	361	–
Total current liabilities		**101,573**	**123,469**	**21**	266,318	123,947	485

Balance Sheets (continued)

	Note	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000	DFT 30 Jun 13 $'000	DIHL Group 30 Jun 13 $'000	DFL 30 Jun 13 $'000
Non-current liabilities							
Interest bearing liabilities	17	**–**	**117,655**	**–**	–	–	–
Provisions	18	**–**	**3,248**	**–**	–	3,068	–
Deferred tax liabilities	20	**–**	**867**	**–**	–	–	50
Total non-current liabilities		**–**	**121,770**	**–**	–	3,068	50
Total liabilities		**101,573**	**245,239**	**21**	266,318	127,015	535
Net assets		**1,233,968**	**149,442**	**5,932**	752,817	70,021	5,587
Equity							
Equity attributable to DUECo shareholders							
Contributed equity	23	**–**	**–**	**–**	–	–	–
Reserves	24	**–**	**–**	**–**	–	–	–
Retained profits/accumulated (losses)	25	**–**	**–**	**–**	–	–	–
Shareholders interest		**–**	**–**	**–**	–	–	–
Equity attributable to DFT, DIHL and DFL Securityholders							
Contributed equity	23	**1,565,843**	**285,495**	**6,154**	1,051,517	248,034	5,486
Reserves	24	**(331,875)**	**24,381**	**–**	(298,700)	(22,214)	–
Retained profits/accumulated (losses)	25	**–**	**(160,434)**	**(222)**	–	(155,799)	101
DFT, DIHL and DFL securityholders interest		**1,233,968**	**149,442**	**5,932**	752,817	70,021	5,587
Other non-controlling interest	22	**–**	**–**	**–**	–	–	–
Total equity		**1,233,968**	**149,442**	**5,932**	752,817	70,021	5,587

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

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FOR YEAR ENDED 30 JUNE 2014

Statements of Changes in Equity

	Attributable to DUECo Unitholders								
DUET Group	**Contributed equity $'000**	**Hedging reserve $'000**	**Capital reserve $'000**	**Other Reserve $'000**	**Retained profits/ (accumulated losses) $'000**	**Total $'000**	**DFT, DIHL & DFL non-controlling interests $'000**	**Other non-controlling interest $'000**	**Total equity $'000**
Total equity at 30 June 2012	650,331	(60,997)	(90,324)	(22,045)	(204,763)	272,202	1,104,659	191,837	1,568,698
Profit for the year	–	–	–	–	(10,774)	(10,774)	16,590	13,777	19,593
Other comprehensive income/(expense) for the year	–	12,733	–	9,163	(4,586)	17,310	5,365	(3,244)	19,431
Total comprehensive income for the year	–	12,733	–	9,163	(15,360)	6,536	21,955	10,533	39,024
Transactions with equity holders in their capacity as equity holders:									
Contributions of equity, net of transaction costs	37,680	–	–	–	–	37,680	92,364	–	130,044
Return of capital	–	–	–	–	–	–	(10,864)	–	(10,864)
Distribution paid and provided for to DUET equity holders	–	–	–	–	(80,009)	(80,009)	(112,012)	–	(192,021)
Dividends and distributions provided for or paid to non-controlling interests	–	–	–	–	–	–	–	(23,914)	(23,914)
Contributions of equity by non-controlling interests	–	–	–	–	–	–	–	11,082	11,082
Total equity at 30 June 2013	688,011	(48,264)	(90,324)	(12,882)	(300,132)	236,409	1,096,102	189,538	1,522,049
Profit for the year	**–**	**–**	**–**	**–**	**61,039**	**61,039**	**129,446**	**2,576**	**193,061**
Other comprehensive income/(expense) for the year	**–**	**33,330**	**–**	**(10,516)**	**–**	**22,814**	**4,361**	**4,149**	**31,324**
Total comprehensive income for the year	**–**	**33,330**	**–**	**(10,516)**	**61,039**	**83,853**	**133,807**	**6,725**	**224,385**
Transactions with equity holders in their capacity as equity holders:									
DUECo acquisition of DMC1 Limited	**5,488**	**–**	**–**	**–**	**–**	**5,488**	**(5,488)**	**–**	**–**
Transfer of investments in subsidiaries	**–**	**–**	**–**	**(155,728)**	**–**	**(155,728)**	**155,728**	**–**	**–**
Reserves movement as a result of restructure	**–**	**–**	**–**	**(9,399)**	**–**	**(9,399)**	**9,399**	**–**	**–**
Contributions of equity, net of transaction costs	**99,610**	**–**	**–**	**–**	**–**	**99,610**	**200,973**	**–**	**300,583**
Distribution paid and provided for to DUET equity holders	**–**	**–**	**–**	**–**	**(16,000)**	**(16,000)**	**(201,176)**	**–**	**(217,176)**
Dividends and distributions provided for or paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(34,377)**	**(34,377)**
Contributions of equity by non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**9,563**	**9,563**
Total equity at 30 June 2014	**793,109**	**(14,934)**	**(90,324)**	**(188,525)**	**(255,093)**	**244,233**	**1,389,345**	**171,449**	**1,805,027**

Statements of Changes in Equity (continued)

DFT	Contributed equity $'000	Hedging reserve $'000	Capital reserve $'000	Other Reserve $'000	Retained profits/ (accumu-lated losses) $'000	Total $'000
Total equity at 30 June 2012	997,712	(13,872)	(233,630)	–	–	750,210
Profit/(loss) for the year	–	–	–	–	39,708	39,708
Other comprehensive income/(expense) for the year	–	(1,752)	(49,446)	–	49,446	(1,752)
Total comprehensive income for the year	–	(1,752)	(49,446)	–	89,154	37,956
Transactions with equity holders in their capacity as equity holders:						
Contributions of equity, net of transaction costs	53,805	–	–	–	–	53,805
Distribution paid and provided for to DFT equity holders	–	–	–	–	(89,154)	(89,154)
Transfers from reserves	–	–	–	–	–	–
Total equity at 30 June 2013	1,051,517	(15,624)	(283,076)	–	–	752,817
Profit/(loss) for the year	**–**	**–**	**–**	**–**	**127,374**	**127,374**
Other comprehensive income/(expense) for the year	**–**	**(2,150)**	**(66,772)**	**–**	**66,772**	**(2,150)**
Total comprehensive income for the year	**–**	**(2,150)**	**(66,772)**	**–**	**194,146**	**125,224**
Transactions with equity holders in their capacity as equity holders:						
Contributions of equity, net of transaction costs	**162,846**	**–**	**–**	**–**	**–**	**162,846**
Changes in equity as a result of acquisition	**351,480**	**–**	**–**	**–**	**–**	**351,480**
Distribution paid and provided for to DFT equity holders	**–**	**–**	**–**	**–**	**(194,146)**	**(194,146)**
Reserves movement as a result of restructure	**–**	**–**	**–**	**35,747**	**–**	**35,747**
Total equity at 30 June 2014	**1,565,843**	**(17,774)**	**(349,848)**	**35,747**	**–**	**1,233,968**

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FOR YEAR ENDED 30 JUNE 2014

Statements of Changes in Equity (continued)

DIHL Group	Contributed equity $'000	Hedging reserve $'000	Capital reserve $'000	Other Reserve $'000	Retained profits/ (accumu-lated losses) $'000	Total $'000
Total equity at 30 June 2012	244,578	(29,329)	–	–	(125,822)	89,427
Profit/(loss) for the year	–	–	–	–	(29,977)	(29,977)
Other comprehensive income/(expense) for the year	–	7,115	–	–	–	7,115
Total comprehensive income/(loss) for the year	–	7,115	–	–	(29,977)	(22,862)
Transactions with equity holders in their capacity as equity holders:						
Contributions of equity, net of transaction costs	3,456	–	–	–	–	3,456
Total equity at 30 June 2013	248,034	(22,214)	–	–	(155,799)	70,021
Profit/(loss) for the year	**–**	**–**	**–**	**–**	**2,395**	**2,395**
Other comprehensive income/(expense) for the year	**–**	**6,505**	**–**	**–**	**–**	**6,505**
Total comprehensive income/(loss) for the year	**–**	**6,505**	**–**	**–**	**2,395**	**8,900**
Transactions with equity holders in their capacity as equity holders:						
Reserves movement as a result of restructure	**–**	**–**	**–**	**40,090**	**–**	**40,090**
Distribution paid and provided for to DIHL Group equity holders	**–**	**–**	**–**	**–**	**(7,030)**	**(7,030)**
Contributions of equity, net of transaction costs	**37,461**	**–**	**–**	**–**	**–**	**37,461**
Total equity at 30 June 2014	**285,495**	**(15,709)**	**–**	**40,090**	**(160,434)**	**149,442**

Statements of Changes in Equity (continued)

DFL	Contributed equity $'000	Hedging reserve $'000	Capital reserve $'000	Other Reserve $'000	Retained profits/ (accumulated losses) $'000	Total $'000
Total equity at 30 June 2012	14,465	–	–	–	997	15,462
Profit/(loss) for the year	–	–	–	–	674	674
Other comprehensive income/(expense) for the year	–	–	–	–	–	–
Total comprehensive income/(loss) for the year	–	–	–	–	674	674
Transactions with equity holders in their capacity as equity holders:						
Distribution paid	–	–	–	–	(1,570)	(1,570)
Return of capital	(14,465)	–	–	–	–	(14,465)
Contributions of equity, net of transaction costs	5,486	–	–	–	–	5,486
Total equity at 30 June 2013	5,486	–	–	–	101	5,587
Profit/(loss) for the year	**–**	**–**	**–**	**–**	**(323)**	**(323)**
Other comprehensive income/(expense) for the year	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income/(loss) for the year	**–**	**–**	**–**	**–**	**(323)**	**(323)**
Transactions with equity holders in their capacity as equity holders:						
Distribution paid	**–**	**–**	**–**	**–**	**–**	**–**
Return of capital	**–**	**–**	**–**	**–**	**–**	**–**
Contributions of equity, net of transaction costs	**668**	**–**	**–**	**–**	**–**	**668**
Total equity at 30 June 2014	**6,154**	**–**	**–**	**–**	**(222)**	**5,932**

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

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FOR YEAR ENDED 30 JUNE 2014

Statements of Cash Flow

Statements of Cash Flow	Note	DUET Group 1 Jul 13 – 30 Jun 14 $'000	DUET Group 1 Jul 12 – 30 Jun 13 $'000
Cash flows from operating activities			
Receipts from customers (including GST)		**1,483,442**	1,316,584
Payments to suppliers and employees (including GST)		**(639,234)**	(535,305)
Payments relating to internalisation and group simplification project		**(7,089)**	(23,394)
Income tax received/(paid)		**(501)**	(62)
Other interest received		**13,041**	7,202
Management and performance fee paid		**–**	(29,924)
Indirect tax net (paid) /received		**(18,401)**	(38,613)
Net cash flows from operating activities	28	**831,258**	696,488
Cash flows (used in)/from investing activities			
Payments for purchase of property, plant and equipment		**(333,879)**	(339,799)
Payments for purchase of term deposits		**(85,000)**	–
Payments for purchase of software		**(44,809)**	(52,654)
Proceeds from sale of investment, net of costs		**3,824**	1,086
Net cash flows (used in)/from investing activities		**(459,864)**	(391,365)
Cash flows from financing activities			
Proceeds from issue of stapled securities, net of transaction costs		**238,733**	–
Proceeds from securities issued to non-controlling interests		**9,563**	32,570
Proceeds from borrowing from external parties		**1,433,561**	2,241,222
Repayment of borrowings from external parties		**(1,417,500)**	(1,792,500)
Finance costs paid		**(437,276)**	(447,507)
Dividends paid to non-controlling interest		**(37,505)**	(33,040)
Distributions paid to DUET securityholders		**(139,667)**	(147,159)
Net cash flow from/(used in) financing activities		**(350,091)**	(146,414)
Net increase/(decrease) in cash and cash equivalents held		**21,303**	158,709
Cash assets at the beginning of the period		**402,181**	243,595
Restricted cash		**–**	(152)
Effects of exchange rate changes on cash and cash equivalents		**(50)**	29
Cash and cash equivalents at the end of the year		**423,434**	402,181

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

Statements of Cash Flow (continued)

	Note	DFT 1 Jul 13 – 30 Jun 14 $'000	DIHL Group 1 Jul 13 – 30 Jun 14 $'000	DFL 1 Jul 13 – 30 Jun 14 $'000	DFT 1 Jul 12 – 30 Jun 13 $'000	DIHL Group 1 Jul 12 – 30 Jun 13 $'000	DFL 1 Jul 12 – 30 Jun 13 $'000
Cash flows from operating activities							
Receipts from customers (including GST)		**39**	**8,160**	**–**	55	17	16,864
Payments to suppliers and employees (including GST)		**(2,457)**	**(17,015)**	**(130)**	(2,334)	(3,467)	(16,532)
Payments relating to internalisation and group simplification project		**(3,478)**	**(1,021)**	**(2)**	(7,109)	(7,744)	–
Income tax received/(paid)		**–**	**–**	**(286)**	–	–	63
Interest received from associates		**62,389**	**475**	**–**	29,848	–	–
Interest received from related parties		**65,154**	**–**	**–**	46,257	–	–
Dividends received		**–**	**–**	**–**	17,392	3,766	–
Other interest received		**876**	**784**	**101**	725	398	120
Management and performance fee paid		**–**	**–**	**–**	(13,486)	(3,664)	–
Indirect tax net (paid) /received		**–**	**–**	**–**	2,744	323	(72)
Net cash flows from operating activities	28	**122,523**	**(8,617)**	**(317)**	74,092	(10,371)	443
Cash flows (used in)/from investing activities							
Payments for purchase of property, plant and equipment		**–**	**(56,626)**	**–**	–	(827)	–
Payments for purchase of software		**–**	**–**	**–**	–	(17)	–
Proceeds from sale of investment, net of costs		**–**	**–**	**–**	–	–	–
Payments for purchase of investments		**3,946**	**–**	**–**	(22,450)	(2,093)	–
Return of capital from investments		**–**	**22,971**	**–**	–	25,565	–
Payments for purchase of other assets		**–**	**(15,000)**	**–**	–	–	–
Net cash flows (used in)/from investing activities		**3,946**	**(48,655)**	**–**	(22,450)	22,628	–
Cash flows from financing activities							
Proceeds from issue of stapled securities, net of transaction costs		**–**	**23,463**	**235**	–	–	5,432
Proceeds from borrowings lent by related party		**–**	**118,000**	**–**	–	–	–

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FOR YEAR ENDED 30 JUNE 2014

Statements of Cash Flow (continued)

	Note	DFT 1 Jul 13 – 30 Jun 14 $'000	DIHL Group 1 Jul 13 – 30 Jun 14 $'000	DFL 1 Jul 13 – 30 Jun 14 $'000	DFT 1 Jul 12 – 30 Jun 13 $'000	DIHL Group 1 Jul 12 – 30 Jun 13 $'000	DFL 1 Jul 12 – 30 Jun 13 $'000
Repayment of borrowings from external parties		**5,210**	**(6,602)**	**–**	–	–	–
Loans to related parties		**(11,878)**	**61,274**	**242**	(2,348)	(5,300)	–
Loans from related parties		**–**	**4,001**	**–**	11,329	1,654	–
Finance costs paid		**–**	**(6,455)**	**–**	(3,217)	(5,967)	–
Return of capital		**–**	**–**	**–**	–	(10,864)	(2,411)
Distributions paid to DUET securityholders		**(95,267)**	**(2,905)**	**–**	(66,210)	–	(1,570)
Net cash flow from/(used in) financing activities		**(101,935)**	**190,776**	**477**	(60,446)	(20,477)	1,451
Net increase/(decrease) in cash and cash equivalents held		**24,534**	**133,504**	**160**	(8,804)	(8,220)	1,894
Cash assets at the beginning of the period		**52,476**	**11,984**	**5,511**	61,280	20,356	3,617
Restricted cash		**–**	**–**	**–**	–	(152)	–
Effects of exchange rate changes on cash and cash equivalents		**–**	**(66)**	**–**	–	–	–
Cash and cash equivalents at the end of the year		**77,010**	**145,422**	**5,671**	52,476	11,984	5,511

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

Notes to the Financial Statements

FOR YEAR ENDED 30 JUNE 2014

1 Summary of Significant Accounting Policies

The significant accounting policies which have been adopted in the preparation of the Financial Statements are stated to assist in a general understanding of these general purpose Financial Reports.

These general purpose Financial Reports have been prepared in accordance with Australian Accounting Standards, the Corporations Act 2001 and other authoritative pronouncements of the Australian Accounting Standards Board. DUET Group is a for-profit entity for the purpose of preparing the financial statements.

The Financial Reports were authorised for issue by the Directors on 21 August 2014. The Directors of DUECo, DIHL and DFL have the power to amend and reissue these Financial Reports.

(a) Basis of preparation of Financial Reports

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

Compliance with IFRS

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

Historical cost convention

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

Stapled Security

At 30 June 2014, the units of DFT and the ordinary shares in DIHL and DFL were combined and issued as stapled securities in DUET Group. The individual securities could not be traded separately and could only be traded as stapled securities.

This Financial Report consists of the consolidated Financial Statements of DUECo, which comprises DUECo, DFT, DIHL and DFL and the entities they control, together acting as DUET.

As permitted by ASIC Class order 06/441, these Financial Reports consist of the consolidated Financial Statements of DUECo and its controlled entities (collectively referred to as "DUET" or "DUET Group"), and the Financial Statements of DFT, DIHL and its subsidiaries and DFL.

(b) Consolidated accounts

The Group is required to prepare its consolidated Financial Statements in accordance with the revised AASB 10 *Consolidated Financial Statements*. Under the standard DFT is presented as a non-controlling interest, together with DIHL and DFL. This standard requires "non-controlling interests" to be presented in the consolidated Balance Sheet within equity but separately from the equity owners of the parent. In addition, profit or loss and total comprehensive income has been apportioned to reflect the amount attributable to the owners of the parent and to the non-controlling interests.

(c) Principles of consolidation

The consolidated Financial Statements incorporate the assets and liabilities of the entities, which DUECo, DFT, DIHL and DFL collectively hold a majority interest in, and control, at 30 June 2014, including those deemed to be controlled by DUECo by identifying it as the parent of DUET on transition to AIFRS, and the results of those controlled entities for the period then ended. The effects of all transactions between entities in DUET Group are eliminated in full. Non-controlling interests in the results and equity are shown separately in the Income Statement and the Balance Sheet respectively. Non-controlling interests are those interests in partly owned subsidiaries which are not held directly or indirectly by DUECo, DFT, DIHL or DFL. Non-controlling interests also represent the interests of DFT, DIHL and DFL.

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

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

(d) Segment reporting

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

For the year ended 30 June 2014 the segments are based on the core assets of DUET's investment portfolio being DBP, DDG, United Energy and Multinet Gas.

(e) Revenue recognition

Revenue is recognised for the major business activities as follows:

Electricity distribution revenue

Electricity distribution revenue earned from the use of the distribution network is recognised when electricity

Notes to the Financial Statements

FOR YEAR ENDED 30 JUNE 2014

1 Summary of Significant Accounting Policies (continued)

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

Gas distribution revenue

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

Gas transportation revenue

Gas transportation 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.

Revenue from large lump sum projects is recognised in the accounting period in which the services are provided. For such contracts, revenue is recognised under the percentage of completion method.

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.

Metering and other operating revenue

Metering and other operating revenue is recognised as it is earned, when the goods or services are provided, as applicable.

(f) Net current asset deficiency

At 30 June 2014 the DUET Group had a net current liability position of $491.0 million which is primarily due to the following interest bearing term borrowings maturing in the next 12 months:

- DBP (Senior debt) of $50.0 million;
- UED (working capital facility) of $25.0 million;
- UED (fixed rate note) of $500.0 million; and
- UED (US private placement) of $77.0 million.

Notwithstanding this net current asset deficiency, the financial report has been prepared on a going concern basis as DUET Group is forecast to continue to generate positive operating cash flows and have sufficient capital and facilities in place to enable operations to continue as a going concern.Given the following, and based on current expectations, the Directors consider that DUET Group will have sufficient cash available to meet its liabilities as they fall due:

- DBP reached contract close on a $745 million bank debt facility which was applied to repay $350 million of the $400 million term debt maturing in October 2014. DBP also retains $55 million in undrawn debt facilities which it may utilise to repay maturing debt;
- United Energy retains $355 million in undrawn debt facilities and a $70 million term deposit which may be used to repay a significant amount of its current term debt maturities if required but are confident of being able to complete its planned 2014 refinancings and forecasts positive operating cashflows sufficient to cover borrowing costs, metering capex and maintenance capex.

DFT has a net current asset deficiency of $23.1 million. Notwithstanding this, the Financial Report has been prepared on a going concern basis as DFT continues to generate positive cash flows and have sufficient appropriate debt and equity capital in place to enable operations to continue as a going concern. The net current asset deficiency is primarily due to the distribution declared and payable by DUET Group. However, intra-group loans receivable by DFT are available to be partially repaid to fund the distribution.

(g) 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,

1 Summary of Significant Accounting Policies (continued)

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 controlled entities and associates where the parent entity is able to control 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, DFT, DUET3 and DUET 2008 Funding Sub Trust 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.

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

(h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and in bank accounts, deposits at call with financial institutions and other highly liquid investments with short periods to maturity (less than 90 days) that are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

(i) Trade receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Collectability of trade receivables is reviewed on an ongoing basis. A provision for impaired receivables is established when there is objective evidence that the entity will not be able to collect all amounts due to the original terms of the receivables. Financial difficulties of the debtor and default payments are considered objective evidence of impairment. Bad debts are written off when identified.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is measured at average cost.

(k) 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 it recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal 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.

(l) Investments

(i) Investments in associates and joint operations

Investments in associates are accounted for using the equity method. 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 its interest in the associate, further losses are not recognised unless it 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.

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the gross assets and liabilities of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Group's investment in joint operations are accounted for using proportionate consolidation.

(ii) Other financial assets – Investments in unlisted securities

Investments in unlisted securities are classified as available-for-sale and are carried at fair value.

Available-for-sale financial assets, comprising marketable equity securities, are non derivatives that are either designated in this category or not classified in any of the other categories. They are included in non current assets unless management intends to dispose of the investment within 12 months of the reporting date. Available-for-

Notes to the Financial Statements

FOR YEAR ENDED 30 JUNE 2014

1 Summary of Significant Accounting Policies (continued)

sale values are calculated using a discounted free cash flow methodology.

Gains or losses on available-for-sale investments are recognised as other comprehensive income and accumulated in a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the Income Statement.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or Group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss is removed from equity and recognised in the Income Statement. Impairment losses recognised in the Income Statement on equity instruments classified as available for sale are not reversed through the Income Statement.

(m) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment charge. The cost of plant and equipment constructed by DUET Group includes the cost of materials and direct labour and a proportion of fixed and variable overheads.

Depreciation

Depreciation is calculated on a straight line basis to write off the cost of each item of property, plant and equipment (excluding land) over its expected useful life to DUET Group. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

The expected useful lives are as follows:

Category	Useful life
Buildings	6 to 40 years
Plant and equipment	1 to 60 years
Motor vehicles	4 to 10 years
Office equipment	3 to 15 years
Furniture, fixtures and fittings	1 to 12 years

Where items of plant and equipment have separately identifiable components which are subject to regular replacement, those components are assigned useful lives distinct from the item of plant and equipment to which they relate.

Major spare parts purchased specifically for a particular plant are capitalised and depreciated on the same basis as the plant to which they relate.

Assets in the course of construction are not subject to depreciation until they are put into use.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate their carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. (Refer to Note 1(k)).

Asset sales

The net proceeds on disposal of assets are brought to account at the date when control passes to the purchaser, usually when an unconditional contract of sale is signed.

(n) Intangible assets

(i) Goodwill

Goodwill represents the excess of the fair value of the purchase consideration over the fair value of identifiable net assets acquired at the time of acquisition of a business or securities in a controlled entity. Goodwill is not amortised but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is thereafter carried at cost less accumulated impairment losses.

(ii) Identifiable Intangible Assets

Identifiable intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Where amortisation is charged

1 Summary of Significant Accounting Policies (continued)

on assets with finite lives, this expense is taken to the Income Statement through the depreciation and amortisation expense line item. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

No amortisation is provided for distribution licences, since in the opinion of the Directors, the life of the licence is of such duration, and the residual value would be such that the amortisation charge, if any, would not be material.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite lived intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

A summary of the policies applied to the Group's intangible assets is as follows:

	Licences	Software	Development Project Costs	Intellectual Property
Useful lives	Indefinite	Finite	Finite	Finite
Method used	Not depreciated or revalued	3-5 Years Straight line	5-7 Years Straight line	20 years Straight line
Acquired	Acquired	Acquired	Internally generated	Acquired
Impairment test/ Recoverable amount Testing	Annually and where an indicator of impairment exists	Amortisation method reviewed at each financial year-end; and Reviewed annually for indicator of impairment.	Amortisation method reviewed at each financial year-end; and Reviewed annually for indicator of impairment.	Amortisation method reviewed at each financial year-end; and Reviewed annually for indicator of impairment.

(o) Loans and receivables

Loans and receivables (current and non current) are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method.

(p) Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period which are unpaid. The amounts are unsecured.

(q) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as a part of the expenses.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which were recovered from or paid to the ATO are classified as operating cash flows.

Notes to the Financial Statements

FOR YEAR ENDED 30 JUNE 2014

1 Summary of Significant Accounting Policies (continued)

(r) Customer deposits

Customer deposits are recognised as current liabilities and represent either refundable payments that are received in advance as finance on capital projects or advances from customers held as security over future electricity and gas usage and deposits.

(s) Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. Liabilities that are not expected to be settled within 12 months have been measured as the present value of expected future payments to be made.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Retirement benefit obligations

DUET Group primarily contributes to superannuation funds in respect of its permanent employees and direct hired casual employees. DUET Group and any employee contributions are based on various percentages of their gross salaries.

Defined benefit plan

The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on government bonds, as explained in Note 21), less unrecognised past service costs and less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value is based on the market price information and, in the case of quoted securities, it is the published bid price. The value of any defined benefit asset recognised is restricted to the sum of any unrecognised past service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan. Actuarial gains and losses are recognised in full in the period in which they occur in other comprehensive income.

(t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Income Statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(u) Interest bearing liabilities

Bank loans, guaranteed notes and redeemable preference shares are initially 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(x).

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.

(v) Borrowing costs

Borrowing costs incurred that are directly attributable to the acquisition, construction or production of any qualifying assets are required to be capitalised. Other borrowing costs are expensed.

1 Summary of Significant Accounting Policies (continued)

(w) Distributions and dividends

A provision is made by DUECo, DFT and DIHL Group, for the amount of any distribution payable under the Constitution or declared by DFL or the boards of DUECo, DIHL and DFL, on or before the end of the financial year but not distributed at reporting date.

(x) 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 restated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of 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 transfer the swap at the reporting date, taking into account current interest and foreign exchange rates and the current creditworthiness of the swap counterparties and DUET Group. The fair value of forward exchange contracts is their quoted market price at the reporting date, being the present value of the quoted forward price.

(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 restated 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.

(y) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

(i) Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the profit or loss.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the statement of comprehensive income on

Notes to the Financial Statements

FOR YEAR ENDED 30 JUNE 2014

1 Summary of Significant Accounting Policies (continued)

a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(ii) Group as a lessor

Leases in which the Group retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount.

(z) Foreign currency translation

Functional and presentation currency

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

Transactions

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At reporting 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 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 securityholders' equity. When a foreign operation is disposed of, 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.

(aa) Earnings per stapled security

(i) Basic earnings per security

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

(ii) Diluted earnings per security

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

(bb) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred to the former owners of the acquiree, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit and loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be a financial asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

(cc) Standards and interpretations

(i) Changes in accounting policy and disclosures.

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended Australian Accounting Standards and AASB interpretations as of 1 July 2013:

1 Summary of Significant Accounting Policies (continued)

- AASB 10 Consolidated Financial Statements effective 1 July 2013;
- AASB 12 Disclosure of Interests in Other Entities effective 1 July 2013;
- AASB 13 Fair Value Measurement effective 1 July 2013;
- Revised AASB 119 Employee Benefits effective 1 July 2013;
- AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Liabilities effective 1 July 2013; and
- AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets, which amends the disclosure requirements in AASB 136 Impairment of Assets effective 1 July 2013.

The adoption of these new standards 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

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 July 2014 or later periods but which have not yet been adopted. The significant ones and an assessment of the impact of these are as follows:

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Liabilities

AASB 2012-3 is applicable to annual reporting periods beginning on or after 1 July 2014. It adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. The Groups do not intend to adopt the new standard before its operative date.

AASB 9 Financial Instruments

AASB 9 *Financial Instruments* is applicable to annual reporting periods beginning on or after 1 July 2018, however the Group is currently assessing the impact of early adoption for the annual reporting period commencing from 1 July 2014.

AASB 9 introduces new classification and measurement models for financial assets. For financial assets, there are only two models, amortised cost and fair value. To be classified and measured at amortised cost, the asset must satisfy the business model test and have contractual cash flow characteristics. All other instruments are to be classified and measured at fair value. It also introduces new hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.

The accounting for financial liabilities will continue to be performed under AASB 139 until further amendments are made by the International Accounting Standards Board. We are currently assessing the impact of these standards.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 is applicable to annual reporting periods beginning on or after 1 January 2017. It replaces AASB 111 Construction Contracts, AASB 118 Revenue, and related Interpretations. The Group is currently evaluating the impact of the new standard.

Apart from these standards, we have considered other accounting standards that will be applicable in future periods, however they have been considered insignificant to DUET.

(dd) Comparative figures

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

(ee) Rounding of amounts

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

(ff) Contributed equity

Stapled securities are classified as equity. Incremental costs directly attributable to the issue of new stapled securities are shown in equity as a deduction, net of tax, from the proceeds.

Notes to the Financial Statements

FOR YEAR ENDED 30 JUNE 2014

2 Profit for the Year

	DUET Group 1 Jul 13 – 30 Jun 14 $'000	DUET Group 1 Jul 12 – 30 Jun 13 $'000
(i) Revenue		
Sales revenue		
Distribution revenue	**647,868**	656,518
Metering revenue	**86,968**	93,054
Transportation revenue	**415,949**	418,109
New connections revenue	**2,318**	2,181
Other sales revenue	**21,829**	15,074
	1,174,932	1,184,936
Other revenue		
Interest revenue	**10,259**	6,343
Customer contributions	**25,026**	45,927
Miscellaneous revenue	**31,003**	27,055
	66,288	79,325
Total revenue	**1,241,220**	1,264,261
(ii) Other income		
Net Fair value gain on derivative contracts and loans	**10,130**	48,091
Net Foreign exchange gains	**66**	1,034
Total other income	**10,196**	49,125
Total revenue and other income	**1,251,416**	1,313,386
(iii) Expenses		
Expenses relating to internalisation and group simplification project	**1,622**	111,243
Operating expenses		
Operating fees	**233,655**	256,148
Other operating expenses	**184,625**	183,561
	418,280	439,709
Depreciation and amortisation expense		
Depreciation of property, plant and equipment	**201,502**	198,162
Amortisation of intangible assets	**64,044**	55,778
	265,546	253,940

Notes to the Financial Statements

2 Profit for the Year (continued)

	DUET Group 1 Jul 13 – 30 Jun 14 $'000	DUET Group 1 Jul 12 – 30 Jun 13 $'000
Finance costs		
Amortisation of borrowing costs	**19,310**	15,415
Financing costs	**5,614**	8,172
Interest expense	**420,093**	416,316
	445,017	439,903
Other expenses		
Net loss on disposal of property, plant and equipment	**4,600**	5,073
Management fees paid	**–**	5,986
Foreign exchange losses	**1,416**	21
Net fair value loss on derivative contracts	**2,829**	–
Other	**10,453**	7,657
	19,298	18,737
Total expenses	**1,149,763**	1,263,532

Notes to the Financial Statements

FOR YEAR ENDED 30 JUNE 2014

2 Profit for the Year (continued)

	DFT 1 Jul 13 – 30 Jun 14 $'000	DIHL Group 1 Jul 13 – 30 Jun 14 $'000	DFL 1 Jul 13 – 30 Jun 14 $'000	DFT 1 Jul 12 – 30 Jun 13 $'000	DIHL Group 1 Jul 12 – 30 Jun 13 $'000	DFL 1 Jul 12 – 30 Jun 13 $'000
(i) Revenue						
Sales revenue						
Transportation revenue	–	652	–	–	520	–
	–	652	–	–	520	–
Revenue from investments						
Interest revenue	131,645	–	–	64,216	–	–
	131,645	–	–	64,216	–	–
Other revenue						
Interest revenue	983	765	101	13,120	424	120
Management fee revenue	–	7,026	–	–	3,691	3,491
Miscellaneous revenue	5	11,255	–	80	2,685	–
	988	19,046	101	13,200	6,800	3,611
Total revenue	132,633	19,698	101	77,416	7,320	3,611
(iii) Expenses						
Expenses relating to internalisation and group simplification project	422	400	42	38,331	34,902	–
Operating expenses						
Operating fees	–	7,452	–	–	–	–
Other operating expenses	–	2,715	–	–	–	–
	–	10,167	–	–	–	–
Depreciation and amortisation expense						
Depreciation of property, plant and equipment	–	343	–	–	176	–
Amortisation of intangible assets	–	–	–	–	–	71
	–	343	–	–	176	71
Finance costs						
Financing costs	–	231	–	1	62	–
Interest expense	1,174	5,992	–	3,622	6,496	–
	1,174	6,223	–	3,623	6,558	–

2 Profit for the Year (continued)

	DFT 1 Jul 13 – 30 Jun 14 $'000	DIHL Group 1 Jul 13 – 30 Jun 14 $'000	DFL 1 Jul 13 – 30 Jun 14 $'000	DFT 1 Jul 12 – 30 Jun 13 $'000	DIHL Group 1 Jul 12 – 30 Jun 13 $'000	DFL 1 Jul 12 – 30 Jun 13 $'000
Other expenses						
Net FX losses	**–**	**65**	**–**	–	–	–
Management fees paid	**–**	**–**	**–**	921	722	–
Resources fees paid	**4,332**	**–**	**18**	1,882	–	1,287
Other	**1,870**	**7,857**	**135**	2,624	7,640	1,260
	6,202	**7,922**	**153**	5,427	8,362	2,547
Total expenses	**7,798**	**25,055**	**195**	47,381	49,998	2,618

Notes to the Financial Statements

FOR YEAR ENDED 30 JUNE 2014

3 Income Tax

	DUET Group 1 Jul 13 – 30 Jun 14 $'000	DUET Group 1 Jul 12 – 30 Jun 13 $'000
a) Tax reconciliation		
Profit/(loss) before income tax expense	**101,653**	49,852
Tax expense/(benefit) at 30%	**30,496**	14,956
Unused tax losses and offsets not recognised as DTA	**21,248**	9,041
Under/(over) provision from prior year	**(309)**	(874)
Tax effect of operating results of Australian Trusts	**(34,288)**	10,248
Non deductible expenses	**789**	748
Tax losses not previously recognised, recouped during the year	**(2,291)**	(3,836)
Deferred tax restatement pursuant to DUET Simplification	**(107,496)**	–
Sundry items	**443**	(22)
Total income tax (credit)/expense	**(91,408)**	30,261
b) Income tax (credit)/expense		
Income tax expense comprises:		
– Current tax	**(5,830)**	715
– Deferred tax	**(85,467)**	29,525
– Under/(over) provision from prior year	**271**	21
– Contribution to head company's tax position	**(382)**	–
Total income tax (credit)/expense	**(91,408)**	30,261
Income tax expenses attributable to:		
– Profit from continuing operations	**(91,408)**	30,261
Aggregate income tax expense	**(91,408)**	30,261
Deferred income tax (revenue) expense included in income tax expense comprises:		
– Decrease/(increase) in deferred tax assets	**(120,403)**	8,088
– Decrease/(increase) in deferred tax liabilities	**34,936**	21,437
	(85,467)	29,525
c) Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity:		
Net deferred tax – (credited)/debited directly to equity on revaluation of cash flow hedges	**(16,730)**	(5,909)
	(16,730)	(5,909)
d) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	**775,771**	677,439
Potential tax benefit @ 30%	**232,731**	203,232

3 Income Tax (continued)

	DFT 1 Jul 13 – 30 Jun 14 $'000	DIHL Group 1 Jul 13 – 30 Jun 14 $'000	DFL 1 Jul 13 – 30 Jun 14 $'000	DFT 1 Jul 12 – 30 Jun 13 $'000	DIHL Group 1 Jul 12 – 30 Jun 13 $'000	DFL 1 Jul 12 – 30 Jun 13 $'000
a) Tax reconciliation						
Profit/(loss) before income tax expense	**125,796**	**2,743**	**(94)**	39,708	(29,924)	993
Tax expense/(benefit) at 30%	**37,739**	**823**	**(28)**	11,912	(8,977)	298
Share of net profit/(losses) of associates	**762**	**2,430**	**–**	2,902	771	–
Unused tax losses and offsets not recognised as DTA	**–**	**–**	**–**	–	8,280	–
Tax effect of operating results of Australian Trusts	**(38,501)**	**–**	**–**	(14,814)	–	–
Tax losses not previously recognised, recouped during the year	**–**	**(2,920)**	**–**	–	–	–
Non deductible expenses	**–**	**2**	**–**	–	–	21
Research and development	**–**	**–**	**–**	–	(21)	–
Sundry items	**–**	**11**	**257**	–	–	–
Total income tax (credit)/expense	**–**	**346**	**229**	–	53	319
b) Income tax (credit)/expense						
Income tax expense comprises:						
– Current tax	**–**	**15**	**–**	–	78	319
– Deferred tax	**–**	**913**	**(43)**	–	(46)	–
– Under/(over) provision from prior year	**–**	**–**	**272**	–	21	–
– Contribution to head company's tax position	**–**	**(582)**	**–**	–	–	–
Total income tax (credit)/expense	**–**	**346**	**229**	–	53	319
Income tax expenses attributable to:						
– Profit from continuing operations	**–**	**346**	**229**	–	–	319
Aggregate income tax expense	**–**	**346**	**229**	–	–	319
Deferred income tax (revenue) expense included in income tax expense comprises:						
– Decrease/(increase) in deferred tax assets	**–**	**46**	**7**	–	–	–
– Increase/(decrease) in deferred tax liabilities	**–**	**867**	**(50)**	–	–	–
c) Amounts recognised directly in equity						
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity:						
Net deferred tax – (credited)/debited directly to equity on revaluation of cash flow hedges	**–**	**–**	**–**	–	–	–
	–	**–**	**–**	–	–	–
d) Tax losses						
Unused tax losses for which no deferred tax asset has been recognised	**–**	**38,845**	**–**	–	23,373	–
Potential tax benefit @ 30%	**–**	**11,654**	**–**	–	7,012	–

Notes to the Financial Statements

FOR YEAR ENDED 30 JUNE 2014

4 Remuneration of Auditors

	DUET Group 1 Jul 13 – 30 Jun 14 $	DUET Group 1 Jul 12 – 30 Jun 13 $
Amounts paid or payable to Ernst & Young for:		
Audit and Review services	**840,900**	856,850
Regulatory Audit services	**546,600**	388,500
Other assurance services*	**119,710**	578,438
Total assurance services	**1,507,210**	1,823,788
Taxation services	**158,000**	373,101
Other project advisory services	**89,422**	–
	1,754,632	2,196,889

* Other assurance services relate to payments to Ernst & Young for regulatory compliance, due diligence and other review services.

	DFT 1 Jul 13 – 30 Jun 14 $	DIHL Group 1 Jul 13 – 30 Jun 14 $	DFL 1 Jul 13 – 30 Jun 14 $	DFT 1 Jul 12 – 30 Jun 13 $	DIHL Group 1 Jul 12 – 30 Jun 13 $	DFL 1 Jul 12 – 30 Jun 13 $
Amounts paid or payable to Ernst & Young for:						
Audit and Review services	**72,050**	**99,550**	**14,750**	53,125	57,125	14,750
Other assurance services*	**15,867**	**15,867**	**8,000**	116,150	116,150	4,000
Total assurance services	**87,917**	**115,417**	**22,750**	169,275	173,275	18,750
Taxation services	**33,000**	**26,025**	**4,200**	31,429	25,500	4,000
Other project advisory services	**4,000**	**14,500**	**–**	–	–	–
	124,917	**155,942**	**26,950**	200,704	198,775	22,750

* Other assurance services relate to payments to Ernst & Young for regulatory compliance, due diligence and other review services.

5 Distributions Paid and Proposed

	DUET Group 1 Jul 13 – 30 Jun 14 $'000	DUET Group 1 Jul 12 – 30 Jun 13 $'000
Interim distribution paid for the year ended 30 June	**105,162**	95,553
Final distribution proposed and subsequently paid for the year ended 30 June	**112,014**	96,468
	217,176	192,021

	Cents per stapled security	Cents per stapled security
Interim distribution paid for the year ended 30 June	**8.500**	8.250
Final distribution proposed and subsequently paid for the year ended 30 June	**8.500**	8.250

	DFT 1 Jul 13 – 30 Jun 14 $'000	DIHL Group 1 Jul 13 – 30 Jun 14 $'000	DFL 1 Jul 13 – 30 Jun 14 $'000	DFT 1 Jul 12 – 30 Jun 13 $'000	DIHL Group 1 Jul 12 – 30 Jun 13 $'000	DFL 1 Jul 12 – 30 Jun 13 $'000
Interim distribution paid for the year ended 30 June	**94,932**	**3,630**	**–**	40,317	–	–
Distribution paid during the period not provided for at 30 June	**–**	**–**	**–**	–	–	1,570
Final distribution proposed and subsequently paid for the year ended 30 June	**99,214**	**3,400**	**–**	48,837	–	–
	194,146	**7,030**	**–**	89,154	–	1,570

	Cents per unit	Cents per share	Cents per share	Cents per unit	Cents per share	Cents per share
Interim distribution paid for the year ended 30 June	**7.673**	**0.293**	**–**	3.481	–	–
Final distribution proposed and subsequently paid for the year ended 30 June	**7.529**	**0.258**	**–**	4.176	–	–

Notes to the Financial Statements

FOR YEAR ENDED 30 JUNE 2014

6 Cash and Cash Equivalents

	DUET Group 30 Jun 14 $'000	DUET Group 30 Jun 13 $'000
Cash at bank	**242,125**	107,517
Short term deposits *	**181,309**	294,664
	423,434	402,181

	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000	DFT 30 Jun 13 $'000	DIHL Group 30 Jun 13 $'000	DFL 30 Jun 13 $'000
Cash at bank	**10,490**	**95,515**	**5,671**	8,362	11,984	5,511
Short term deposits *	**66,520**	**49,907**	**–**	44,114	–	–
	77,010	**145,422**	**5,671**	52,476	11,984	5,511

* Deposit terms are less than 90 days

7 Receivables

	DUET Group 30 Jun 14 $'000	DUET Group 30 Jun 13 $'000
Current		
Trade receivables	**37,072**	69,641
Provision for impairment of receivables	**(2,349)**	(2,154)
GST receivable	**806**	797
Interest receivable		
– Other parties	**5,445**	7,160
Other debtors	**1,771**	4,208
	42,745	79,652
Non-current		
Other receivables	**20,559**	21,049
Other receivables related parties	**–**	–
	20,559	21,049

Impairment Analysis

Trade Receivables

	DUET Group 30 Jun 14 $'000	DUET Group 30 Jun 13 $'000
Not yet due	**37,072**	69,641
Past due but not impaired	**–**	–
Provision for impairment loss	**(2,349)**	(2,154)
	34,723	67,487

Other balances within receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

The carrying value of short term receivables approximates fair value.

Notes to the Financial Statements

FOR YEAR ENDED 30 JUNE 2014

7 Receivables (continued)

Provision for impairment of receivables

Movements in the provision of impairment of receivables are as follows:

	DUET Group 30 Jun 14 $'000	DUET Group 30 Jun 13 $'000
Opening balance at 1 July	**2,154**	15,006
Additions to provision during the year	**273**	4,224
Receivables written off during the year	**(78)**	(17,076)
	2,349	2,154

Credit Risk

There is no concentration of credit risk with respect to current and non current receivables as the Group has a number of customers throughout Australia who in turn have a large number of retail customers. Refer to note 32 for more information on the risk management policy of the Group Receivables.

	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000	DFT 30 Jun 13 $'000	DIHL Group 30 Jun 13 $'000	DFL 30 Jun 13 $'000
Current						
Trade receivables	**–**	**1,497**	**–**	–	404	–
GST receivable	**–**	**806**	**–**	178	362	25
Other receivables related parties	**1,423**	**–**	**–**	8,340	–	254
Other debtors	**–**	**–**	**–**	–	210	–
	1,423	**2,303**	**–**	8,518	976	279
Non-current						
Redeemable preference shares – associated entity	**383,842**	**–**	**–**	327,363	–	–
Shareholder loans – associated entities	**560,355**	**238**	**–**	291,666	–	–
Other receivables related parties	**312,911**	**–**	**–**	192,340	–	–
	1,257,108	**238**	**–**	811,369	–	–

Carrying Amounts of Receivables are not yet due and not impaired.

Redeemable Preference Shares

The redeemable preference shares issued by United Energy are deferred cumulative preference shares that are redeemable on the date 20 years from the dates of issue, being 23 July 2003 and 20 January 2009. Interest is receivable semi-annually in arrears. If there are insufficient funds for the coupons to be paid, the deferred dividends will accumulate and compound at the coupon rates of 13.5% and 11.75% per annum.

8 Inventories

	DUET Group 30 Jun 14 $'000	DUET Group 30 Jun 13 $'000
Inventories	**25,327**	24,832
Less: Provision for obsolescence	**(2,381)**	(2,692)
	22,946	22,140

	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000	DFT 30 Jun 13 $'000	DIHL Group 30 Jun 13 $'000	DFL 30 Jun 13 $'000
Inventories	**–**	**–**	**–**	–	–	–
Less: Provision for obsolescence	**–**	**–**	**–**	–	–	–
	–	**–**	**–**	–	–	–

9 Other Assets

	DUET Group 30 Jun 14 $'000	DUET Group 30 Jun 13 $'000
Current		
Accrued revenue	**88,787**	83,949
Prepaid expenses	**16,669**	18,504
Security deposit	**–**	–
Other assets	**3,525**	3,465
	108,981	105,918
Non current		
Accrued revenue	**6,979**	29,264
Security deposit	**152**	152
	7,131	29,416

	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000	DFT 30 Jun 13 $'000	DIHL Group 30 Jun 13 $'000	DFL 30 Jun 13 $'000
Current						
Accrued revenue	**–**	**1,585**	**–**	–	289	–
Prepaid expenses	**–**	**265**	**282**	–	344	325
Other assets	**–**	**1,140**	**–**	–	–	–
	–	**2,990**	**282**	–	633	325
Non current						
Security deposit	**–**	**152**	**–**	–	152	–
	–	**152**	**–**	–	152	–

Notes to the Financial Statements

FOR YEAR ENDED 30 JUNE 2014

10 Derivative Financial Instruments

	DUET Group 30 Jun 14 $'000	DUET Group 30 Jun 13 $'000
Current assets		
Interest rate swap contracts	**–**	–
Cross currency swaps	**2,895**	1,461
Forward exchange contracts	**–**	1,164
Total current derivative financial instrument assets	**2,895**	2,625
Non current assets		
Interest rate swap contracts	**3,658**	15,494
Cross currency swaps	**11,775**	31,453
Total non current derivative financial instrument assets	**15,433**	46,947
Current liabilities		
Interest rate swap contracts	**81,155**	86,071
CPI index hedge contracts	**23,706**	21,975
Cross currency swaps	**4,872**	880
Forward exchange contracts	**–**	–
Revenue swaps	**–**	–
Total current derivative financial instrument liabilities	**109,733**	108,926
Non current liabilities		
Interest rate swap contracts	**64,033**	131,761
Forward exchange contracts	**–**	–
CPI index hedge contracts	**22,376**	42,725
Cross currency swaps	**80,048**	55,729
Total non current derivative financial instrument liabilities	**166,457**	230,215

10 Derivative Financial Instruments (continued)

Instruments used by the Group

DUET Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest and foreign exchange rates in accordance with the Group's financial risk management policies (refer to Note 32).

In the year ended 30 June 2014, the Group has recognised in the Income Statement a gain of $4.2 million that arises from ineffectiveness in cash flow hedges. This amount is included in finance costs in the Income Statement.

(i) Interest rate swap contracts – cash flow hedges

Bank loans and guarantee notes of the Group currently bear an average variable interest rate of 2.7% (2013: 3.05%). Accordingly, the Group has entered into interest rate swap contracts under which it has the right to receive interest at variable rates and is obliged to pay interest at fixed rates.

Swaps in place cover approximately 100% (2013: 100%) of the loan principal outstanding and are timed to expire as the loan repayments are due or to coincide with the next prevailing regulatory reset.

The recognised fair value of interest rate swaps on the Balance Sheet as a net liability at 30 June 2014 was $129.9 million (2013: net liability of $202.3 million was recognised), of which $62.6 million (2013: $37.9 million) was the before tax amount recognised in the hedging reserve.

The notional principal amounts and period of expiry of the interest rate swap contracts are as follows:

	30 Jun 14 $'000	Weighted average fixed interest rates 2014	30 Jun 13 $'000	Weighted average fixed interest rates 2013
Less than 1 year	**476,000**	**6.99%**	725,000	6.45%
1 – 2 years	**4,824,000**	**5.76%**	426,000	6.99%
2 – 3 years	**510,000**	**5.71%**	4,199,000	6.17%
3 – 4 years	**680,000**	**3.30%**	510,000	5.57%
4 – 5 years	**–**	**–**	680,000	3.30%
Over 5 years	**240,000**	**3.86%**	240,000	3.86%
	6,730,000	**5.12%**	6,780,000	5.39%

The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

The gain or loss from remeasuring the hedging instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and reclassified into profit or loss when the hedge interest expense is recognised. The ineffective portion is recognised in the Income Statement immediately. In the year ended 30 June 2014 a credit of $11.5 million (2013: a debit of $11.4 million) was transferred to profit or loss.

Notes to the Financial Statements

FOR YEAR ENDED 30 JUNE 2014

10 Derivative Financial Instruments (continued)

(ii) Interest rate swap contracts – fair value hedges

The recognised fair value of interest rate swaps on the Balance Sheet as a net liability at 30 June 2014 was $nil (2013: $nil), of which $nil (2013: $nil) was recognised in the Income Statement.

The notional principal amounts and period of expiry of the interest rate swap contracts are as follows:

	30 Jun 14 $'000	Weighted average fixed interest rates 2014	30 Jun 13 $'000	Weighted average fixed interest rates 2013
Less than 1 year	–	–	–	–
1 – 2 years	–	–	–	–
2 – 3 years	–	–	–	–
3 – 4 years	–	–	–	–
4 – 5 years	–	–	–	–
Over 5 years	–	–	–	–
	–	–	–	–

(iii) Interest rate swap contracts – held for trading

The below interest rate swaps are undesignated in hedge relationships and are therefore classified as held for trading. The aim is that the swaps hedge against interest rate risk of loans and guaranteed notes.

Bank loans and guarantee notes of the Group currently bear an average variable interest rate of 2.7% (2013: 3.01%).

The recognised fair value of interest rate swaps on the Balance Sheet as a net liability at 30 June 2014 was $11.7 million (2013: $14.0 million), of which $2.3 million (2013: $12.9 million) was recognised as a credit in the Income Statement.

The notional principal amounts and period of expiry of the interest rate swap contracts are as follows:

	30 Jun 14 $'000	Weighted average fixed interest rates 2014	30 Jun 13 $'000	Weighted average fixed interest rates 2013
Less than 1 year	**50,000**	**7.02%**	50,000	7.17%
1 – 2 years	**400,000**	**6.66%**	–	–
2 – 3 years	–	–	695,000	5.08%
3 – 4 years	–	–	–	–
4 – 5 years	–	–	–	–
Over 5 years	–	–	–	–
	450,000	**6.84%**	745,000	6.12%

(iv) Cross currency and interest rate swap contracts – cash flow and fair value hedges

A portion of the guaranteed notes of the Group are denominated in US dollars (USD) and currently bear interest at an average fixed rate of 4.7% (2013: 4.55%). It is Group policy to protect the loans from exposure to increasing interest rates and fluctuating foreign exchange rates.

Cross Currency Swaps and interest rate swaps have been designated in hedge relationships to manage the Group's exposure to these risks. The cross currency swaps in place cover approximately 100% of the loan principal outstanding and are timed to expire as the loan repayments are due.

The recognised fair value of cross currency and interest rate swaps designated in cash flow hedges under this hedging relationship on the Balance Sheet at 30 June 2014 as a net liability was $70.3 million (2013: $23.7 million). In the year ended 30 June 2014, a debit of $5.3 million was the before tax amount recognised in the hedge reserve from the jointly designated cash flow hedge with cross currency and interest rate swaps and CPI indexed interest rate swaps. A loss of $19.5 million is recognised in the Income Statement from the jointly designated fair value hedge.

10 Derivative Financial Instruments (continued)

The notional principal amounts and periods of expiry of the cross currency swap contracts are as follows:

	30 Jun 14 $'000	Weighted average fixed interest rates 2014	30 Jun 13 $'000	Weighted average fixed interest rates 2012
Less than 1 year	**77,042**	**3.91%**	–	–
1 – 2 years	**509,048**	**5.00%**	77,042	3.91%
2 – 3 years	**–**	**–**	509,048	5.00%
3 – 4 years	**401,717**	**5.01%**	–	–
4 – 5 years	**–**	**–**	401,717	5.01%
Over 5 years	**–**	**–**	–	–
	987,807	**5.00%**	987,807	4.64%

The settlement dates coincide with the dates on which interest is payable on the underlying debt. The cross currency contracts are settled on a gross basis while the CPI indexed interest rate swaps are settled on a net basis.

The fair value gain or loss from remeasuring hedging instruments designated in cash flow hedge relationships is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and reclassified into profit or loss when the hedge interest expense is recognised. The ineffective portion is recognised in the Income Statement immediately. In the year ended 30 June 2014 a profit of $19.0 million (2013: loss of $20.4 million) was transferred to the profit or loss.

Fair value Hedges

As part of the joint hedge relationships a portion of the cross currency swaps have been designated into fair value hedge relationships to protect fair value movements in the USD denominated fixed rate loans.

During the period a loss of $2.4 million (2013: gain of $3.2 million) was recorded in the income statement on the hedging instruments designated in a fair value relationship. A corresponding loss of $8.7 million (2013: loss of $3.3 million) was recorded in the income statement on the fair adjustment of the USD denominated interest bearing liabilities.

(v) CPI hedge contracts – cash flow hedges

United Energy has entered into indexed CPI (Consumer Price Index) swaps together with cross currency interest swaps that effectively hedge interest rate and CPI risk.

The recognised fair value of CPI hedge contracts on the Balance Sheet at 30 June 2014 as a net liability was $46.1 million (2013: $64.7 million). In the year ended 30 June 2014, a debit of $5.3 million was the before tax amount recognised in the hedge reserve from the jointly designated cash flow hedge with cross currency and interest rate swaps and CPI indexed interest rate swaps. A loss of $19.5 million is recognised in the Income Statement from the jointly designated fair value hedge.

At 30 June 2014 and 2013, the notional principal amounts and periods of expiry of the CPI hedge contracts are as follows:

	30 Jun 14 $'000	Weighted average fixed interest rates 2014(1)	30 Jun 13 $'000	Weighted average fixed interest rates 2013(1)
Less than 1 year	**–**	**–**	–	
1 – 2 years	**1,100,000**	**5.15%**	–	
2 – 3 years	**–**	**–**	1,100,000	5.15%
3 – 4 years	**–**	**–**	–	–
4 – 5 years	**–**	**–**	–	–
Over 5 years	**–**	**–**	–	–
	1,100,000	**5.15%**	1,100,000	5.15%

(1) Fixed interest rate is escalated each year due to CPI.

Notes to the Financial Statements

FOR YEAR ENDED 30 JUNE 2014

10 Derivative Financial Instruments (continued)

The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

The gain or loss from remeasuring the hedging instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and reclassified into profit or loss when the hedge interest expense is recognised. The ineffective portion is recognised in the Income Statement immediately. In the year ended 30 June 2014 a profit of $14.4 million (2013: a gain of $6.6 million) was transferred to the Income Statement.

(vi) Foreign exchange forward contracts

UEDH purchases interval meters as part of its smart meter rollout program. The purchases are in USD. The foreign exchange risk arising from the purchases is hedged using foreign exchange contracts. The recognised fair value of forward foreign exchange contracts on the Balance Sheet at 30 June 2014 was $nil (2013: an asset of $1.2 million was recognised), of which $nil (2013: $0.5 million) was recognised in profit or loss and $nil (2013: $0.7 million) was recognised in the hedging reserve.

DUET Group has entered into forward foreign exchange contracts at balance date. Details of outstanding amounts are:

	Buy USD		Average Exchange Rate	
Maturity	30 Jun 14 US$'000	30 Jun 13 US$'000	30 Jun 14 USD	30 Jun 13 USD
Less than 1 year	–	14,682	–	0.9811
1 – 2 years	–	–	–	–
2 – 3 years	–	–	–	–
3 – 4 years	–	–	–	–
4 – 5 years	–	–	–	–
Over 5 years	–	–	–	–

	Sell USD		Average Exchange Rate	
Maturity	30 Jun 14 US$'000	30 Jun 13 US$'000	30 Jun 14 USD	30 Jun 13 USD
Less than 1 year	–	–	–	–
1 – 2 years	–	–	–	–
2 – 3 years	–	–	–	–
3 – 4 years	–	–	–	–
4 – 5 years	–	–	–	–
Over 5 years	–	–	–	–

11 Investments in Associates

Investment in associates is accounted for using the equity method in the DUET Group consolidated Financial Statements, DFT and DIHL Group Financial Statements. Information relating to associates is set out below:

Name of Entity	Year end	Ownership interest %	DUET Group 30 Jun 14 $'000	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DUET Group 30 Jun 13 $'000	DFT 30 Jun 13 $'000	DIHL Group 30 Jun 13 $'000
Multinet Group Holdings Pty Ltd	30 Jun	100.0%(1)	–	–	–	–	71,366	20,870
United Energy Distribution Holdings Pty Ltd	30 Jun	66.0%(2)	–	–	–	–	74,545	–
DUET Dampier Bunbury Pty Ltd	30 Jun	100.0%(3)	–	–	–	–	–	–
DBNGP Trust	30 Jun	20.3%(4)	–	–	**145,779**	–	–	155,631
DUET 2008 Funding Sub Trust	30 Jun	100.0%(5)	–	–	–	–	–	–
			–	–	**145,779**	–	145,911	176,501

(1) At 30 June 2013, DUET1 and DFT each held 39.95%. DIHL held 20.10%. On 1 August 2013 as part of the DUET Group simplification, DFT and DIHL transferred their interests to DUET1. At 30 June 2014, DUET1 holds 100%.

(2) at 30 June 2013, DUET1 held 31.57% and DFT held 34.43%. On 1 August 2013 as part of the DUET Group simplification, DFT transferred its interest to DUET1. At 30 June 2014, DUET1 holds 66%.

(3) At 30 June 2013, DUET1 and DFT each held 50.0%. On 1 August 2013 as part of the DUET Group simplification, DFT transferred part of its interest to DUET1. At 30 June 2014, DUET1 holds 65% and DFT holds 35%.

(4) At 30 June 2013, DUET1 and DFT indirectly held 30.4% each in DBNGP Trust through their investment in DUET Dampier Bunbury Pty Ltd. Subsequent to DFT transferring a poriton of its interest to DUET1, DUET 1 indirectly holds 39% and DFT indirectly holds 21%. DIHL holds 20%.

(5) DUET1 holds 100%.

Interests in MGH and UED are held by DUET1.

Interests in DBP are held jointly by DUET1, DFT and DIHL Group.

DDG Fortescue River Pty Ltd has a 57% interest in a joint operation, Fortescue River Gas Pipeline (FRGP), for the construction and operation of a natural gas transmission pipeline. At 30 June 2014, FRGP has capitalised $36.6m of work in progress. DDG Fortescue River Pty has recognised 57% ($20.9m) of this balance. Commitments related to the joint operation are $81.5 million.

Notes to the Financial Statements

FOR YEAR ENDED 30 JUNE 2014

11 Investments in Associates (continued)

Investments accounted for using the equity method

	DUET Group 30 Jun 14 $'000	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DUET Group 30 Jun 13 $'000	DFT 30 Jun 13 $'000	DIHL Group 30 Jun 13 $'000
Movements in carrying amounts						
Carrying amount at the beginning of the year	–	**145,911**	**176,501**	–	140,496	185,027
Share of associates' net profits/(losses)	–	**2,539**	**8,105**	–	9,673	12,754
Dividends received from associates	–	–	**(22,971)**	–	(17,392)	(29,331)
Acquisition	–	–	–	–	17,985	300
Disposal	–	**(146,358)**	**(24,452)**	–	(3,099)	(351)
Reserve movements	–	**(2,092)**	**8,596**	–	(1,752)	8,102
Carrying amount of investment in associates at the end of the year	–	–	**145,779**	–	145,911	176,501
Results attributable to associates						
Profits/(losses) before income tax	–	–	**48,900**	–	30,827	93,342
Income tax expense	–	–	**(15,820)**	–	(5,412)	(24,991)
Profits/(losses) after income tax	–	–	**33,080**	–	25,415	68,351
Summary of performance and financial positions of associates						
The aggregate profits, assets and liabilities of associates are:						
– Revenues	–	–	**453,201**	–	796,068	667,749
Profits/(losses) from ordinary activities after income tax expense	–	–	**33,080**	–	25,412	68,351
Other Comprehensive Income	–	–	**48,080**	–	(8,164)	35,511
Total Comprehensive Income	–	–	**81,160**	–	17,248	103,862
– Current assets as at 30 June	–	–	**64,583**	–	428,430	108,465
– Non-current assets as at 30 June	–	–	**3,635,332**	–	4,171,538	5,055,066
– Assets as at 30 June	–	–	**3,699,915**	–	4,599,968	5,163,531
– Current liabilities as at 30 June	–	–	**(205,988)**	–	(271,935)	(242,579)
– Non-current liabilities as at 30 June	–	–	**(2,888,986)**	–	(3,939,008)	(4,115,773)
– Liabilities as at 30 June	–	–	**(3,094,974)**	–	(4,210,939)	(4,358,352)

Shares of associates' contingencies

As at 30 June 2014, DFT, and DIHL Group associates have no material contingent liabilities other than as outlined in Note 35.

11 Investments in Associates (continued)

Investments in associates – equity method discontinued*

	DUET Group 30 Jun 14 $'000	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DUET Group 30 Jun 13 $'000	DFT 30 Jun 13 $'000	DIHL Group 30 Jun 13 $'000
Movements in carrying amounts						
Carrying amount at the beginning of the year	**–**	**(98,222)**	**–**	–	(92,805)	–
Share of associates' net loss	**–**	**(22,853)**	**–**	–	(16,392)	–
Reserve increments	**–**	**–**	**–**	–	10,975	–
Share of associates' net losses brought into account	**–**	**–**	**–**	–	–	–
Carrying amount of investment in associates at the end of the year	**–**	**(121,075)**	**–**	–	(98,222)	
Results attributable to associates						
(Loss) before income tax	**–**	**(22,853)**	**–**	–	(3,897)	–
Income tax expense	**–**	**–**	**–**	–	(12,495)	–
Profit/(loss) after income tax	**–**	**(22,853)**	**–**	–	(16,392)	–
Summary of performance and financial positions of associates						
The aggregate profits, assets and liabilities of associates are:						
– Revenues	**–**	**639**	**–**	–	417,588	–
Profit/(loss) from ordinary activities after income tax expense	**–**	**(65,293)**	**–**	–	(32,785)	–
– Assets as at 30 June	**–**	**1,190,664**	**–**	–	3,775,940	–
– Liabilities as at 30 June	**–**	**(604,492)**	**–**	–	(3,682,477)	–

* The equity method of accounting for the investments in DUET Dampier Bunbury Company Pty Limited (DDBCo), 61.4% owner of DBNGP Trust ceased when the carrying amount of the investment reached zero.

Notes to the Financial Statements

FOR YEAR ENDED 30 JUNE 2014

12 Property, Plant and Equipment

	DUET Group 30 Jun 14 $'000	DUET Group 30 Jun 13 $'000
Freehold Land – at cost	**5,834**	5,834
Land & Buildings – at cost	**37,798**	35,071
Less: Accumulated depreciation	**(7,599)**	(6,348)
	30,199	28,723
Plant and equipment – at cost	**7,356,620**	7,011,315
Less: Accumulated depreciation	**(1,887,411)**	(1,711,248)
	5,469,209	5,300,067
Motor vehicles – at cost	**32,246**	31,086
Less: Accumulated depreciation	**(15,307)**	(13,360)
	16,939	17,726
Office equipment and software – at cost	**48,060**	50,885
Less: Accumulated depreciation	**(34,694)**	(27,005)
	13,366	23,880
Fixtures and fittings – at cost	**17,604**	10,116
Less: Accumulated depreciation	**(8,933)**	(8,515)
	8,671	1,601
Plant and equipment in the course of construction – at cost*	**240,353**	235,912
Total property, plant & equipment – at cost	**7,738,515**	7,380,219
Less: Total accumulated depreciation	**(1,953,944)**	(1,766,476)
	5,784,571	5,613,743

* Includes capitalised borrowing costs

12 Property, Plant and Equipment (continued)

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the year are set out below:

Year ended 30 June 2014

	Land and buildings $'000	Freehold Land $'000	Plant and equipment $'000	Motor vehicles $'000	Office equipment and software $'000	Fixtures and fittings $'000	In the course of construction $'000	Total $'000
Consolidated								
Carrying amount at 1 July 2013	28,723	5,834	5,300,067	17,726	23,880	1,601	235,912	5,613,743
Additions	**653**	**–**	**217,061**	**2,308**	**1,336**	**1,086**	**161,014**	**383,458**
Disposals	**–**	**–**	**(7,904)**	**(11)**	**–**	**–**	**–**	**(7,915)**
Transfers	**2,074**	**–**	**147,746**	**205**	**(3,980)**	**7,315**	**(156,573)**	**(3,213)**
Depreciation expense (Note 2)	**(1,251)**	**–**	**(187,761)**	**(3,289)**	**(7,870)**	**(1,331)**	**–**	**(201,502)**
Carrying amount at 30 June 2014	**30,199**	**5,834**	**5,469,209**	**16,939**	**13,366**	**8,671**	**240,353**	**5,784,571**

Year ended 30 June 2013

	Land and buildings $'000	Freehold Land $'000	Plant and equipment $'000	Motor vehicles $'000	Office equipment and software $'000	Fixtures and fittings $'000	In the course of construction $'000	Total $'000
Consolidated								
Carrying amount at 1 July 2012	29,550	5,595	5,146,622	16,360	25,155	4,813	245,076	5,473,171
Additions	30	239	159,599	2,879	823	3,350	178,055	344,975
Disposals	–	–	(6,144)	(61)	(27)	–	–	(6,232)
Transfers	276	–	184,021	1,891	135	887	(187,219)	(9)
Depreciation expense (Note 2)	(1,133)	–	(184,031)	(3,343)	(2,206)	(7,449)	–	(198,162)
Carrying amount at 30 June 2013	28,723	5,834	5,300,067	17,726	23,880	1,601	235,912	5,613,743

Notes to the Financial Statements

FOR YEAR ENDED 30 JUNE 2014

12 Property, Plant and Equipment (continued)

Borrowing costs capitalised to property, plant and equipment

During the year ended 30 June 2014 interest of $3,243,000 (2013 $nil) was capitalised to assets in the course of construction. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the effective rate of specific borrowing.

	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000	DFT 30 Jun 13 $'000	DIHL Group 30 Jun 13 $'000	DFL 30 Jun 13 $'000
Land – at cost	–	**239**	–	–	239	–
Buildings – at cost	–	–	–	–	–	–
Less: Accumulated depreciation	–	–	–	–	–	–
	–	–	–	–	–	–
Plant and equipment – at cost	–	**3,207**	–	–	4,291	–
Less: Accumulated depreciation	–	**(452)**	–	–	(159)	–
	–	**2,755**	–	–	4,132	–
Fixtures and fittings – at cost	–	**767**	–	–	767	–
Less: Accumulated depreciation	–	**(64)**	–	–	(17)	–
	–	**703**	–	–	750	–
Plant and equipment in the course of construction – at cost	–	**78,519**	–	–	1,623	–
Total property, plant & equipment – at cost	–	**82,732**	–	–	6,920	–
Less: Total accumulated depreciation	–	**(517)**	–	–	(176)	–
	–	**82,215**	–	–	6,744	–

13 Deferred Tax Assets

	DUET Group 30 Jun 14 $'000	DUET Group 30 Jun 13 $'000
The balance comprises temporary difference attributable to:		
Amounts recognised in profit or loss		
Doubtful debts	**705**	497
Meter replacement	**265**	2,309
Accident compensation	**35**	35
Other employee entitlements	**6,114**	5,229
Property, plant & equipment	**140,188**	330
Intangibles	**3,917**	3,436
Accrued revenue	**9,114**	1,564
Environmental provision	**1,355**	980
Other provisions	**11,154**	2,338
Decommissioning Provision	**11,769**	9,429
Audit fees	**154**	103
Other	**2,159**	7,103
Equity raising costs	**307**	–
Cash flow hedges and hedged interest bearing liabilities	**50,936**	91,262
Deferred tax asset not recognised	**(39,939)**	–
Tax losses *	**188,303**	130,172
	386,536	254,787
Cash flow hedges recognised directly in equity	**27,090**	38,446
Defined benefit reserve recognised directly in equity	**(183)**	1,097
	413,443	39,543
Set – off deferred tax liabilities pursuant to set off provisions (Note 20)	**(148,688)**	(200,005)
Net deferred tax assets	**264,755**	94,325

* In addition to the above losses recorded as a deferred tax asset, the Group has unbooked losses as set out in Note 3.

	DUET Group 30 Jun 14 $'000	DUET Group 30 Jun 13 $'000
Movements:		
Opening balance at 1 July	**94,325**	93,552
Credited/(charged) to the Income Statement	**120,403**	(8,089)
Acquisition of subsidiaries	**52,678**	14
Credited/(charged) to equity	**(2,651)**	8,848
Closing balance 30 June	**264,755**	94,325
Deferred tax assets to be recovered after more than 12 months	**264,755**	94,325
Deferred tax assets to be recovered within 12 months	**–**	–
	264,755	94,325

Notes to the Financial Statements

FOR YEAR ENDED 30 JUNE 2014

13 Deferred Tax Assets (continued)

	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000	DFT 30 Jun 13 $'000	DIHL Group 30 Jun 13 $'000	DFL 30 Jun 13 $'000
The balance comprises temporary difference attributable to:						
Amounts recognised in profit or loss						
Other provisions	–	694	–	–		7
Decommissioning Provision	–	974	–	–	920	–
Tax losses *	–	–	–	–	–	–
	–	1,668	–	–	920	7
Cash flow hedges recognised directly in equity	–	–	–	–	–	–
Defined benefit reserve recognised directly in equity	–	–	–	–	–	–
	–	–	–	–	–	–
Set – off deferred tax liabilities pursuant to set off provisions (Note 20)	–	(1,086)	–	–	(874)	–
Net deferred tax assets	–	582	–	–	46	7

* In addition to the above losses recorded as a deferred tax asset, the Group has unbooked losses as set out in Note 3.

	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000	DFT 30 Jun 13 $'000	DIHL Group 30 Jun 13 $'000	DFL 30 Jun 13 $'000
Movements:						
Opening balance at 1 July	–	46	7	–	–	–
Credited/(charged) to the Income Statement	–	(46)	(7)	–	46	–
Acquisition of subsidiaries	–	582	–	–	–	7
Credited/(charged) to equity	–	–	–	–	–	–
Closing balance 30 June	–	582	–	–	46	7
Deferred tax assets to be recovered after more than 12 months	–	582	–	–	46	7
Deferred tax assets to be recovered within 12 months	–	–	–	–	–	–
	–	582	–	–	46	7

14 Intangible Assets

	DUET Group 30 Jun 14 $'000	DUET Group 30 Jun 13 $'000
Intellectual property at cost	**127,340**	127,340
Less: accumulated amortisation	**(70,554)**	(64,117)
	56,786	63,223
Software	**353,628**	324,098
Less: accumulated amortisation	**(216,219)**	(172,518)
	137,409	151,580
Distribution Licences	**1,035,377**	1,035,377
Employee contract asset (note 21)	**2,376**	2,376
Less: accumulated amortisation	**(1,307)**	(832)
	1,069	1,544
Development Project Costs	**95,500**	80,164
Less: accumulated amortisation	**(48,124)**	(34,220)
	47,376	45,944
Goodwill	**789,780**	789,780
Total	**2,067,797**	2,087,448

Year ended 30 June 2014

DUET Group	Intellectual Property $'000	Software $'000	Distribution licences $'000	Employee Contract Asset $'000	Development Project Costs $'000	Goodwill $'000	Total $'000
Carrying amount at 1 July 2013	**63,223**	**151,580**	**1,035,377**	**1,544**	**45,944**	**789,780**	**2,087,448**
Additions	**–**	**25,936**	**–**	**–**	**16,860**	**–**	**42,796**
Transfers	**–**	**3,593**	**–**	**–**	**(1,521)**	**–**	**2,072**
Amortisation charge (Note 2)	**(6,437)**	**(43,700)**	**–**	**(475)**	**(13,907)**	**–**	**(64,519)**
Carrying amount at 30 June 2014	**56,786**	**137,409**	**1,035,377**	**1,069**	**47,376**	**789,780**	**2,067,797**

Year ended 30 June 2013

DUET Group	Intellectual Property $'000	Software $'000	Distribution licences $'000	Employee Contract Asset $'000	Development Project Costs $'000	Goodwill $'000	Total $'000
Carrying amount at 1 July 2012	69,670	144,967	1,035,377	2,020	52,468	789,780	2,094,282
Additions	–	43,560	–	–	5,375	–	48,935
Transfers	–	9	–	–	–	–	9
Amortisation charge (Note 2)	(6,447)	(36,956)	–	(476)	(11,899)	–	(55,778)
Carrying amount at 30 June 2013	63,223	151,580	1,035,377	1,544	45,944	789,780	2,087,448

Notes to the Financial Statements

FOR YEAR ENDED 30 JUNE 2014

14 Intangible Assets (continued)

Impairment for goodwill and distribution licences

Goodwill and distribution licences are allocated to the Group's cash-generating units (CGUs) which are identified according to the relevant operating segment.

A segment-level summary of the goodwill and distribution licences is presented below.

2014	Multinet $'000	Dampier Bunbury Pipeline $'000	United Energy $'000	Total $'000
Goodwill	**72,806**	**670,832**	**46,142**	**789,780**
Distribution licences	**407,881**	**–**	**627,496**	**1,035,377**
	480,687	**670,832**	**673,638**	**1,825,157**

2013	Multinet $'000	Dampier Bunbury Pipeline $'000	United Energy $'000	Total $'000
Goodwill	72,806	670,832	46,142	789,780
Distribution licences	407,963	–	627,414	1,035,377
	480,769	670,832	673,556	1,825,157

The recoverable amounts of the Group's CGUs are determined as the higher of fair value less costs of disposal and value-in-use calculations.

The fair value less costs of disposal calculations use cash flow projections based on financial budgets approved by the boards covering a 15 year period. DUET has elected to use a 15 year period instead of 5 years as prescribed by AASB 136 on the basis that the cashflows of the CGUs are based on long term regulated and contracted revenue. A terminal value based on the regulated asset base was used to value each CGU at the end of the 15 year period. The growth rate does not exceed the long term average growth rate for the business in which the CGU operates.

Key assumptions used for fair value less costs of disposal calculations

A key assumption used in the fair value less costs of disposal calculations is that the asset companies will generate the cash flows set out in the business models for the applicable CGU. These business models include expected revenues based on regulatory determinations (for UEDH and MGH) and agreed shipper contracts (for DBP) over a period of 15 years and costs determined through a detailed bottom-up planning process. Another key assumption is that the discount rate used to discount the forecast cash flows and expected terminal values of each CGU is appropriate. This discount rates used are calculated using a weighted average cost of capital methodology using market-based inputs.

Impact of possible changes in key assumptions

Management does not consider that any reasonably possible change in the assumptions will result in the carrying value exceeding the recoverable amount.

Inputs to fair value less costs of disposal calculations are measured at Level 3 in the fair value hierarchy.

Amortisation period

The remaining amortisation period for intellectual property is 9 to 54 years, and software 1 to 5 years.

15 Distribution Payable

	DUET Group 30 Jun 14 $'000	DUET Group 30 Jun 13 $'000
Carrying amount at beginning of year	**96,468**	88,787
Provided for during the year	**217,176**	192,021
Paid during the year	**(201,630)**	(184,340)
Balance at 30 June	**112,014**	96,468

There are no franking credits as DFT is a flow through trust. DIHL and DFL have no franking credits.

	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000	DFT 30 Jun 13 $'000	DIHL Group 30 Jun 13 $'000	DFL 30 Jun 13 $'000
Carrying amount at beginning of year	**48,837**	**–**	**–**	42,304	–	–
Provided for during the year	**194,146**	**7,030**	**–**	89,154	–	1,570
Paid during the year	**(143,769)**	**(3,630)**	**–**	(82,621)	–	(1,570)
Balance at 30 June	**99,214**	**3,400**	**–**	48,837	–	–

16 Payables

	DUET Group 30 Jun 14 $'000	DUET Group 30 Jun 13 $'000
Trade creditors	**20,078**	45,068
Interest payable	**86,278**	79,978
Goods received	**2,898**	9,808
GST payable	**6,422**	4,419
Operating and maintenance agreement costs	**38,875**	21,241
Acrrued expenses and other payables	**86,995**	**74,895**
Balance at 30 June	**241,546**	235,409

	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000	DFT 30 Jun 13 $'000	DIHL Group 30 Jun 13 $'000	DFL 30 Jun 13 $'000
Trade creditors	**–**	**1,893**	**–**	–	1,452	–
GST payable	**–**	**27**	**–**	–	–	–
Acrrued expenses and other payables	**2,359**	**22,804**	**4**	5,089	13,151	470
Balance at 30 June	**2,359**	**24,724**	**4**	5,089	14,603	470

The carrying amount of payables reflect fair value.

Notes to the Financial Statements

FOR YEAR ENDED 30 JUNE 2014

17 Interest Bearing Liabilities

	DUET Group 30 Jun 14 $'000	DUET Group 30 Jun 13 $'000
Current		
Bank Loan	**75,000**	20,000
	75,000	20,000
Unsecured		
Bank loans	**–**	42,000
Guaranteed notes	**573,759**	–
	573,759	42,000
Finance lease liabilities	**–**	844
Capitalised borrowing transaction costs	**(299)**	(220)
Total current interest bearing liabilities	**648,460**	62,624
Non-current		
Secured		
Bank loans	**1,015,072**	1,040,000
Guaranteed notes	**1,465,500**	1,465,500
	2,480,572	2,505,500
Unsecured		
Bank loans	**992,423**	964,923
Guaranteed notes	**1,384,410**	1,985,032
Redeemable preference shares	**178,569**	178,587
	2,555,402	3,128,542
Finance lease liability	**19,095**	19,953
Capitalised borrowing transaction costs	**(35,867)**	(44,722)
Total non current interest bearing liabilities	**5,019,202**	5,609,273
Total interest bearing liabilities	**5,667,663**	5,671,897

17 Interest Bearing Liabilities (continued)

	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000	DFT 30 Jun 13 $'000	DIHL Group 30 Jun 13 $'000	DFL 30 Jun 13 $'000
Current						
Unsecured						
Borrowings from related parties	**–**	**94,737**	**18**	212,392	108,829	–
Total current interest bearing liabilities	**–**	**94,737**	**18**	212,392	108,829	–
Non-current						
Secured						
Fixed Rate Notes	**–**	**118,561**	**–**	–	–	–
	–	**118,561**	**–**	–	–	–
Capitalised borrowing transaction costs	**–**	**(906)**	**–**	–	–	–
Total non current interest bearing liabilities	**–**	**117,655**	**–**	–	–	–
Total interest bearing liabilities	**–**	**212,392**	**18**	212,392	108,829	–

Notes to the Financial Statements

FOR YEAR ENDED 30 JUNE 2014

17 Interest Bearing Liabilities (continued)

Financing Arrangements

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

	Undrawn balance 30 Jun 14 $'000	Undrawn balance 30 Jun 13 $'000
DUECo^		
Related party loan – DFT	**76,728**	37,147
Related party loan – DIHL	**60,000**	–
	136,728	37,147
DBP Development Group		
Related party loan – DFT	**7,000**	–
DUET3		
Related party loan – DUET1	**–**	20,000
DIHL		
Related party loan – DUECo^	**38,255**	200,000
Dampier Bunbury Pipeline		
Term loan	**–**	60,000
Syndicated bank facilities	**35,000**	–
Working capital facility	**20,000**	–
	55,000	60,000
United Energy		
Senior Corporate Facility – Tranche B Capex facility	**–**	30,000
Senior Corporate Facility – Tranche C	**–**	58,000
Bank loans – working capital facility and AIMRO Capex	**25,000**	18,000
Westpac facility*	**125,000**	125,000
Revolving Syndicated Facility Tranche B	**305,000**	–
Tranche A capex facility	**125,000**	–
	580,000	231,000
Multinet		
Senior Corporate Facility	**132,577**	32,577
Capital expenditure facility	**75,000**	12,500
Bank loans – working capital facility	**20,000**	20,000
	227,577	65,077
Total	**1,044,560**	613,224

* Facility commences on 16 April 2014

^ Previously DUET1 Trust which is now a wholly owned trust of DUET Company Limited

17 Interest Bearing Liabilities (continued)

Bank Loans

Dampier Bunbury Pipeline

On 28 January 2014 DBP reached financial close on 3, 4 and 5 years syndicated facilities totalling $745.0 million which are made up of:

– 3 year $225 million facility maturing January 2017;
– 4 year $225 million facility maturing January 2018; and
– 5 year $295 million facility maturing January 2019.

A portion of the proceeds from these facilities have been applied to repay $350 million of the $400 million debt facility maturing in October 2014 along with longer dated higher priced debt facilities.

A working capital facility is in place with a $20 million limit maturing in May 2015.

United Energy

Tranche A of the $120.0 million term bank loan under the senior corporate facilities, matures in April 2018.

Tranche C working capital facility was increased from $30 million to $50 million in May 2014. The facility term was extended to December 2015.

On 11 April 2013, United Energy raised a $400 million five year Asian syndicated bank loan facility, maturing in April 2018.

On 1 May 2013, United Energy raised a $125 million bank debt facility with Westpac Banking Corporation, maturing in May 2018.

United Energy completed a bank debt capital raising in May 2014 with the following new facilities arranged:

– Capex Facility Tranche A for $150 million maturing in May 2017; and
– Revolving Syndicated Facility Tranche B for $305 million maturing in May 2019.

Multinet

Tranche A of the senior corporate facilities with a reduced facility limit of $170 million matures in November 2016 (facility reduced from $300 million in December 2013). A working capital facility with a facility limit of $20.0 million has been extended to December 2016 (from April 2014).

Tranche B of the senior corporate facilities is a capex facility with a facility limit of $120 million, maturing in November 2014.

A $70 million term bank loan which was refinanced on 12 July 2011, matures in July 2014.

Multinet reached financial close of new facilities in December 2013 outlined below:

– Senior Syndicated Term Loan of $280 million maturing December 2018;
– Tranche A capex facility of $35 million maturing December 2016;
– Tranche B capex facility of $40 million (not available until December 2014) maturing December 2016; and
– Tranche C working capital facility of $20 million maturing December 2016.

Guaranteed notes

Dampier Bunbury Pipeline

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

A $415.5 million floating rate note matures in September 2015.

A $150.0 million fixed rate note matures in September 2015.

A $300.0 million fixed medium term note was raised on 2 November 2012 and matures in October 2019.

United Energy

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

United Energy drew down on funds raised through a US Private Placement in December 2010. The notes are fixed rate for four years (US$70 million) and seven years (US$365 million).

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

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

A$65 million fixed rates notes maturing in April 2017, were issued in August 2012.

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

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

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17 Interest Bearing Liabilities (continued)

DBP Development Group

During the year DDG reached financial close on 5 year fixed rate loan facilities totalling $125 million from DFT which are made up of a $55 million loan facility maturing September 2018 and a $70 million loan facility maturing January 2019.

The proceeds from these facilities have been applied to the Wheatstone and Fortescue River projects respectively.

Multinet Gas

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

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

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

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

Redeemable preference shares

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

Borrowings from related parties

Loan agreements between DUET parent entities are included in borrowings from associates. These loans generally have a maturity of 9 years and pay interest of between 6.9% and 7.2% per annum. At 30 June 2014, the amounts payable to associated entities by DUECo is $57.7 million (2013: $nil) and by DIHL $94.7 million (2013: $108.8 million).

Fair values

The fair values and carrying values of borrowings of DUET Group, DFT, and DIHL Group are as follows (based on cash flows discounted using current lending rates for liabilities with similar risk profiles):

DUET Group	2014		2013	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Non traded financial liabilities				
Bank loans	**2,082,495**	**2,086,243**	2,087,720	2,107,423
Guaranteed Notes	**3,423,669**	**3,506,747**	3,450,532	3,582,015
Redeemable preference shares	**178,587**	**320,636**	178,587	321,253
	5,684,751	**5,913,626**	5,716,839	6,010,691

DFT	2014		2013	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Non traded financial liabilities				
Borrowings from associated entities	**–**	**–**	212,392	212,392
	–	**–**	212,392	212,392

Inputs to fair value are measured at Level 2 in the Fair Value Hierarchy.

17 Interest Bearing Liabilities (continued)

DIHL Group	2014 Carrying amount $'000	2014 Fair value $'000	2013 Carrying amount $'000	2013 Fair value $'000
Non traded financial liabilities				
Borrowings from associated entities	**212,392**	**214,662**	108,829	108,829
	212,392	**214,662**	108,829	108,829

Assets pledged as security

The carrying amounts of assets pledged as security for current and non current borrowings are:

	DUET Group 30 Jun 14 $'000	DUET Group 30 Jun 13 $'000
Current		
Cash and cash equivalents	**120,878**	16,703
Receivables	**3,363**	3,900
Inventories	**17,776**	16,974
Other	**31,119**	17,851
Total current assets pledged as security	**173,136**	55,428
Non-current		
Property, plant and equipment	**3,024,948**	2,993,223
Intangible asset	**671,337**	672,619
Other	**20,559**	21,507
Total non current assets pledged as security	**3,716,844**	3,687,349
Total assets pledged as security	**3,889,980**	3,742,777

All of DBP's debt is senior secured, ranks pari-passu, and is guaranteed by DBNGP Holdings and its subsidiaries. The security is via fixed and floating charges over the DBNGP assets.

	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000	DFT 30 Jun 13 $'000	DIHL Group 30 Jun 13 $'000	DFL 30 Jun 13 $'000
Current						
Cash and cash equivalents	**–**	**92,485**	**–**	–	–	–
Receivables	**–**	**1,261**	**–**	–	–	–
Other	**–**	**17,726**	**–**	–	–	–
Total current assets pledged as security	**–**	**111,472**	**–**	–	–	–
Non-current						
Property, plant and equipment	**–**	**81,512**	**–**	–	–	–
Total non current assets pledged as security	**–**	**81,512**	**–**	–	–	–
Total assets pledged as security	**–**	**192,984**	**–**	–	–	–

Notes to the Financial Statements

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18 Provisions

	DUET Group 30 Jun 14 $'000	DUET Group 30 Jun 13 $'000
Current		
Annual leave	**6,530**	5,674
Long service leave	**5,130**	4,343
Environmental provision	**399**	399
Transition & separation services provision*	**–**	8,300
AMI Rebate provision	**1,343**	–
Unaccounted for gas	**6,594**	10,725
Other employee benefits	**5,702**	3,743
	25,698	33,184
Non-current		
Environmental provision	**4,130**	4,130
Decommissioning provision	**39,229**	31,431
Long service leave	**930**	659
	44,289	36,220

	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000	DFT 30 Jun 13 $'000	DIHL Group 30 Jun 13 $'000	DFL 30 Jun 13 $'000
Current						
Other	**–**	**532**	**–**	–	361	–
	–	**532**	**–**	–	361	–
Non-current						
Decommissioning provision	**–**	**3,248**	**–**	–	3,068	–
	–	**3,248**	**–**	–	3,068	–

* United Energy had previously entered into contracts associated with the transition of service providers. A remaining payment of $8.3 million was made in September 2013.

Decommissioning provision

DBP has a legislative obligation to purge and seal the pipeline on retirement of the asset, together with the abandonment of associated above ground facilities. The cost of carrying out this restoration work (based on satisfying the minimum obligation) has been estimated at $77.3 million. Property, plant and equipment is grossed up by this amount and depreciated over the remaining life of the asset, while the provision is escalated to unwind the discount over the remaining life of the asset.

Environmental provision

United Energy and Multinet provide for environmental management costs to ensure compliance with environmental management principles using ISO 14001 and The Environmental Protection Act 1970 of Victoria.

Unaccounted for gas

Multinet Gas has made a provision for the estimated unaccounted for gas liability to 30 June 2014, over and above that which is expected to be recovered in its regulatory-approved tariffs, which represents the cost of gas leakage from the distribution network.

AMI Rebate provision

The AMI rebate provision reflects estimated liabilities payable by United Energy to customers who may be eligible for the AMI rebate.

18 Provisions (continued)

Movements in provisions

Movements in each class of provision during the year are set out below:

Year ended 30 June 2014

	AMI Rebate Provision $'000	Decomm-issioning Provision $'000	Environ-mental provision $'000	Other Employee Benefits $'000	Transition services Provision $'000	Unaccounted for gas Provision $'000	Total $'000
Current consolidated							
Carrying amount at 1 July 2013	–	–	399	13,760	8,300	10,725	33,184
Additional provisions recognised	1,343	–	–	15,757	–	–	17,100
Payments/other sacrifices of economic benefits	–	–	–	(12,155)	(8,300)	(4,131)	(24,586)
Carrying amount at 30 June 2014	1,343	–	399	17,362	–	6,594	25,698
Non-current consolidated							
Carrying at 1 July 2013	–	31,431	4,130	659	–	–	36,220
Additional provisions recognised*	–	7,798	–	271	–	–	8,069
Payments/other sacrifices of economic benefits	–	–	–	–	–	–	–
Carrying amount at 30 June 2014	–	39,229	4,130	930	–	–	44,289

* Includes additions of $1.3 million due to unwinding of the present value discount.

Year ended 30 June 2013

	Decomm-issioning Provision $'000	Environ-mental provision $'000	Other Employee Benefits $'000	Transition services Provision $'000	Unaccounted for gas Provision $'000	Total $'000
Current consolidated						
Carrying amount at 1 July 2012	–	399	8,094	8,300	–	16,793
Additional provisions recognised	–	–	8,465	8,300	10,725	27,490
Payments/other sacrifices of economic benefits	–	–	(2,799)	(8,300)	–	(11,099)
Carrying amount at 30 June 2013	–	399	13,760	8,300	10,725	33,184
Non-current consolidated						
Carrying at 1 July 2012	20,417	3,129	1,001	8,300	–	32,847
Additional provisions recognised	11,014	1,001	–	–	–	12,015
Payments/other sacrifices of economic benefits	–	–	(342)	(8,300)	–	(8,642)
Carrying amount at 30 June 2013	31,431	4,130	659	–	–	36,220

Notes to the Financial Statements

FOR YEAR ENDED 30 JUNE 2014

19 Other Liabilities

	DUET Group 30 Jun 14 $'000	DUET Group 30 Jun 13 $'000
Current		
Unearned revenue	**36,712**	28,780
Current tax liabilities	**2,844**	29
Total current	**39,556**	28,809
Non-Current		
Unearned revenue	**21,058**	21,897
Total non current	**21,058**	21,897

	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000	DFT 30 Jun 13 $'000	DIHL Group 30 Jun 13 $'000	DFL 30 Jun 13 $'000
Current						
Unearned revenue	**–**	**76**	**–**	–	105	–
Current tax liabilities	**–**	**–**	**–**	–	49	15
Total current	**–**	**76**	**–**	–	154	15

20 Deferred Tax Liabilities

	DUET Group 30 Jun 14 $'000	DUET Group 30 Jun 13 $'000
The balance comprises temporary difference attributable to:		
Amounts recognised in profit or loss		
Borrowing costs	**1,202**	440
Property, Plant and equipment	**535,753**	625,544
Intellectual property	**6,102**	5,133
Intangibles	**8,883**	4,755
Licence	**172,578**	51,457
Cash flow hedges and hedged interest bearing liabilities	**35,437**	23,135
Other	**6,020**	565
	765,975	711,029
Retirement benefits reserve recognised directly in equity	**–**	712
Cash flow hedges recognised directly in equity	**(6,529)**	5,810
	759,446	717,551
Set – off deferred tax liabilities pursuant to set off provisions (Note 13)	**(148,688)**	(200,005)
Net deferred tax liabilities	**610,758**	517,546
Movements:		
Opening Balance at 1 July	**517,546**	480,788
Charged /(credited) to the Income Statement (Note 3)	**34,936**	21,437
Acquisition of subsidiaries	**44,197**	101
Charged /(credited) to equity	**14,079**	15,220
Closing balance 30 June	**610,758**	517,546
Deferred tax liabilities to be recovered after more than 12 months	**610,758**	517,546
	610,758	517,546

Notes to the Financial Statements

FOR YEAR ENDED 30 JUNE 2014

20 Deferred Tax Liabilities (continued)

	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000	DFT 30 Jun 13 $'000	DIHL Group 30 Jun 13 $'000	DFL 30 Jun 13 $'000
The balance comprises temporary difference attributable to:						
Amounts recognised in profit or loss						
Property, Plant and equipment	–	**799**	–	–	862	–
Construction work in progress	–	**1,154**	–	–	–	–
Other	–	–	–	–	12	50
	–	**1,953**	–	–	874	50
Cash flow hedges recognised directly in equity	–	–	–	–	–	–
	–	–	–	–	–	–
Set – off deferred tax liabilities pursuant to set off provisions (Note 14)	–	**(1,086)**	–	–	(874)	–
Net deferred tax liabilities	–	**867**	–	–	–	50
Movements:						
Opening Balance at 1 July	–	–	**50**	–	–	–
Charged /(credited) to the Income Statement (Note 3)	–	**867**	**(50)**	–	–	–
Acquisition of subsidiaries		–	–			50
Charged /(credited) to equity	–	–	–	–	–	–
Closing balance 30 June	–	**867**	–	–	–	50
Deferred tax liabilities to be recovered after more than 12 months	–	**867**	–	–	–	50
	–	**867**	–	–	–	50

21 Retirement Benefit Obligations

During the 30 June 2012 financial year UE & Multinet Pty Ltd ("UEM") (formerly Energy Retail Holdings Pty Ltd) was established to act as the employment vehicle for all United Energy and Multinet Gas employees. UEM commenced trading on 1 October 2011. As part of the commencement of its operations UEM took on responsibility for a defined benefit plan for certain employees that transitioned and continued to transition to UEM from Jemena.

There are a number of risks to which the Plan exposes the Group. The most significant risk related to the defined benefits is investment risk, which is the risk that the investment returns will be lower than assumed and the Group will need to increase contributions to offset this shortfall. The Group has mitigated this risk through diversification of its investment portfolio as shown above.

The following sets out details in respect of the defined benefit plan only.

(a) Defined Benefit Employee Superannuation Plan

The Retirement Benefits Fund (RBF) is a defined benefit fund which pays lump sum and pension benefits to members upon retirement (most of which are calculated as a multiple of the member's final average salary). The RBF has Contributory members, Compulsory Preserved members and pensioners.

This actuarial assessment has been provided by Mercer in a report dated 23 June 2014.

Actuarial Assumptions

	30 Jun 14	30 Jun 13
Discount rate	**3.8% pa**	3.4% pa
Salary increase rate	**4.0% pa**	4.0% pa
Contributions tax rate	**15.0%**	15.0%

(b) Balance sheet amounts

The amounts recognised in the Balance Sheet are determined as follows:

	DUET Group 30 Jun 14 $'000	DUET Group 30 Jun 13 $'000	DUET Group 30 Jun 12 $'000	DUET Group 30 Jun 11 $'000	DUET Group 30 Jun 10 $'000	DUET Group 30 Jun 09 $'000
Defined Benefit Obligation	**20,676**	17,455	13,359	–	–	–
Fair value of defined benefit plan assets	**18,227**	14,631	9,081	–	–	–
Net liability	**2,449**	2,824	4,278	–	–	–

(c) Profit and Loss impact

Financial Period ending	30 Jun 14 $'000	30 Jun 13 $'000
Current Service cost	**577**	462
Net Interest	**76**	108
Defined Benefit Cost	**653**	570

Notes to the Financial Statements

FOR YEAR ENDED 30 JUNE 2014

21 Retirement Benefit Obligations (continued)

(d) Fair value of plan assets

Asset category As at 30 June 2014	Total $'000	Quoted prices in active markets $'000	No Quoted prices in active markets $'000
Investment Funds	**18,227**	**–**	**18,227**
Total	**18,227**	**–**	**18,227**
As at 30 June 2013			
Investment Funds	14,631	–	14,631
Total	14,631	–	14,631

The percentage invested in each asset class at the reporting date is:

As at	30 Jun 14	30 Jun 13
Australian Equity	**31%**	30%
International Equity	**24%**	29%
Fixed Income	**11%**	10%
Property	**9%**	9%
Growth Alternatives	**8%**	8%
Defensive Alternatives	**10%**	7%
Cash	**7%**	7%

(e) Reconciliation of the fair value of plan assets

Financial Period ending	30 Jun 14 $'000	30 Jun 13 $'000
Fair value of plan assets at beginning of the year	**14,631**	9,081
(+) Interest income	**481**	274
(+) Actual return on plan assets less interest income	**1,326**	1,442
(+) Company contributions	**417**	483
(+) Contributions by plan participants	**185**	151
(-) Taxes, premiums & expenses paid	**(159)**	(152)
(+) Transfers in	**1,346**	3,352
Fair value of plan assets at end of the year	**18,227**	14,631

21 Retirement Benefit Obligations (continued)

(f) Reconciliation of the defined benefit obligation

Financial Period ending	30 Jun 14 $'000	30 Jun 13 $'000
Present value of defined benefit obligations at beginning of the year	**17,455**	13,359
(+) Current service cost	**577**	462
(+) Interest expense	**557**	382
(+) Contributions by plan participants	**185**	151
(+) Actuarial (gains)/losses arising from changes in demographic assumptions	**61**	–
(+) Actuarial (gains)/losses arising from changes in financial assumptions	**(979)**	(2,269)
(+) Actuarial (gains)/losses arising from experience	**1,633**	2,170
(-) Taxes, premiums & expenses paid	**(159)**	(152)
(+) Transfers in	**1,346**	3,352
Present value of defined benefit obligations at end of the year	**20,676**	17,455

(g) Other comprehensive income

Financial Period ending	30 Jun 14 $'000	30 Jun 13 $'000
Actuarial (gains)/losses	**715**	(99)
(-) Actual return on plan assets less interest income	**(1,326)**	(1,442)
Total remeasurements recognised in other comprehensive income	**(611)**	(1,541)

22 Other Non-Controlling Interest

Non-Controlling Interest Classified as Equity

	DUET Group 30 Jun 14 $'000	DUET Group 30 Jun 13 $'000
Interest in:		
Share Capital	**336,897**	327,334
Retained losses	**(135,429)**	(97,123)
Reserves	**(30,019)**	(40,673)
Total	**171,449**	189,538

Notes to the Financial Statements

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23 Contributed Equity

(a) Ordinary Equity

	DUET Group 30 Jun 14 $'000	DUET Group 30 Jun 13 $'000
On issue at the beginning of the year	**2,350,015**	2,230,835
DRP on 14 August 2012	**–**	13,310
DRP on 12 February 2013	**–**	23,870
DRP on 13 August 2013	**40,950**	–
DRP on 20 February 2014	**21,012**	–
Return of capital	**–**	(10,864)
Equity issued	**–**	92,864
Shares issued - 9 September 2013	**100,000**	–
Shares issued - 23 January 2014	**100,000**	–
Shares issued - 21 March 2014	**42,992**	–
Less: Transaction costs	**(4,368)**	–
On issue at the end of the year	**2,650,601**	2,350,015

	DFT 30 Jun 14 $'000	DIHL 30 Jun 14 $'000	DFL 30 Jun 14 $'000	DFT 30 Jun 13 $'000	DIHL 30 Jun 13 $'000	DFL 30 Jun 13 $'000
On issue at the beginning of the year	**1,051,517**	**248,034**	**5,486**	997,712	244,578	14,465
Equity issued	**–**	**–**	**–**	37,058	9,837	5,432
DRP on 14 August 2012	**–**	**–**	**–**	5,995	1,637	–
DRP on 12 February 2013	**–**	**–**	**–**	10,752	2,846	54
Return of capital	**–**	**–**	**–**	–	(10,864)	(14,465)
Equtiy issued as part of restructure	**351,482**	**–**	**–**	–	–	–
DRP on 13 August 2013	**21,933**	**6,740**	**86**	–	–	–
DRP on 20 February 2014	**11,374**	**2,566**	**46**	–	–	–
Shares issued - 9 September 2013	**54,486**	**11,253**	**232**	–	–	–
Shares issued - 23 January 2014	**54,130**	**12,210**	**220**	–	–	–
Shares issued - 21 March 2014	**23,272**	**5,249**	**95**	–	–	–
Less: Transaction costs	**(2,351)**	**(557)**	**(11)**	–	–	–
On issue at the end of the year	**1,565,843**	**285,495**	**6,154**	1,051,517	248,034	5,486

23 Contributed Equity (continued)

	DUET Group 1 Jul 13 – 30 Jun 14 Number of stapled securities '000	DFT 1 Jul 13 – 30 Jun 14 Number of stapled securities '000	DIHL 1 Jul 13 – 30 Jun 14 Number of stapled securities '000	DFL 1 Jul 13 – 30 Jun 14 Number of stapled securities '000	DUET Group 1 Jul 12 – 30 Jun 13 Number of stapled securities '000	DFT 1 Jul 12 – 30 Jun 13 Number of stapled securities '000	DIHL 1 Jul 12 – 30 Jun 13 Number of stapled securities '000	DFL 1 Jul 12 – 30 Jun 13 Number of stapled securities '000
On issue at the beginning of the year	**1,169,314**	**1,169,314**	**1,169,314**	**1,169,314**	1,109,831	1,109,831	1,109,831	–
DRP on 14 August 2012	**–**	**–**	**–**	**–**	6,807	6,807	6,807	–
Shares issued – 4 December 2012	**–**	**–**	**–**	**–**	41,578	41,578	41,578	1,158,216
DRP on 12 February 2013	**–**	**–**	**–**	**–**	11,098	11,098	11,098	11,098
DRP on 13 August 2013	**19,337**	**19,337**	**19,337**	**19,337**	–	–	–	–
Shares issued - 9 September 2013	**48,544**	**48,544**	**48,544**	**48,544**	–	–	–	–
Shares issued - 23 January 2014	**49,020**	**49,020**	**49,020**	**49,020**	–	–	–	–
DRP on 20 February 2014	**10,313**	**10,313**	**10,313**	**10,313**	–	–	–	–
Shares issued - 21 March 2014	**21,281**	**21,281**	**21,281**	**21,281**	–	–	–	–
On issue at the end of the year	**1,317,809**	**1,317,809**	**1,317,809**	**1,317,809**	1,169,314	1,169,314	1,169,314	1,169,314

(b) Ordinary units in DFT and ordinary shares in DUECo, DIHL and DFL

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 DFT and one vote for each share in respect of DUECo, DIHL and DFL.

Notes to the Financial Statements

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24 Reserves

Nature and purpose of Reserves

(i) Hedging Reserve

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in Note 1(x). Amounts are recognised in the profit or loss when the associated hedged transaction affects the profit or loss.

(ii) Capital Reserve

The Capital Reserve is used to hold the accumulated loss of the trusts within DUET Group.

(iii) Other Reserve

The Other Reserve is used to record transactions between equity holders, share of associates' other reserve and available for sale reserve.

25 Retained Profits / (Accumulated Losses)

	DUET Group 30 Jun 14 $'000	DUET Group 30 Jun 13 $'000
Balance at 1 July	**(300,132)**	(204,763)
Profit/(Loss) attributable to security holders	**61,039**	(10,774)
Distribution provided for or paid	**(16,000)**	(80,009)
Transfer from reserves	**–**	(4,586)
Balance at the end of the year	**(255,093)**	(300,132)

	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000	DFT 30 Jun 13 $'000	DIHL Group 30 Jun 13 $'000	DFL 30 Jun 13 $'000
Balance at 1 July	**–**	**(155,799)**	**101**	–	(125,822)	997
Profit/(Loss) attributable to security holders	**127,374**	**2,395**	**(323)**	39,708	(29,977)	674
Distribution provided for or paid	**(194,146)**	**(7,030)**	**–**	(89,154)	–	(1,570)
Transfer from Capital Reserve	**66,772**	**–**	**–**	49,446	–	–
Balance at the end of the year	**–**	**(160,434)**	**(222)**	–	(155,799)	101

26 Investments in Controlled Entities

	Year end	Country of incorpora-tion	Class of shares / units	Equity Holding 30 Jun 14 %*	Equity holding 30 Jun 13 %*
Name of entity					
Amistel Pty Ltd	30 June	Australia	Ordinary	100.0	100.0
Australia Energy Finance Pty Ltd	30 June	Australia	Ordinary	100.0	100.0
Australian Energy Fund No.2	30 June	Australia	Ordinary	100.0	100.0
Energy Partnership (Gas) Pty Ltd	30 June	Australia	Ordinary	100.0	100.0
Energy Partnership (Holdings) Pty Ltd	30 June	Australia	Ordinary	100.0	100.0
Energy Partnership Pty Ltd	30 June	Australia	Ordinary	100.0	100.0
Multinet Gas (DB No1) Pty Ltd	30 June	Australia	Ordinary	100.0	100.0
Multinet Gas (DB No2) Pty Ltd	30 June	Australia	Ordinary	100.0	100.0
Multinet Gas Distribution Partnership	30 June	Australia	Ordinary	100.0	100.0
Multinet Gas (IE) Pty Ltd	30 June	Australia	Ordinary	100.0	100.0
Multinet Group Holdings Pty Ltd	30 June	Australia	Ordinary	100.0	100.0
Power Partnership Pty Ltd	30 June	Australia	Ordinary	66.0	66.0
UEIP Pty Ltd	30 June	Australia	Ordinary	66.0	66.0
United Energy Distribution Pty Ltd	30 June	Australia	Ordinary	66.0	66.0
United Energy Distribution Holdings Pty Ltd	30 June	Australia	Ordinary	66.0	66.0
United Energy Finance Pty Ltd	30 June	Australia	Ordinary	66.0	66.0
United Energy Finance Trust	30 June	Australia	Ordinary	66.0	66.0
United Nominee Assets Pty Ltd	30 June	Australia	Ordinary	66.0	66.0
Utilicorp Australia (Gas) Finance Pty Ltd	30 June	Australia	Ordinary	100.0	100.0
Utilicorp Australia (Gas) Holdings Pty Ltd	30 June	Australia	Ordinary	100.0	100.0
Utilicorp Southern Cross Pty Ltd	30 June	Australia	Ordinary	100.0	100.0
Utilities Consulting Service Pty Ltd	30 June	Australia	Ordinary	66.0	66.0
UE & Multinet Pty Ltd (formerly Energy Retail Holdings Pty Ltd)	30 June	Australia	Ordinary	83.0	83.0
Dampier Bunbury Investment Company Pty Ltd	30 June	Australia	Ordinary	100.0	100.0
DUET Dampier Bunbury Pty Ltd	30 June	Australia	Ordinary	100.0	100.0
DBNGP Trust	30 June	Australia	Ordinary	80.5	81.1
DBNGP Holdings Pty Ltd	30 June	Australia	Ordinary	80.5	81.1
DBNGP Finance Company Pty Ltd	30 June	Australia	Ordinary	80.5	81.1
DBNGP WA Pipeline Trust	30 June	Australia	Ordinary	80.5	81.1
DBNGP (WA) Nominees Pty Ltd	30 June	Australia	Ordinary	80.5	81.1
DBNGP (WA) Transmission Pty Ltd	30 June	Australia	Ordinary	80.5	81.1
DBNGP Compressor Co. Pty Ltd	30 June	Australia	Ordinary	80.5	81.1
DBNGP (WA) Finance Pty Ltd	30 June	Australia	Ordinary	80.5	81.1
DBP Development Group Pty Ltd (previously DBP Development Co Pty Ltd)	30 June	Australia	Ordinary	100.0	100.0
DBP Development Group Trust (previously DBP Development Trust)	30 June	Australia	Ordinary	100.0	100.0
DBP Development Group Nominees Pty Ltd (previously DBP Development Co Nominees Pty Ltd)	30 June	Australia	Ordinary	100.0	100.0
DDG Fortescue River Pty Ltd	30 June	Australia	Ordinary	100.0	–
DDG A Pty Ltd	30 June	Australia	Ordinary	100.0	–
DDG Operations Pty Ltd	30 June	Australia	Ordinary	100.0	–
DUET1 Trust^ (previously Diversified Utility and Energy Trust No.1)	30 June	Australia	Ordinary	100.0	–

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26 Investments in Controlled Entities (continued)

	Year end	Country of incorpora-tion	Class of shares / units	Equity Holding 30 Jun 14 %*	Equity holding 30 Jun 13 %*
Diversified Utility and Energy Trust No.3^	30 June	Australia	Ordinary	100.0	–
DMC1 Ltd^	30 June	Australia	Ordinary	100.0	–
DUET 2008 Funding Sub Trust	30 June	Australia	Ordinary	100.0	100.0
AEF2 Management Company Pty Limited	30 June	Australia	Ordinary	100.0	100.0
DIHL 2 Limited	30 June	Australia	Ordinary	–	100.0

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

^ Entities previously part of the stapled structure as at 30 June 2013.

DFL has no subsidiaries.

27 Earnings per Security

(a) Basic earnings per stapled security

	DUET Group 30 Jun 14	DUET Group 30 Jun 13
Basic earnings per stapled security(1)	**4.86c**	(0.94)c
Earnings used in calculation of basic earnings per stapled security(1) ($'000)	**61,039**	(10,774)
Weighted average number of stapled securities used in calculating basic earnings per stapled security ('000)	**1,256,442**	1,143,852

(1) DUET earnings per share include the earnings of the parent only and has been calculated in accordance with *AASB 133 Earnings per Share*. Following the DUET Group Simplification on 1 August 2013, DUECo was identified as parent of DUET. Prior to 1 August 2013, the parent of DUET was identified as DUET1. Refer to 'Significant Changes in State of Affairs' on page 10. Earnings per stapled security on consolidated profit for the year is 15.37c (2013: 1.71c).

	DFT 30 Jun 14	DIHL Group 30 Jun 14	DFL 30 Jun 14	DFT 30 Jun 13	DIHL Group 30 Jun 13	DFL 30 Jun 13
Basic earnings per stapled security	**10.14c**	**0.19c**	**(0.03)c**	3.47c	(2.62)c	–
Earnings used in calculation of basic earnings per stapled security ($'000)	**127,374**	**2,395**	**(322)**	39,708	(29,977)	674
Weighted average number of stapled securities used in calculating basic earnings per stapled security ('000)	**1,256,442**	**1,256,442**	**1,256,442**	1,143,852	1,143,852	1,143,852

No diluted impact in 30 June 2014 or 30 June 2013.

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

	DUET Group 30 Jun 14 $'000	DUET Group 30 Jun 13 $'000
Basic earnings per stapled security		
Profit/(Loss) for the year	**193,061**	19,593
(Profit)/Loss for the year attributable to non-controlling interests	**(132,022)**	(30,367)
Profit/(loss) attributable to the ordinary securityholders of the company used in calculating basic earnings per stapled security(1)	**61,039**	(10,774)

(1) DUET earnings per share include the earnings of the parent only and has been calculated in accordance with *AASB 133 Earnings per Share*. Following the DUET Group Simplification on 1 August 2013, DUECo was identified as parent of DUET. Prior to 1 August 2013, the parent of DUET was identified as DUET1. Refer to 'Significant Changes in State of Affairs' on page 10.

	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000	DFT 30 Jun 13 $'000	DIHL Group 30 Jun 13 $'000	DFL 30 Jun 13 $'000
Basic earnings per stapled security						
Profit/(Loss) for the year	**127,374**	**2,395**	**(322)**	39,708	(29,977)	674
Profit/(loss) attributable to the ordinary securityholders of the company used in calculating basic earnings per stapled security	**127,374**	**2,395**	**(322)**	39,708	(29,977)	674

No diluted impact in 30 June 2014 or 30 June 2013.

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27 Earnings per Security (continued)

(c) Weighted average number of shares used as the denominator

	DUET Group 30 Jun 14 '000	DUET Group 30 Jun 13 $'000
Weighted average number of stapled securities used as the denominator in calculating basic earnings per stapled security	**1,256,442**	1,143,852

	DFT 30 Jun 14 '000	DIHL Group 30 Jun 14 '000	DFL 30 Jun 14 '000	DFT 30 Jun 13 '000	DIHL Group 30 Jun 13 '000	DFL 30 Jun 13 '000
Weighted average number of stapled securities used as the denominator in calculating basic earnings per stapled security	**1,256,442**	**1,256,442**	**1,256,442**	1,143,852	1,143,852	1,143,852

28 Cash Flow Information

(i) Reconciliation of Net Result from Ordinary Activities after Income Tax to Net Cash Flows from Operating Activities

	DUET Group 30 Jun 14 $'000	DUET Group 30 Jun 13 $'000
Net result from ordinary activities after income tax	**193,061**	19,593
Depreciation and amortisation	**265,546**	253,940
Net loss/(profit) on sale of non-current assets	**4,600**	5,073
Internalisation costs settled by issue of stapled securities	**–**	81,414
Customer contributions – in kind	**(5,890)**	(4,952)
Borrowing costs paid	**445,017**	439,813
Foreign exchange	**1,350**	(12)
Other	**–**	(2)
Doubtful debts	**–**	4,224
Change in assets and liabilities		
Decrease/(increase) in receivable	**37,398**	(50,032)
(Increase)/decrease in deferred tax asset	**(177,314)**	(11,233)
Decrease/(increase) in other operating assets	**(3,903)**	(2,503)
Increase/(decrease) in payables and accrual	**8,103**	(29,642)
(Decrease)/Increase in deferred tax liability	**92,328**	36,391
Increase/(Decrease) in other provisions	**583**	4,399
(Decrease)/increase in derivative financial instruments	**(29,621)**	(49,983)
Net cash inflow from operating activities	**831,258**	696,488

28 Cash Flow Information (continued)

(i) Reconciliation of Net Result from Ordinary Activities after Income Tax to Net Cash Flows from Operating Activities

	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000	DFT 30 Jun 13 $'000	DIHL Group 30 Jun 13 $'000	DFL 30 Jun 13 $'000
Net result from ordinary activities after income tax	**127,374**	**2,395**	**(322)**	39,708	(29,977)	674
Depreciation and amortisation	**–**	**343**	**–**	–	176	71
Internalisation costs settled by issue of stapled securities	**–**	**–**	**–**	28,242	27,000	–
Net loss/(profit) on sale of associates	**505**	**–**	**–**	–	–	–
Borrowing costs paid	**1,174**	**6,223**	**–**	3,622	6,496	–
Foreign exchange	**–**	**–**	**–**	–	3	–
Other	**4,389**	**(12,907)**	**207**	–	–	–
Share of associates losses/(profits) not received as dividends	**2,539**	**8,098**	**–**	7,719	(9,968)	–
Change in assets and liabilities						
Decrease/(increase) in receivable	**(60,579)**	**(1,565)**	**279**	1,453	(3,061)	13,518
(Increase)/decrease in deferred tax asset	**–**	**(536)**	**7**	–	–	–
Decrease/(increase) in other operating assets	**861**	**(25,329)**	**43**	–	–	–
Increase/(decrease) in payables and accrual	**46,260**	**13,236**	**(466)**	(6,652)	(1,040)	(13,853)
(Decrease)/Increase in deferred tax liability	**–**	**867**	**–**	–	–	33
Increase/(Decrease) in other provisions	**–**	**558**	**(65)**	–	–	–
Net cash inflow from operating activities	**122,523**	**(8,617)**	**(317)**	74,092	(10,371)	443

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FOR YEAR ENDED 30 JUNE 2014

28 Cash Flow Information (continued)

(ii) Reconciliation of Cash Assets

	DUET Group 30 Jun 14 $'000	DUET Group 30 Jun 13 $'000
Cash at bank	**242,125**	107,517
Cash on deposit	**181,309**	294,664
Cash assets	**423,434**	402,181

	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000	DFT 30 Jun 13 $'000	DIHL Group 30 Jun 13 $'000	DFL 30 Jun 13 $'000
Cash at bank	**10,490**	**95,515**	**5,671**	8,362	11,984	5,511
Cash on deposit	**66,520**	**49,907**	**–**	44,114	–	–
Cash assets	**77,010**	**145,422**	**5,671**	52,476	11,984	5,511

(iii) Non-cash investing and financing activities

During the period, stapled securityholders participated in DUET's Distribution and Dividend Reinvestment Plan (DRP). A total of 29,650,244 (2013:17,905,312) new securities were issued under the DRP. The proceeds raised from the issue of these securities was $61,985,823 (2013: $37,198,648) and this amount is not reflected in the Cash Flow Statement on the basis that it has been reinvested in DUET Group securities.

29 Parent Entity Information

(a) DUECo and DUET1

	DUECo 30 Jun 14 $'000	DUET1 30 Jun 13 $'000
Current assets	**64,177**	27,629
Total assets	**840,326**	820,215
Current liabilities	**69,182**	244,127
Total liabilities	**69,182**	244,127
Net assets	**771,144**	576,088
Contributed equity	**793,111**	688,010
Retained earnings	**(21,967)**	(21,598)
Capital reserve	**–**	(90,324)
Other reserves	**–**	–
Total equity	**771,144**	576,088
Profit	**(5,967)**	64,951
Total comprehensive income	**(5,967)**	64,951

Following the DUET Group Simplification on 1 August 2013, DUECo was identified as parent of DUET. Prior to 1 August 2013, the parent of DUET was identified as DUET1. Refer to Note 34.

DUECo has no guarantees in relation to the debts of any of its subsidiaries.

DUECo has no contingent liabilities as at 30 June 2014.

29 Parent Entity Information (continued)

(b) DIHL (as parent of DIHL Group)

	DIHL 30 Jun 14 $'000	DIHL 30 Jun 13 $'000
Current assets	**53,438**	4,482
Total assets	**250,657**	230,364
Current liabilities	**101,168**	3,045
Total liabilities	**101,168**	154,684
Net assets	**149,489**	75,680
Contributed equity	**285,495**	248,034
Retained earnings	**(179,724)**	(173,550)
Capital reserve	**–**	–
Other reserves	**43,718**	1,196
Total equity	**149,489**	75,680
Profit/(loss) of DIHL	**(857)**	(40,676)
Total comprehensive income of DIHL	**(857)**	(37,951)

DIHL has no contingent liabilities as at 30 June 2014.

DIHL has no guarantees in relation to the debts of any of its subsidiaries.

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30 Related Party Disclosures

Prior to 4 December 2012, DMC1 Limited and DFL were 50/50 joint ventures between AMP Capital Holdings (AMPCH) and Macquarie Group Limited (MGL). DMC1 Limited is the Responsible Entity of DUET1 Trust and DFL is the Manager and Responsible Entity of DFT and DUET3 respectively.

(a) Key Management Personnel (KMP)

The KMP, at the date of this reports, are as follows:

Non-Executive Directors during the financial year ended 30 June 2014	
Douglas Halley	Independent Chairman of DUECo and DIHL
Ron Finlay	Independent Director
Shirley In't Veld	Independent Director
John Roberts	Non-Executive Director
Emma Stein	Independent Director
Duncan Sutherland	Independent Director
Jack Hamilton	Independent Director
Eric Goodwin	Independent Chairman of DFL
Jane Harvey	Independent Director
Michael Lee	Independent Director
Terri Benson	Independent Director
Shemara Wikramanayake	Alternate director – resigned 20 September 2013

Executives	
David Bartholomew	Chief Executive Officer
Jason Conroy	Chief Financial Officer

Except as noted, the named persons held their current positions for the whole of the financial year and since the end of the financial year.

The aggregate remuneration paid to KMP is set out below:

	Year ended 30 Jun 14 $	Year ended 30 Jun 13 $
Short term employment benefits	**2,474,739**	2,683,741
Post employment benefits	**158,175**	96,748
Total	**2,632,914**	2,780,489

(c) Custodians

Under the terms of the custody agreements with Trust Company Ltd & Perpetual Trustee Co Ltd, fees paid or payable to the custodians by the Group were $236,013 (2013: $197,406).

31 Segment Information

The Directors of DUECo, the responsible entity of DFT, 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 DUECo, DFL and DIHL.

The Boards consider the business from the aspect of each of the core portfolio assets and have identified four operating segments during the year. The segments are the investments in Dampier Bunbury Pipeline (DBP), United Energy (UEDH), Multinet Gas (MGH), and DBP Development Group (DDG).

The operating segments note discloses performance by individual core–portfolio asset in Australian dollars. The information is presented as DUET's proportionate share of the earnings before interest, tax, depreciation and amortisation ("Proportionate EBITDA"), Proportionate EBITDA is a non-IFRS measure.

	DBP $'000	United Energy $'000	Multinet Gas $'000	DDG $'000	Total $'000
DUET Group for the 12 months to 30 June 2014					
Total segment revenues	**346,260**	**316,736**	**182,049**	**4,450**	**849,495**
Total segment expenses	**(64,863)**	**(96,417)**	**(58,791)**	**(2,714)**	**(222,785)**
Proportionate EBITDA	**281,397**	**220,319**	**123,258**	**1,736**	**626,710**
DUET Group for the 12 months to 30 June 2013					
Total segment revenues	370,628	307,951	197,820	3,052	879,451
Total segment expenses	(69,782)	(98,236)	(68,736)	(2,631)	(239,385)
Proportionate EBITDA	300,846	209,715	129,084	421	640,066
Total proportionate segment assets					
30 June 2014	**2,987,313**	**2,065,955**	**1,567,895**	**193,789**	**6,814,952**
30 June 2013	3,036,591	2,098,281	1,420,755	6,864	6,562,491
Total proportionate segment liabilities					
30 June 2014	**(2,498,884)**	**(1,960,061)**	**(1,286,075)**	**(143,509)**	**(5,888,529)**
30 June 2013	(2,527,328)	(1,958,661)	(1,243,271)	(5,347)	(5,734,607)

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31 Segment Information (continued)

	DBP $'000	United Energy $'000	Multinet Gas $'000	DDG $'000	Corporate $'000	Total $'000
DUET Group for the 12 months to 30 June 2014						
Proportionate EBITDA (excluding Head Office expenses)	281,397	220,319	123,258	1,736	–	626,710
Additional EBITDA from controlled assets[(1)]	66,576	119,398	–	–	–	185,974
Net gain/(loss) on disposal of assets	741	(3,906)	(1,435)	–	–	(4,600)
Head office expenses	–	–	–	–	(10,456)	(10,456)
Internalisation and group structure simplification related expenses	–	–	–	–	(1,622)	(1,622)
Consolidated EBITDA						796,006
Controlled Assets						
– Interest income	412	6,032	493	17	–	6,954
– Depreciation and amortisation	(77,148)	(141,137)	(46,919)	(294)	–	(265,498)
– Finance costs	(233,696)	(160,612)	(50,709)	–	–	(445,017)
– Net fx gains(losses)	3	(1,288)	–	(65)	–	(1,350)
– Changes in fair value of derivatives	10,130	(2,829)	–	–	–	7,301
Corporate						
– Interest income	–	–	–	–	3,305	3,305
– Depreciation & amortisation	–	–	–	–	(48)	(48)
Profit before income tax expense						101,653

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

31 Segment Information (continued)

	DBP $'000	United Energy $'000	Multinet Gas $'000	DDG $'000	Corporate $'000	Total $'000
DUET Group for the 12 months to 30 June 2013						
Proportionate EBITDA (excluding Head Office expenses)	300,846	209,715	129,084	421	–	640,066
Additional EBITDA from controlled assets[1]	68,256	107,521	–	21	–	175,798
Exclude non-controlled assets[2]	–	–	–	–	–	–
Corporate income	–	–	–	–	325	325
Corporate expenses	–	–	–	–	(16,696)	(16,696)
Equity accounted profits[2]	–	–	–	–	–	–
Gains/(losses) on disposal of associates, net of transaction costs	–	–	–	–	–	–
Internalisation related expenses	–	–	–	–	(111,243)	(111,243)
Consolidated EBITDA						688,250
Controlled Assets						
– Interest income	537	2,352	272	26	–	3,187
– Depreciation and amortisation	(79,630)	(133,827)	(40,330)	(162)	–	(253,949)
– Finance costs	(223,773)	(147,153)	(67,960)	(57)	–	(438,943)
– Net fx gains(losses)	18	994	–	–	–	1,012
– Changes in fair value of derivatives	16,399	25,589	6,104	–	–	48,092
Corporate						
– Interest income	–	–	–	–	3,156	3,156
– Depreciation & amortisation	–	–	–	–	(13)	(13)
– Finance costs	–	–	–	–	(938)	(938)
Profit before income tax expense						49,854

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

(2) Excludes proportionate EBITDA of associates and includes the equity accounted result.

Notes to the Financial Statements

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31 Segment Information (continued)

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

	30 Jun 14 $'000	30 Jun 13 $'000
Segment Revenue	**849,495**	879,451
Other Revenue	**10,259**	5,763
Revenue attributable to investments accounted for under the equity method		–
Inter-segment revenue adjustment	**(4,426)**	(3,992)
Carbon Tax adjustment	**7,167**	7,078
TUOS adjustment	**119,901**	87,478
Revenue attributable to non-controlling interest	**258,824**	288,483
Total revenue from continuing operations	**1,241,220**	1,264,261

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

	30 Jun 14 $'000	30 Jun 13 $'000
Total proportionate segment assets	**6,814,952**	6,562,491
Balance of controlled entity assets	**1,767,130**	1,809,906
Cash and cash equivalents	**226,636**	125,025
Other assets	**977**	1,279
Receivables	**1,811**	1,223
Intangible assets	**1,069**	1,561
Deferred tax assets	**32,969**	3,225
Property, plant and equipment	**703**	736
Total assets	**8,846,247**	8,505,446

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

	30 Jun 14 $'000	30 Jun 13 $'000
Total proportionate segment liabilities	**(5,888,529)**	(5,734,607)
Balance of controlled entity liabilities	**(1,029,477)**	(1,137,854)
Distribution payable	**(112,014)**	(96,468)
Deferred tax liability	**(737)**	(827)
Payables	**(10,463)**	(14,051)
Interest bearing liabilities	**–**	405
Total liabilities	**(7,041,220)**	(6,983,402)

31 Segment Information (continued)

DFT

Proportionate EBITDA for each of DBP, United Energy, Multinet Gas and DDG is set out on page 118.

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

	DBP $'000	United Energy $'000	Multinet Gas $'000	DFT $'000	Total $'000
DFT for the 12 months to 30 June 2014					
Proportionate EBITDA	**281,397**	**220,319**	**123,258**	**–**	**624,974**
Exclude non-controlled assets[1]	**(281,397)**	**(220,319)**	**(123,258)**	**–**	**(624,974)**
Corporate income	**–**	**–**	**–**	**5**	**5**
Corporate expenses	**–**	**–**	**–**	**(6,797)**	**(6,797)**
Equity accounted profits[1]	**–**	**(420)**	**2,959**	**–**	**2,539**
Equity accounted profits – Other investments	**–**	**–**	**–**	**–**	**–**
Internalisation and group structure simplification related expenses	**–**	**–**	**–**	**(422)**	**(422)**
Consolidated EBITDA					**(4,675)**
Interest income	**–**	**–**	**–**	**131,645**	**131,645**
Finance costs	**–**	**–**	**–**	**(1,174)**	**(1,174)**
Changes in fair value of derivatives	**–**	**–**	**–**	**–**	**–**
Profit before income tax expense					**125,796**

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

	DBP $'000	United Energy $'000	Multinet Gas $'000	DFT $'000	Total $'000
DFT for the 12 months to 30 June 2013					
Proportionate EBITDA	300,846	209,715	129,084	–	639,645
Exclude non-controlled assets[1]	(300,846)	(209,715)	(129,084)	–	(639,645)
Corporate income	–	–	–	79	79
Corporate expenses	–	–	–	(5,426)	(5,426)
Equity accounted profits[1]	–	4,168	5,108	–	9,276
Equity accounted profits – Other investments	–	–	–	398	398
Internalisation related expenses	–	–	–	(38,331)	(38,331)
Consolidated EBITDA					(34,004)
Interest income					77,335
Finance costs					(3,623)
Changes in fair value of derivatives					–
Profit before income tax expense					39,708

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

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31 Segment Information (continued)

DIHL Group

Proportionate EBITDA for each of DBP, United Energy, Multinet Gas and DDG is set out on page 118.

A reconciliation of DIHL Group's proportionate EBITDA to profit before income tax expense is provided as follows:

	DBP $'000	Multinet Gas $'000	DDG $'000	DIHL Group $'000	Total $'000
DIHL Group for the 12 months to 30 June 2014					
Proportionate EBITDA	**281,397**	**123,258**	**1,736**	**–**	**406,391**
Exclude non-controlled assets[1]	(281,397)	(123,258)	–	–	(404,655)
Corporate income	–	–	–	7,031	7,031
Corporate expenses	–	–	–	(7,858)	(7,858)
Equity accounted profits[1]	6,616	1,482	–	–	8,098
Internalisation and group structure simplification related expenses	–	–	–	(400)	(400)
Consolidated EBITDA					**8,607**
Net foreign exchange losses	–	–	(65)	–	(65)
Interest income	–	–	17	748	765
Finance costs	–	–	(284)	(5,939)	(6,223)
Depreciation & amortisation	–	–	(294)	(49)	(343)
Profit before income tax expense					**2,741**

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

31 Segment Information (continued)

	Multinet Gas $'000	DBP $'000	DDG $'000	DIHL Group $'000	Total $'000
DIHL for the 12 months to 30 June 2013					
Proportionate EBITDA	129,084	300,846	–	–	429,930
Exclude non-controlled assets(1)	(129,084)	(300,846)	–	–	(429,930)
Corporate income	–	–	–	6,896	6,896
Corporate expenses	–	–	–	(8,362)	(8,362)
Equity accounted profits(1)	2,570	11,113	(929)	–	12,754
Internalisation related expenses	–	–	–	(34,902)	(34,902)
Consolidated EBITDA					(23,614)
Interest income	–	–	–	424	424
Finance costs	–	–	–	(6,558)	(6,558)
Depreciation & amortisation	–	–	–	(176)	(176)
Foreign exchange gains	–	–	–	–	–
Loss before income tax expense					(29,924)

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

DFL

The chief operating decision maker of DFL reviews AIFRS financial information as presented in this report.

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32 Financial Risk Management

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group as at 30 June 2014:

	Loans and receivables $'000	Fair value profit or loss $'000	Fair value other comprehensive income $'000
Financial assets:			
Receivables	20,559	–	–
Derivative financial instruments	–	–	15,433
Total non-current	20,559	–	15,433
Receivables	42,745	–	–
Derivative financial instruments	–	–	2,895
Total current	42,745	–	2,895
Total	63,304	–	18,328
Financial liabilities			
Interest bearing liabilities	5,019,202	819,825	–
Derivative financial instruments	–	3,279	163,178
Total non-current	5,019,202	823,104	163,178
Payables	241,546	–	–
Interest bearing liabilities	648,460	73,758	–
Derivative financial instruments	–	8,394	101,339
Total current	890,006	82,152	101,339
Total	5,909,208	905,256	264,517

DFT, DIHL Group and DFL do not hold any financial instruments except for loans and receivables as disclosed in the Balance Sheets and the notes to the financial statements.

Fair value of non-current receivables approximates cost and are measured at Level 3 in the Fair Value Hierarchy.

32 Financial Risk Management (continued)

DUET Group's activities expose it to a variety of financial risks; market risk (including currency risk, cash flow interest rate risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts, consumer price index swaps and interest rate swaps to hedge certain risk exposures.

Risk management is carried out by the subsidiaries under policies approved by their respective Board of Directors. The subsidiaries' treasury activities are undertaken by service providers but management of each subsidiary must approve all transactions. The central treasury department of each subsidiary arranges all transactions in line with the board established policy, and ensures compliance with the approved polices. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risk, use of derivative financial instruments and investing excess liquidity.

The Group manages its capital to ensure that entities in the Group are adequately supported in growth initiatives while maximising the return to security holders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from 2013.

The capital structure of the Group consists of net debt (interest bearing liabilities as detailed in Note 17 offset by cash and cash equivalents) and equity of the Group (comprising contributed equity, reserves, retained profits/(accumulated losses) and other non-controlling interest as detailed in Notes 22 to 25). The Group is subject to bank covenants related to interest and gearing coverage ratios. During the period the Group was in compliance with all covenants it is subject to.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised monetary assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group operates predominantly within Australia and is exposed to foreign exchange risk arising from currency exposures to the USD on borrowings. Cross currency swaps are used to manage the foreign exchange risk and the Group's policy is to hedge 100% of this risk for the life of the transaction.

DBP enters into procurement contracts with international counterparties and is exposed to foreign exchange risk arising from currency exposures predominantly in USD. Forward contracts are used to manage this risk. DBP's policy is to consider a hedging strategy for all foreign exchange transactions above AUD$500,000 equivalent.

United Energy and Multinet are exposed to foreign exchange risk arising from currency exposures to the USD on borrowings. Cross currency swaps are used to manage the foreign exchange risk.

(ii) Price risk

The Group is exposed to revenue price risk through United Energy and Multinet and DBP from 2016. The nature of their business environments means that an Independent Regulator sets tariff prices. The tariff price path includes annual revenue growth that is derived from annual CPI. Management of each business assess this risk on an ongoing basis. Multinet and United Energy has fully hedged their price risk by entering into CPI swaps.

The Group is exposed to commodity price risk through DBP. The exposure is indirect and arises from the impact of commodity prices on the Western Australian economy. The exposure is assessed by DBP's management on an ongoing basis, with any initiatives (to the extent that they exist) put to DBP's Board of Directors as appropriate. Commodity price risk is not included in the sensitivity analysis.

(iii) Fair value interest rate risk

Refer to Note 32(d).

(b) Credit risk

Potential areas of credit risk consist of cash and cash equivalents, accounts receivable, derivative financial instruments and credit exposures to committed transactions. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history or sufficient credit support. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution.

Sound credit risk management involves prudently managing the risk and reward relationship and controlling and minimising credit risks across a variety of dimensions, such as quality, concentration, maturity and security. Management determines concentration of risk from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions.

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32 Financial Risk Management (continued)

Governments

The credit risk to governments relates to receivables that are due from the Australian Government which is an institution with a strong credit rating.

Financial Institutions

The credit risk to financial institutions relates to cash held by, receivables due from and negotiable certificates of deposit and commercial paper that has been purchased from Australian and OECD banks. In line with the credit risk policies of the Group, these counterparties must meet a minimum investment grade credit rating.

Corporates

The credit risk to corporates includes shareholder funding of the associated entities and services provided to users of the gas and electricity networks of MGH and UEDH and the DBNGP. These counterparties have their own credit ratings which form part of the overall credit risk assessment made by each business.

DUET Group's exposure to credit risk at the reporting date is as follows:

	Governments $'000		Financial institutions $'000		Corporates $'000		Total $'000	
DUET Group	**30 Jun 14**	**30 Jun 13**	**30 Jun 14**	**30 Jun 13**	**30 Jun 14**	**30 Jun 13**	**30 Jun 14**	**30 Jun 13**
Cash and cash equivalents	**–**	–	**423,435**	402,333	**–**	–	**423,435**	402,333
Receivables	**236**	797	**21,224**	22,781	**33,204**	68,422	**54,664**	92,000
Other (Financial Derivatives)	**–**	–	**33,328**	49,572	**–**	–	**33,328**	49,572
Total	**236**	797	**477,987**	474,686	**33,204**	68,422	**511,427**	543,905

DFT	Governments $'000		Financial institutions $'000		Corporates $'000		Total $'000	
	30 Jun 14	**30 Jun 13**	**30 Jun 14**	**30 Jun 13**	**30 Jun 14**	**30 Jun 13**	**30 Jun 14**	**30 Jun 13**
Cash and cash equivalents	**–**	–	**77,010**	52,476	**–**	–	**77,010**	52,476
Receivables	**–**	178	**–**	–	**1,257,146**	819,709	**1,257,146**	819,887
Total	**–**	178	**77,010**	52,476	**1,257,146**	819,709	**1,334,156**	872,363

	Governments $'000		Financial institutions $'000		Corporates $'000		Total $'000	
DIHL Group	**30 Jun 14**	**30 Jun 13**	**30 Jun 14**	**30 Jun 13**	**30 Jun 14**	**30 Jun 13**	**30 Jun 14**	**30 Jun 13**
Cash and cash equivalents	**–**	–	**145,423**	12,136	**–**	–	**145,423**	12,136
Receivables	**236**	362	**–**	–	**1,238**	614	**1,474**	976
Total	**236**	362	**145,423**	12,136	**1,238**	614	**146,897**	13,112

	Governments $'000		Financial institutions $'000		Corporates $'000		Total $'000	
DFL	**30 Jun 14**	**30 Jun 13**	**30 Jun 14**	**30 Jun 13**	**30 Jun 14**	**30 Jun 13**	**30 Jun 14**	**30 Jun 13**
Cash and cash equivalents	**–**	–	**5,671**	5,511	**–**	–	**5,671**	5,511
Receivables	**–**	25	**–**	–	**–**	254	**–**	279
Total	**–**	25	**5,671**	5,511	**–**	254	**5,671**	5,790

32 Financial Risk Management (continued)

(c) Liquidity risk

DUET Group maintains sufficient cash and marketable securities, an adequate amount of committed credit facilities and the ability to close-out market positions.

Undiscounted Future Cash Flows

The Group and parent entities have a liquidity management policy which manages liquidity risk by monitoring the stability of funding, surplus cash or near cash assets, anticipated cash inflow and outflows and exposure to connected parties. The tables below set out the contractual maturity of undiscounted future cash flows of the DUET Group and stapled entities liabilities:

	Less than 1 year $'000		1-2 years $'000		2-3 years $'000		3-5 years $'000		Greater than 5 years $'000	
DUET Group	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
Term Notes – fixed rate	161,741	99,950	634,186	177,865	318,961	922,817	432,885	1,346,621	309,000	–
Term Notes – variable rate	691,588	75,292	487,387	523,235	296,223	18,241	946,421	452,253	–	–
Senior Bank Debt	150,499	217,121	77,187	571,225	492,645	246,733	1,121,163	1,294,523	160,318	497,658
UEDH – RPS	23,091	23,091	23,125	23,091	67,999	23,142	46,182	46,194	322,440	342,452
Derivative financial instruments	134,036	133,514	193,867	123,062	3,746	167,878	16,436	580	5,305	(14,937)
Finance Lease	2,028	1,995	1,913	1,878	1,913	3,791	4,008	3,862	26,075	32,031
Payables	241,626	332,798	(603)	958	–	–	–	–	–	–
	1,404,609	883,761	1,417,062	1,421,314	1,181,487	1,382,602	2,567,094	3,144,033	812,529	857,204

	Less than 1 year $'000		1-2 years $'000		2-3 years $'000		3-5 years $'000		Greater than 5 years $'000	
DFT	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
Inter-company loan	37	170,577	–	3,207	–	3,216	–	6,415	–	58,891
Payables	99,916	52,907	–	–	–	–	–	–	–	–
	99,953	223,484	–	3,207	–	3,216	–	6,415	–	58,891

	Less than 1 year $'000		1-2 years $'000		2-3 years $'000		3-5 years $'000		Greater than 5 years $'000	
DIHL Group	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
Inter-company loan	10,268	5,625	10,057	5,625	10,030	5,640	131,954	11,250	94,737	110,667
Payables	6,659	14,760	–	–	–	–	–	–	–	–
	16,927	20,385	10,057	5,625	10,030	5,640	131,954	11,250	94,737	110,667

	Less than 1 year $'000		1-2 years $'000		2-3 years $'000		3-5 years $'000		Greater than 5 years $'000	
DFL	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13	30 Jun 14	30 Jun 13
Payables	22	13,688	–	–	–	–	–	–	–	–
	22	13,688	–	–	–	–	–	–	–	–

(d) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to fix the rates for at least 80% of its borrowings, in line with its facility agreements and/or regulatory periods. This policy has been complied with during the financial year.

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FOR YEAR ENDED 30 JUNE 2014

32 Financial Risk Management (continued)

The Group manages its cash flow interest rate risk by primarily using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed them at fixed rates directly. Under the interest-rate swaps, the Group agrees with other parties to exchange, at specified intervals to align with the underlying debt reset dates, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principle amounts.

For details of interest rate exposures refer to Note 17 and for details of the Group's interest rate swaps refer to Note 10.

(e) Fair value estimation

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 30 June 2014:

	Carrying Amount $'000	Fair value $'000
Financial assets:		
Receivables	20,812	20,812
Derivative financial instruments	57,797	57,797
Total non-current	78,609	78,609
Receivables	32,093	32,093
Derivative financial instruments	9,052	9,052
Total current	41,145	41,145
Total	119,754	119,754
Financial liabilities		
Interest bearing liabilities	4,684,899	5,297,236
Derivative financial instruments	173,403	173,403
Total non-current	4,858,302	5,470,639
Payables	211,323	211,323
Interest bearing liabilities	1,072,628	1,114,092
Derivative financial instruments	112,707	112,707
Total current	1,396,658	1,438,122
Total	6,254,960	6,908,761

DFT has non-current receivables with a carrying amount of $1,257,055,145 and a fair value of $1,690,950,452. All other financial instruments are held at fair value.

DIHL Group has interest bearing liabilities with a carrying amount of $1,212,392,000 which is equal to its fair value.

DFL does not hold any financial instruments except for short term receivables and payables where the carrying amount is a reasonable approximation of fair value.

Valuation techniques for derivative financial instruments

The fair value of a swap is calculated as its present value, ie the sum of all the discounted future cash flows for both the fixed leg and floating leg, using the techniques set out below.

For an interest rate swap, the fixed leg of the swap has fixed payments as per the swap confirmation.

For the floating coupon payments, implied forward rates are determined from a zero coupon curve. Where single currency basis adjustment is applicable the implied forward rates include the inter-tenor spreads over the benchmark zero coupon curve. The floating margin (if applicable) is then added to these forward rates to calculate the expected floating leg coupon rates on each reset date.

32 Financial Risk Management (continued)

The future cash flows of both legs are then discounted from their future payment dates back to the valuation date using a benchmark zero coupon curve, which may differ to the zero coupon curve used to calculate the forward rates. Credit risk adjustment is also incorporated (see further details below).

A cross currency interest rate swap is an interest rate swap with each leg in different currencies. The legs on a cross currency swap can be fixed-fixed, fixed-floating or floating-floating. Each leg is valued in the same way as an interest rate swap, but cross currency basis is included in the discount curve. The currency basis is derived through quoted currency basis swaps. The mark to market value is then calculated by converting the legs to a common currency at the spot FX rate.

Valuation techniques for debt held at fair value

Debt has one series of cash flows which includes the payment of interest on the principal and the repayment of the principal itself. Interest rates applicable to the debt can be either floating (adjusted for margin where applicable) or fixed.

The series of cash flows is discounted using the same methodology as discounting a series of cashflows for an interest rate swap as noted above.

Where foreign currency debt is held, the series of cashflows is translated to the functional and presentation currency using the appropriate foreign exchange rates at valuation date as observed in the market.

Credit risk adjustment

In valuing over-the-counter derivatives, and debt at fair value, allowance is made for the impact of credit risk, where one party may default on the obligatory payments to the other party. Each counterparty is subject to the credit risk of the other counterparty.

An appropriate credit spread is used when determining the magnitude of the credit value adjustment. This credit spread is sourced from a traded credit default swap spread, any recent debt issuance from the relevant counterparty or from an index credit default swap spread based on the relevant counterparty's credit rating.

Bilateral collateral arrangements, master netting agreements and other credit enhancement or risk mitigation tools reduce the credit exposure associated with an asset or liability and are considered in determining the fair value of the liability.

Notes to the Financial Statements

FOR YEAR ENDED 30 JUNE 2014

32 Financial Risk Management (continued)

Fair value hierarchy

Set out below are the Fair value measurements of financial asset and liabilities in accordance with the following fair value measurements hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market date (Level 3).

As at 30 June 2014, the Group held the following classes of financial instruments measured at fair value:

DUET Group	Level 1 30 Jun 14 $'000	Level 2 30 Jun 14 $'000	Level 3 30 Jun 14 $'000	Total 30 Jun 14 $'000
Financial asset				
Derivatives for hedging	–	18,328	–	18,328
	–	18,328	–	18,328
Financial liability				
Guaranteed notes	–	480,718	–	480,718
Derivatives for hedging	–	756,906	–	756,906
	–	1,237,624	–	1,237,624

As all significant inputs into the fair value calculations of the group's financial instruments are observable either directly or indirectly in the market, but are not based on quoted prices in an active market, the group has classified all financial instruments as being in Level 2.

DFT, DIHL Group and DFL do not hold any financial instruments measured at fair value.

32 Financial Risk Management (continued)

(f) Market risk sensitivities

In assessing the sensitivity of foreign exchange risk, management has utilised a +/- 10% (2013: 15%) movement in the Australian dollar. The tables below display the balances for financial instruments that would be recognised in the Income Statement or directly in equity for movement of +/- 10% (2013: 15%) in the Australian dollar. DUET management has determined a +/- 10% (2013: 15%) movement in the Australian dollar to be an appropriate sensitivity following analysis of foreign exchange volatility for relevant currencies.

The table below demonstrates the impact of a 10% (2013: 15%) movement of foreign exchange rates against the Australian dollar with all other variables held constant, on profit after tax (due to changes in fair value of currency sensitive monetary assets and liabilities) and equity. It is assumed that the relevant change occurs as at the reporting date. As at 30 June 2014 and 2013 DFT, DIHL Group and DFL did not have a significant exposure to foreign exchange risk. The carrying value of financial assets and financial liabilities per the tables below represent the net carrying value of the asset or liability exposed to this specific risk.

		Foreign Exchange Risk			
		10% appreciation of Australian dollar		10% depreciation of Australian dollar	
DUET Group as at 30 June 2014	**Carrying value $'000**	**P&L $'000**	**Other Compre-hensive Income $'000**	**P&L $'000**	**Other Compre-hensive Income $'000**
Financial Assets					
Cash and cash equivalents	**1,741**	**205**	**–**	**(168)**	**–**
Derivative	**–**	**–**	**–**	**–**	**–**
Receivables	**–**	**–**	**–**	**–**	**–**
	1,741	**205**	**–**	**(168)**	**–**
Financial Liabilities					
Loan	**(901,456)**	**(77,301)**	**–**	**77,301**	**–**
Derivatives	**(70,250)**	**78,472**	**33,702**	**(78,248)**	**(12,383)**
	(971,706)	**1,171**	**33,702**	**(947)**	**(12,383)**

		Foreign Exchange Risk			
		15% appreciation of Australian dollar		15% depreciation of Australian dollar	
DUET Group as at 30 June 2013	**Carrying value $'000**	**P&L $'000**	**Other Compre-hensive Income $'000**	**P&L $'000**	**Other Compre-hensive Income $'000**
Financial Assets					
Derivative	1,164	–	(2,267)	–	3,178
Receivables	–	–	–	–	–
	1,164	–	(2,267)	–	3,178
Financial Liabilities					
Loan	(920,598)	76,814	–	(76,814)	–
Derivatives	(23,695)	(77,028)	(218,035)	77,114	274,629
	(944,293)	(214)	(218,035)	300	274,629

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32 Financial Risk Management (continued)

The following table demonstrates the impact of a weighted average 100 basis point (2013: 188 basis point) change in Australian interest rates, with all other variables held constant, on profit after tax and equity. It is assumed that all underlying exposures and related hedges are included in the sensitivity analysis, that the weighted average 100 basis point change occurs as at the reporting date (30 June 2013: 188 basis point) and there are concurrent movements in interest rates and parallel shifts in the yield curves. The impact on equity includes the effective portion of the changes in the fair value of derivatives that are designated to qualify as cash flow hedges. DUET management has determined that a +/- 100 basis point (2013: 188 basis point) movement to be the appropriate sensitivity at 30 June 2014 following analysis of the interest spreads of comparable debt instruments. The analysis used the average of the three standard deviations from the mean, for each of the last five years to 30 June 2014. The carrying value of financial assets and financial liabilities per the tables below represent the net carrying value of the asset or liability exposed to this specific risk.

In assessing interest rate risk, management has assumed a 100 basis point movement in interest rates.

		Interest Rate Risk			
		100 basis point increase in interest rate		100 basis point decrease in interest rate	
DUET Group as at 30 June 2014	Carrying value $'000	P&L $'000	Equity $'000	P&L $'000	Equity $'000
Financial Assets					
Cash and cash equivalents	**423,434**	**1,270**	**–**	**(1,270)**	**–**
Receivables	**3,609**	**2,357**	**–**	**(2,255)**	**–**
	427,043	**3,627**	**–**	**(3,525)**	**–**
Financial Liabilities					
Interest bearing liabilities	**(1,848,704)**	**(108)**	**–**	**108**	**–**
Derivatives	**(99,172)**	**(38,185)**	**(25,014)**	**37,610**	**23,261**
	(1,947,876)	**(38,293)**	**(25,014)**	**37,718**	**23,261**

		Interest Rate Risk			
		188 basis point increase in interest rate		188 basis point decrease in interest rate	
DUET Group as at 30 June 2013	Carrying value $'000	P&L $'000	Equity $'000	P&L $'000	Equity $'000
Financial Assets					
Cash and cash equivalents	402,181	3,637	–	(3,637)	–
Derivatives	9,489	4,299	72,599	(4,828)	(82,328)
	411,670	7,936	72,599	(8,465)	(82,328)
Financial Liabilities					
Interest bearing liabilities	(644,079)	(2,614)	–	1,836	–
Derivatives	(235,167)	23,185	150,977	(18,469)	(164,912)
	(879,246)	20,571	150,977	(16,633)	(164,912)

32 Financial Risk Management (continued)

DFT as at 30 June 2014	Carrying value $'000	Interest Rate Risk: 100 basis point increase in interest rate P&L $'000	Equity $'000	100 basis point decrease in interest rate P&L $'000	Equity $'000
Financial Assets					
Cash and cash equivalents	**77,010**	**770**	**–**	**(770)**	**–**
Intercompany Loans	**73,272**	**733**	**–**	**(733)**	**–**
	150,282	**1,503**	**–**	**(1,503)**	**–**
Financial Liabilities					
Inter-company loans	**–**	**–**	**–**	**–**	**–**
	–	**–**	**–**	**–**	**–**

DFT as at 30 June 2013	Carrying value $'000	Interest Rate Risk: 188 basis point increase in interest rate P&L $'000	Equity $'000	188 basis point decrease in interest rate P&L $'000	Equity $'000
Financial Assets					
Cash and cash equivalents	52,476	961	–	(961)	–
Intercompany Loans	79,488	1,524	–	(1,524)	–
	131,964	2,485	–	(2,485)	–
Financial Liabilities					
Inter-company loans	–	–	–	–	–
	–	–	–	–	–

DIHL Group as at 30 June 2014	Carrying value $'000	Interest Rate Risk: 100 basis point increase in interest rate P&L $'000	Equity $'000	100 basis point decrease in interest rate P&L $'000	Equity $'000
Financial Assets					
Cash and cash equivalents	**145,422**	**(118)**	**–**	**118**	**–**
	145,422	**(118)**	**–**	**118**	**–**
Financial Liabilities					
Inter-company loans	**(118,000)**	**–**	**–**	**–**	**–**
	(118,000)	**–**	**–**	**–**	**–**

DIHL Group as at 30 June 2013	Carrying value $'000	Interest Rate Risk: 188 basis point increase in interest rate P&L $'000	Equity $'000	188 basis point decrease in interest rate P&L $'000	Equity $'000
Financial Assets					
Cash and cash equivalents	11,984	219	–	(219)	–
	11,984	219	–	(219)	–
Financial Liabilities					
Inter-company loans	(108,672)	(2,083)	–	2,083	–
	(108,672)	(2,083)	–	2,083	–

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32 Financial Risk Management (continued)

DFL as at 30 June 2014	Carrying value $'000	Interest Rate Risk: 100 basis point increase in interest rate P&L $'000	Equity $'000	100 basis point decrease in interest rate P&L $'000	Equity $'000
Financial Assets					
Cash and cash equivalents	**5,671**	**57**	**–**	**(57)**	**–**
	5,671	**57**	**–**	**(57)**	**–**
Financial Liabilities					
Inter-company loans	**–**	**–**	**–**	**–**	**–**
	–	**–**	**–**	**–**	**–**

DFL as at 30 June 2013	Carrying value $'000	Interest Rate Risk: 188 basis point increase in interest rate P&L $'000	Equity $'000	188 basis point decrease in interest rate P&L $'000	Equity $'000
Financial Assets					
Cash and cash equivalents	5,511	101	–	(101)	–
	5,511	101	–	(101)	–
Financial Liabilities					
Inter-company loans	–	–	–	–	–
	–	–	–	–	–

In assessing price risk, management has assumed a +/- 0.5% (2013: 2.51%) movement in CPI. The below tables display the balances for financial instruments that would be recognised in the Income Statement or directly in equity for a movement of +/- 0.5% (2013: 2.51%). DUET management has determined a +/- 0.5% (2013: 2.51%) movement in prices to be an appropriate sensitivity, based upon the average of the three standard deviations from the mean for CPI for each of the last five year to 30 June 2014.

As at 30 June 2014 and 30 June 2013 DFT, DIHL Group and DFL did not have a significant exposure to other price risk.

The carrying value of financial assets and financial liabilities per the tables below represent the net carrying value of the asset or liability exposed to this specific risk.

32 Financial Risk Management (continued)

DUET Group as at 30 June 2014	Carrying value $'000	Other price risk 0.5% adverse movements P&L $'000	Equity $'000	0.5% positive movements P&L $'000	Equity $'000
Financial Assets					
Derivatives	–	–	–	–	–
	–	–	–	–	–
Financial Liabilities					
Derivatives	(46,081)	–	(168)	–	168
	(46,081)	–	(168)	–	168

DUET Group as at 30 June 2013	Carrying value $'000	Other price risk 2.51% adverse movements P&L $'000	Equity $'000	2.51% positive movements P&L $'000	Equity $'000
Financial Assets					
Derivatives	–	–	–	–	–
	–	–	–	–	–
Financial Liabilities					
Derivatives	(64,700)	(6,673)	(66,562)	910	66,506
	(64,700)	(6,673)	(66,562)	910	66,506

33 Critical Accounting Estimates and Judgements

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

(a) Estimated impairment of goodwill and indefinite life intangibles

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

(b) Derivative financial instruments

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

(c) Income taxes

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

(d) Significance of inputs in fair value hierarchy

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

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34 DUET Group Simplification

On 31 May 2013, DUET announced its proposal to simplify the Group's structure (the Simplification Proposal).

Stapled securityholders voted in favour of the Simplification Proposal a meeting held on 18 July 2013. The Simplification Proposal was implemented on 1 August 2013.

The Proposal reduced the number of stapled entities from six to four and created a corporate arm (DIHL and DUECo) controlling the Group's ownership interests in its operating businesses and a funding arm (DFT and DFL) primarily holding intra-group debt investments.

On 1 August 2013, stapled securityholders exchanged all of their units in DUET3 for additional units in DFT, and all of their units in DUET1 and shares in DMC1 for shares in DUECo.

At that time, Multinet Group Holdings Pty Ltd and the subsidiary members of the tax consolidated group of which it was the head company ("Multinet") joined a new tax consolidated group headed by DUECo, and new tax values were determined for the assets that Multinet brought into the consolidated group as required by the Income Tax Assessment Act 1997.

As a result, the following transactions are recorded in DUET Group's consolidated financial statements:

- Loan arrangements between DUET intra-group entities have been amended as part of the Simplification Proposal to reflect the new group structure;
- A deferred tax liability of $121 million in relation to the new tax base of distribution licences at Multinet. There were no temporary differences beforehand; and
- A deferred tax asset of $117 million in relation to the new tax base of property, plant and equipment (PPE) at Multinet. There was a deferred tax liability of $114 million beforehand.

The above items primarily contributed to a $91.4 million tax benefit recorded by DUET Group for the year.

In addition, the DUET Group has an unrecognised deferred tax asset of $39.9 million relating to temporary differences on the new tax base of PPE at Multinet.

Please refer to the DUET Group Notices of Meeting and Meeting Booklet dated 31 May 2013 available on the DUET Group website for further information regarding the Simplification Proposal.

35 Commitments for Expenditure

	DUET Group 30 Jun 14 $'000	DUET Group 30 Jun 13 $'000
Capital commitments		
Commitments for the acquisition of major capital assets not shown as a liability		
Within one year	**142,638**	25,494
Later than one year but not later than five years	**–**	–
	142,638	25,494
Lease commitments		
Commitments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**3,998**	3,173
Later than one year but not later than 5 years	**11,353**	5,865
Later than 5 years	**8,032**	5,324
	23,383	14,362
Commitments in relation to finance leases are payable as follows:		
Within one year	**1,878**	1,843
Later than one year but not later than 5 years	**7,870**	7,725
Less future finance charges	**26,075**	(16,849)
Later than 5 years	**(15,849)**	28,097
	19,974	20,816

36 Contingent Liabilities

The Group had no material contingent liabilities at 30 June 2014.

Notes to the Financial Statements

FOR YEAR ENDED 30 JUNE 2014

37 Events Occurring After Balance Sheet Date

Final distribution

A final distribution of 8.50 cents per stapled security will be paid by DUET on 22 August 2014 (2013: 8.25 cents). This consists of a distribution of 7.529 cents per unit from DFT, 0.713 cents per share from DUECo and 0.258 cents per share from DIHL (2013: 3.487 cents per unit from DUET1, 4.176 cents per unit from DFT and 0.587 cents per unit from DUET3). Both the DUECo and DIHL dividends will be unfranked.

DUET Group securities issued under DRP

Security holders participating in DUET's Distribution and Dividend Reinvestment Plan (DRP) will reinvest $23,311,976 of the distribution to be paid on 22 August 2014 in 9,910,121 DUET Group securities at a price of $2.352291.

Carbon tax repeal

The Australian government has repealed the carbon tax effective from 1 July 2014. This may result in an adjustment to the Group's final carbon tax costs with a retrospective adjustment in carbon tax recovery.

DBP Shipper recontracting

On 6 August 2014, DBP reached agreement to recontract with shippers representing most of its firm full haul capacity under its Standard Shipper Contracts. DBP will now have tariff certainty for more than 85% of DBP's aggregate firm full haul contracted capacity (including Alcoa's exempt contract). This means that less than 15% of DBP's firm full haul contracted capacity will now be subject to the 2016 regulatory tariff determination.

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

Statement by the Directors of DUET Company Limited

In the opinion of the Directors of DUET Company Limited (DUECo), the consolidated Financial Statements for DUECo and it's controlled entities (DUET Group) set out on pages 40 to 139 are in accordance with the Corporations Act 2001, including:

- complying with Australian Accounting Standards and the Corporations Regulations 2001;
- are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board;
- giving a true and fair view of the DUET Group's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

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 financial year ended 30 June 2014.

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

Douglas Halley
Director
Sydney
21 August 2014

Emma Stein
Director
Sydney
21 August 2014

Financial Report

FOR YEAR ENDED 30 JUNE 2014

Statement by the Directors of the Responsible Entity of DFT

In the opinion of the Directors of DUET Finance Limited as the Responsible Entity for DUET Finance Trust (DFT), the Financial Statements set out on pages 40 to 139 are in accordance with the Corporations Act 2001, including:

- complying with Australian Accounting Standards and the Corporations Regulations 2001;
- are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board;
- giving a true and fair view of the Trust's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

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 financial year ended 30 June 2014.

This declaration is made in accordance with a resolution of the Directors of DUET Finance Limited (as Responsible Entity of DFT).

Ron Finlay Director Sydney	Eric Goodwin Director Sydney
21 August 2014	21 August 2014

Statement by the Directors of DIHL

In the opinion of the Directors of DUET Investment Holdings Limited (DIHL), the Financial Statements for DIHL and its controlled entities (DIHL Group) set out on pages 40 to 139 are in accordance with the Corporations Act 2001, including:

- complying with Australian Accounting Standards and the Corporations Regulations 2001;
- are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board;
- giving a true and fair view of DIHL Group's financial position as at 30 June 2014 and of its performance, for the year ended on that date; and

There are reasonable grounds to believe that DIHL 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 financial year ended 30 June 2014.

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

Douglas Halley
Director
Sydney
21 August 2014

Emma Stein
Director
Sydney
21 August 2014

Financial Report

FOR YEAR ENDED 30 JUNE 2014

Statement by the Directors of DFL

In the opinion of the Directors of DUET Finance Limited (DFL), the Financial Statements set out on pages 40 to 139 are in accordance with the Corporations Act 2001, including:

- complying with Australian Accounting Standards and the Corporations Regulations 2001;
- are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board;
- giving a true and fair view of DFL's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

There are reasonable grounds to believe that DFL 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 financial year ended 30 June 2014.

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

Ron Finlay
Director
Sydney

21 August 2014

Eric Goodwin
Director
Sydney

21 August 2014

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Independent auditor's report to the shareholders of DUET Company Limited, DUET Investment Holdings Limited, DUET Finance Limited and the unitholders of DUET Finance Trust

Report on the financial report

We have audited the accompanying financial report of the stapled entity DUET Group comprising DUET Company Limited, DUET Investment Holdings Limited and DUET Finance Limited ("the companies") and DUET Finance Trust ("the trust"), and the entities they controlled during the year ("DUET Group"), which comprises the consolidated balance sheet as at 30 June 2014, the consolidated income statement and statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declarations of the consolidated entity comprising the companies and the trust, and the entities they controlled at the year's end or from time to time during the financial year.

The DUET Group financial report also includes the financial reports of DUET Investment Holdings Limited (DIHL Group), DUET Finance Limited and DUET Finance Trust for the year ended 30 June 2014.

Directors' responsibility for the financial report

The directors of the companies and the directors of the responsible entity of the trust are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the responsible entity and the companies a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

a. the financial report of DUET Company Limited, DUET Investment Holdings Limited, DUET Finance Limited and DUET Finance Trust is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entities' (DUET Group and DIHL Group), the company's and the trust's financial positions as at 30 June 2014 and of their performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the companies are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of DUET Company Limited, DUET Investment Holdings Limited and DUET Finance Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Kester Brown
Partner

Melbourne
21 August 2014