Level 15, 55 Hunter Street, Sydney
NSW 2000, Australia

DUET Company Limited
ABN 93 163 100 061

DUET Investment Holdings Limited
ABN 22 120 456 573

DUET Finance Limited
ABN 15 108 014 062
AFS Licence No. 269287

25 September 2015

Dear Securityholder

DUET Group (DUET) 2015 Annual Report

I am pleased to enclose with this letter DUET's annual report for the year ended 30 June 2015.

The annual report provides details of our activities during the year, an update on our operating companies, our approach to environmental and social responsibility and DUET's 2015 financial report.

All DUET's financial reports and other investor reports can also be accessed online at www.duet.net.au.

Your securityholder communications – elect for electronic delivery

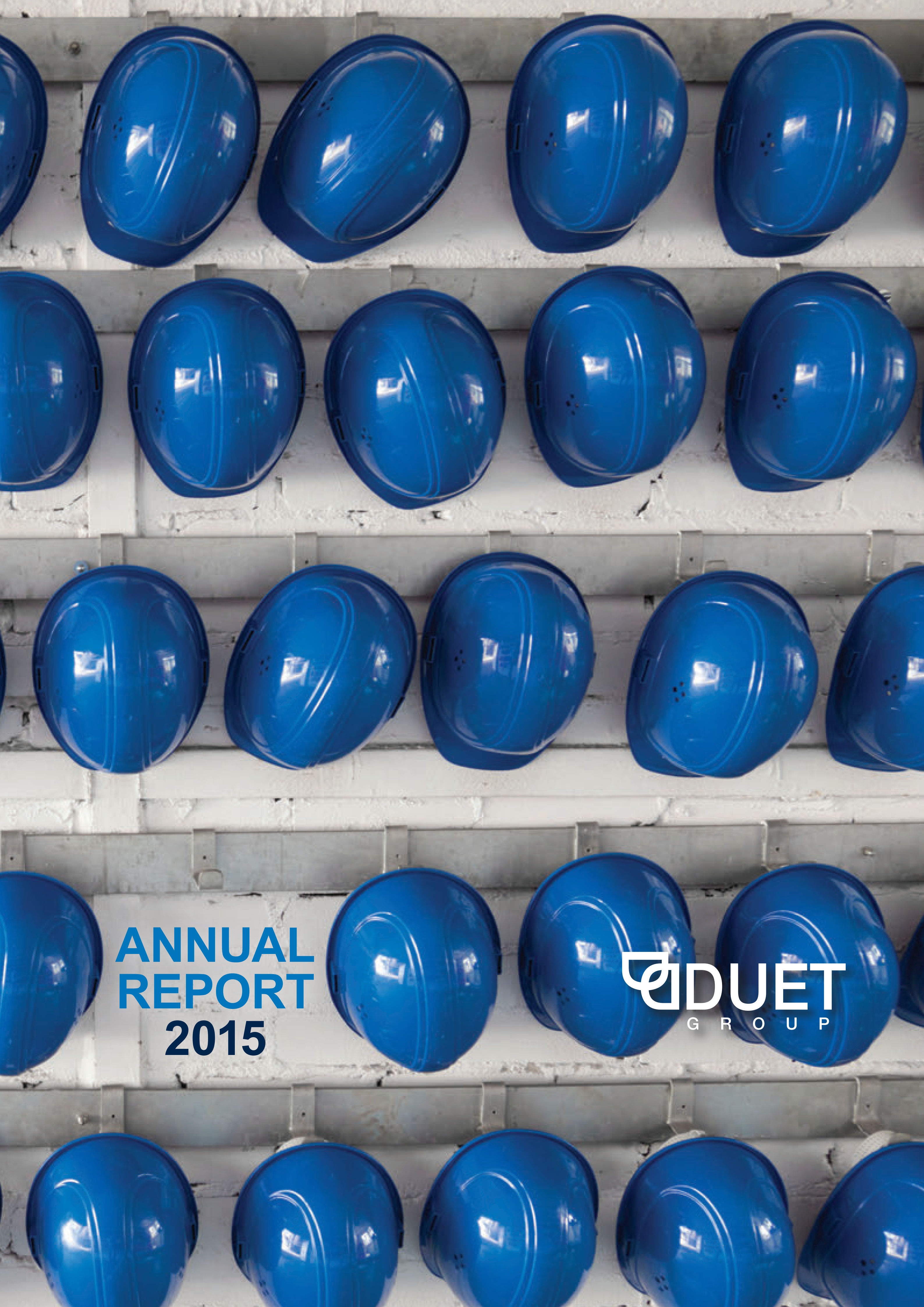
We encourage you to elect to receive DUET's annual report and all other communications from DUET electronically. To do so please visit www.investorcentre.com/au.

Once you have logged in (or registered for first-time visitors to the website), please go to 'Update my details' and select 'Communication options'. You will then be able to elect to receive electronic communications, including electronic delivery of DUET's reports, which will benefit the environment and reduce costs to DUET's securityholders.

We hope that you find the enclosed annual report informative.

Thank you for your continuing support of DUET.

David Bartholomew
Chief Executive Officer
DUET Group



ANNUAL REPORT 2015

DUET GROUP

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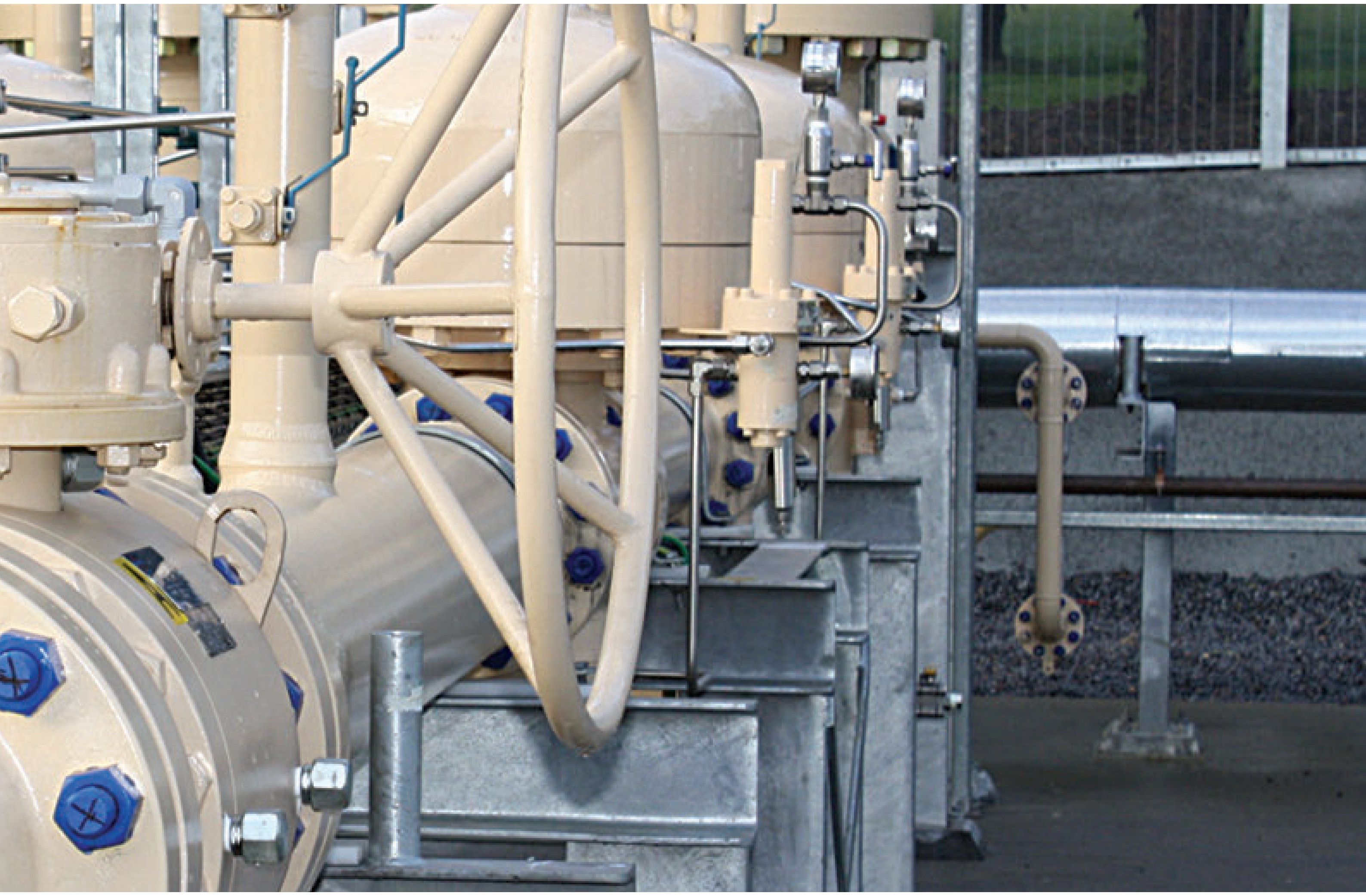
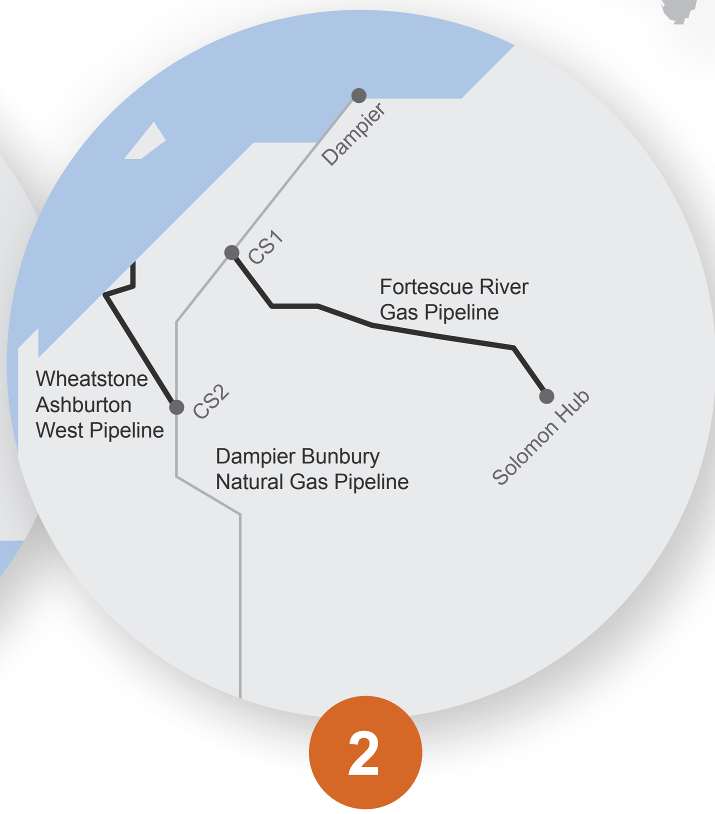


DUET Business

Diversified Across Energy Source And Geographic Region

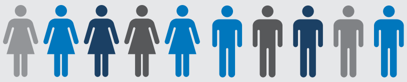
Dampier Bunbury Pipeline (DBP)



DBP Development Group

Key Facts

NUMBER OF SECURITY HOLDERS[1]



19,136

TOTAL ASSETS[1] (100% CONSOLIDATED BASIS)

$9.07b

AVERAGE MARKET CAPITALISATION OVER FY2015

$3.5b

1. As at 30 June 2015

● Existing distribution area
○ Yarra Ranges extension
● Gippsland extension

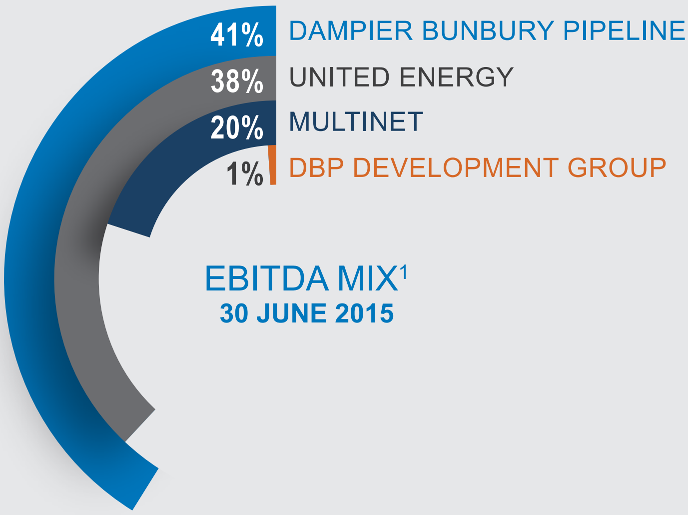
3

United Energy

4

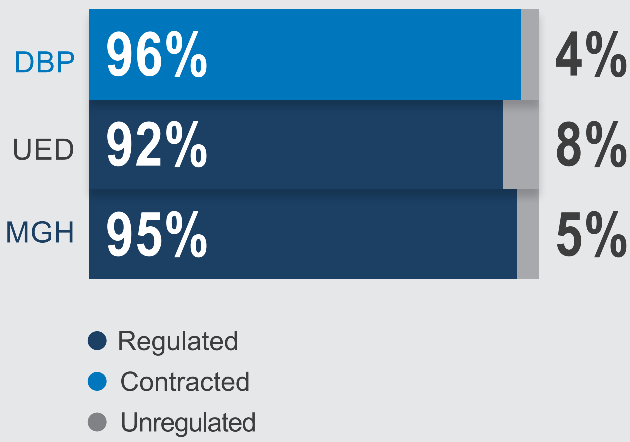
Multinet Gas

About DUET



EBITDA MIX[1]
30 JUNE 2015

REVENUE MIX FOR FY 2015



1. % Proportionate EBITDA (excluding DUET head office) – 12 months to 30 June 2015

Highlights

2014

July

United Energy and Multinet Gas successfully brought back their Network Control Centre in-house. This was the final step in the the reconfiguration of the operating arrangements for those businesses and further increases their control over their network operations.

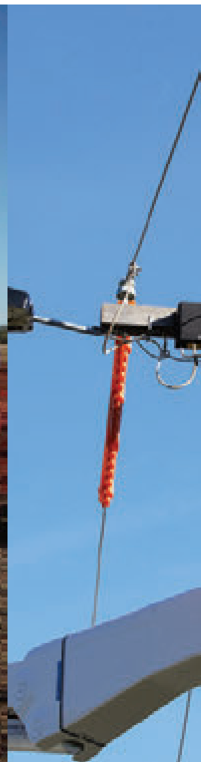
August

DBP recontracted with shippers representing most of its firm full haul capacity under its standard shipper contracts, extending the average tenure of its offtake contracts to a weighted average of 12.8 years providing tariff and revenue certainty out to 2021. DBP now has tariff certainty for more than 85% of DBP's aggregate firm full haul contracted capacity (including Alcoa's exempt contract) meaning less than 15% of DBP's firm full haul contracted capacity is subject to the 2016 regulatory tariff determination.

2015

February

United Energy reached contract close on a five-year $120m bank debt facility.



September

DBP prices a $100 million issue of Fixed Rate 6 Year Medium Term Notes.

November

DUET launches fully underwritten entitlement offer to raise approximately $397 million. The entitlement offer will provide funding certainty for accretive growth in the regulated asset base of both United Energy and Multinet Gas as well as strengthening DBP's credit outlook.

DUET also announces the suspension of its Distribution and Dividend Reinvestment Plan for at least 3 years.

December

DBP's S&P BBB- investment grade credit rating restored to 'Stable'.

DDG completes and commissions Wheatstone Ashburton West Pipeline, connecting the Wheatstone Project's domestic gas facility to the DBNGP.

DUET confirmed interim distribution for six months to 31 December 2014 of 8.75 cents per stapled security.

March

DDG, through a 57% interest in a joint venture with TransAlta, completes and commissions the Fortescue River Gas Pipeline, connecting the DBNGP to Fortescue's Solomon Hub operations in Western Australia's Pilbara.

June

DBP announced the contract close of a $245 million seven year bank debt facility.

Multinet Gas priced $230 million of five-year Australian domestic bonds.

DUET confirmed final distribution for the six months to 30 June 2015 of 8.75 cents per stapled security, bringing total FY2015 distributions to 17.5 cents per stapled security, in line with guidance.

July

DUET announced that it had entered into a scheme implementation deed with ASX-listed Energy Developments Limited (EDL) under which it is proposed that DUET will acquire 100% of EDL's shares on issue by way of a scheme of arrangement for $8.00 per share payable in cash. Financial close is expected in October 2015 and is subject to EDL shareholder approval, court approval and other necessary approvals and conditions precedent.

Chairman's Letter

I am very pleased to present the DUET Group annual report for the 30 June 2015 financial year. There were three important achievements in FY2015 that we expect to underpin the business opportunities and performance of the Group in future years.

- DBP re-contracted with most of its full haul shippers providing tariff and revenue certainty out to 2021.
- The Group raised $397 million of new equity capital in the last quarter of 2014 to provide funding for growth capital expenditure at United Energy and Multinet Gas and to strengthen DBP's credit outlook. As a result, the Board suspended DUET's Dividend and Distribution Reinvestment Plan for at least 3 years.
- We secured the unanimous support of the Board of Energy Developments Limited (EDL) for a proposal where DUET acquires 100% of EDL's shares. EDL is the leader in distributed power supply in Australia and is a strong strategic fit with the DUET portfolio, generating stable and predictable cash flows based on long term contracts with strong counterparties. The acquisition is scheduled for completion in late October 2015. To fund the EDL acquisition, DUET successfully completed a $1.67 billion equity capital raising that was strongly supported by both our institutional and retail securityholders.

FY2015 Financial Performance

Statutory revenue from ordinary activities was $1,269.3 million, 1.4% higher than the prior financial year. The reduction in DBP revenues from the 2014 recontracting was offset by strong revenues at United Energy and Multinet Gas and DBP Development Group becoming a contributor to DUET's revenues.

EBITDA for the year of $783.5 million was down 2.1%. The lower EBITDA reflected lower tariffs following the re-contracting of DBP's shipper contracts. This reduction in EBITDA was offset by 20.8% reduction in Net External Interest Expense[1] at DBP following the re-set of DBP's interest rate hedges at the time the new shipper contracts were signed.

Net profit after income tax for the financial year, excluding significant items, was $77.0 million, 11.1% lower than the previous year. Proportionate earnings was 9.5% higher than the previous year.

During the 2015 financial year, DUET delivered a total return to security holders of 3.4%, compared to the ASX 200 Industrials Accumulation Index return of 11.2%. Over the 3 years to 30 June 2015 DUET Group has delivered a total return to security holders of 16.7% per annum.

Distributions

DUET delivered on its FY2015 distribution guidance of 17.5 cents per stapled security, which was 103% covered by operating cash flows received from the Group's businesses.

Based on the proposed acquisition of EDL and the projected performance of DUET's other businesses, the Boards have provided upgraded distribution guidance of 18.0 cents per stapled security for FY2016. Based on DUET's security price of $2.19 as at 31 August 2015, the FY2016 distribution guidance implies a cash yield of 8.2%.

The Boards have also set a growth target for distributions of 18.5 cents per stapled security in FY2017 and 19.0 cents per stapled security in FY2018, reflecting their confidence in the cash flows from EDL and from DUET's other businesses in the medium term.

Governance

DUET's program to refresh and enhance the complementary skills and composition of the members of its respective boards continued during the year.

Three of our foundation directors, Duncan Sutherland, Michael Lee and John Roberts retired from the DIHL and DUECo boards during the year. Duncan, Michael and John have served with distinction since our initial public offer in 2004. We thank them for their service and their outstanding contribution to the Group.

We appointed Simon Perrott to the Boards of DIHL and DUECo on 1 July 2015. Simon has been the Australian head of corporate finance or investment banking at a number of global investment banks and brings with him a wealth of financial and commercial expertise.

EDL Acquisition

We expect to complete our proposed acquisition of EDL in October 2015, subject to EDL shareholder approval of the Scheme of Arrangement. EDL's business model, the structure and tenure of its contracts- which are mostly based on long term take-or-pay and fixed prices - and the strength and quality of EDL's cash flows are consistent with DUET's investment mandate and strategic focus.

In addition, EDL's remote energy interests and DDG's gas pipeline development business are highly complementary. Together they will be able to provide an attractive package of gas transmission and gas-fired power supply to remote mines and townships.

EDL is currently working on a number of new business opportunities that we expect will add significantly to the underlying growth profile of DUET. These opportunities include adding capacity at EDL's existing sites and developing new facilities at other sites owned by its blue-chip customers.

The business has an experienced management team focussed on maintaining EDL's strong operational and safety record and securing future accretive growth opportunities. We look forward to welcoming to the DUET Group the EDL team and their contribution as we seek to provide our securityholders with a reliable, growing distribution stream.

I would like to thank you for your continued support of DUET and look forward to meeting you again at our AGM that will he held on 18 November this year.

Doug Halley
Chairman

1. As defined in DUET's FY2015 Management Information Report.

CEO's Report

The 2015 financial year and period immediately following has been yet again another very active period for DUET. Extension of DBP's full haul contracts, a capital raising that has allowed us to pre-fund accretive growth capex at United Energy and Multinet Gas and to strengthen DBP's credit outlook, our completion of DDG's first two gas transmission pipeline developments in WA, and our announcement of our proposed acquisition of EDL were landmark developments for the Group.

Financial Highlights

The Group saw a 10.8% increase in Adjusted EBITDA less Interest[1] expense in the period, demonstrating the robust and predictable cash flows from our businesses that underpin our stable and predictable distributions to securityholders.

Business Highlights

Dampier Bunbury Pipeline (DBP)

DBP extended its contracts with most of its full haul shippers to significantly lengthen the weighted average contract cover for the business to almost 13 years. As part of the new standard shipper contract agreements, DBP reduced tariffs by 9.5%, passing on to its customers the benefit of re-setting its base interest rate hedges at significantly lower levels. As a result, DBP saw a 5.8% increase in Adjusted EBITDA less Interest expense compared with the prior period.

Throughput for the period was down 1.2%, in line with the lower re-contracted capacity but reflecting an increase in back-haul deliveries to the Pilbara. Transport revenue was down 8.2% based on the tariff reduction. Overall operating expenditure was up 2.4%, a strong result as we absorbed a step-up in fuel gas charges negotiated last year. Excluding fuel gas, opex was down 11.4% on the prior period, reflecting DBP's continued focus on tight cost management.

DBP Development Group (DDG)

DDG commissioned its two gas transmission pipeline development projects during the year. The Wheatstone Ashburton West Pipeline for Chevron Australia was commissioned at the end of December last year and the Fortescue River Gas Pipeline was commissioned towards the end of March this year.

During the year DDG won the maintenance contract for the Gorgon on-shore domestic gas pipeline and is undertaking construction of the Chevron-funded 24km Ashburton-Onslow Gas Pipeline. The business generated $12.7 million of revenue and $9.3 million of EBITDA for the Group. FY2016 will see the first full year 'run rate' revenue and EBITDA contribution from DDG.

DDG was also shortlisted to build, own and operate the proposed North Eastern Gas Interconnector for the NT Government. This project will provide a route to Australia's eastern and southern markets for the NT's prospective gas reserves. The NT Government is looking to appoint a preferred tenderer by the end of calendar year 2015.

United Energy (UE)

United Energy's distribution revenue increased by 6.5% despite overall volumes being 3.8% lower. The overall reduction in volumes included a true-up based on historical consumption estimates that were replaced by accurate data from our AMI meters. Underlying volumes prior to these adjustments were down 1.4%. The business benefited from an 11.6% increase in tariffs in January 2015. Opex was up 2.4% as the business incurred transition costs associated with bringing the Network Control Centre in-house.

Adjusted EBITDA less Interest expense was up 10.4% and UE's regulated asset base increased by 3.9% as the business continues to replace and expand the network.

UE's 'Every Minute Counts' program, while in its early days, appeared to have a material effect on network performance with an 8.4 minute reduction in unplanned system average interruptions to supply (unplanned SAIDI). UE completed the AMI meter roll-out and is now receiving 48 daily meter reads from each of its 660,000 customers. This information will allow the business to identify load patterns in great detail and better target its capital expenditure program to maintain and improve service levels for customers while minimising the investment required on the network and therefore distribution tariffs.

Multinet Gas (MG)

Throughput was up 7.4% as a result of the cooler Melbourne autumn. Distribution revenue was 2.9% higher as the strong volumes and the annual tariff increase were partly offset by a negative $2.5 million revenue adjustment from prior periods. Opex was up 5.4% mainly due to $2.8 million in unaccounted-for-gas-charges. Adjusted EBITDA less Interest expense was up 8.6% on the prior period.

Multinet Gas' regulated asset base increased 1.6% as the business replaced sections of its old cast iron network. The business has now completed its current pipeworks replacement expenditure program and is awaiting regulatory approval for the additional replacement program planned for 2016 and 2017. We expect this approval to be granted in the coming months which will result in an additional 1% increase in tariffs in January 2016 and in January 2017.

Outlook

UE is expecting to receive the AER's Draft Electricity Distribution Price Review Decision in October. That decision will set tariffs for UE for calendar year 2016. A Final Decision is expected in April next year which will determine UE's tariffs for the remaining 4 years of the regulatory period from calendar year 2017 to calendar year 2020.

The WA regulator, the ERA, is expected to publish its Draft Decision for DBP in the first half of calendar year 2016. This decision will apply to the 15% of DBP's full-haul volumes that were not re-contracted last year. Until the ERA's Final Decision is published the current regulated tariff will apply to those volumes.

Subject to the outcome of the EDL shareholder vote scheduled for early October we look forward to working with the EDL management team to deliver our acquisition-case cash flows, to identify opportunities for EDL and DDG to work together to provide gas transportation and generation infrastructure to remote towns and mine sites, and to identify and capture opportunities for further growth. Initially we will be focussing on integrating EDL with the rest of the Group and ensuring that we have effective governance, risk management and business decision-making processes in place from the time we complete the acquisition.

We will also continue to look for opportunities for DDG to undertake new pipeline development projects and acquisitions, including the North Eastern Gas Interconnector for the NT Government.

I would like to thank all securityholders for their ongoing support of DUET.

David Bartholomew
Chief Executive Officer

1. As defined in DUET's FY2015 Management Information Report.

1 Dampier Bunbury Pipeline

Business Description

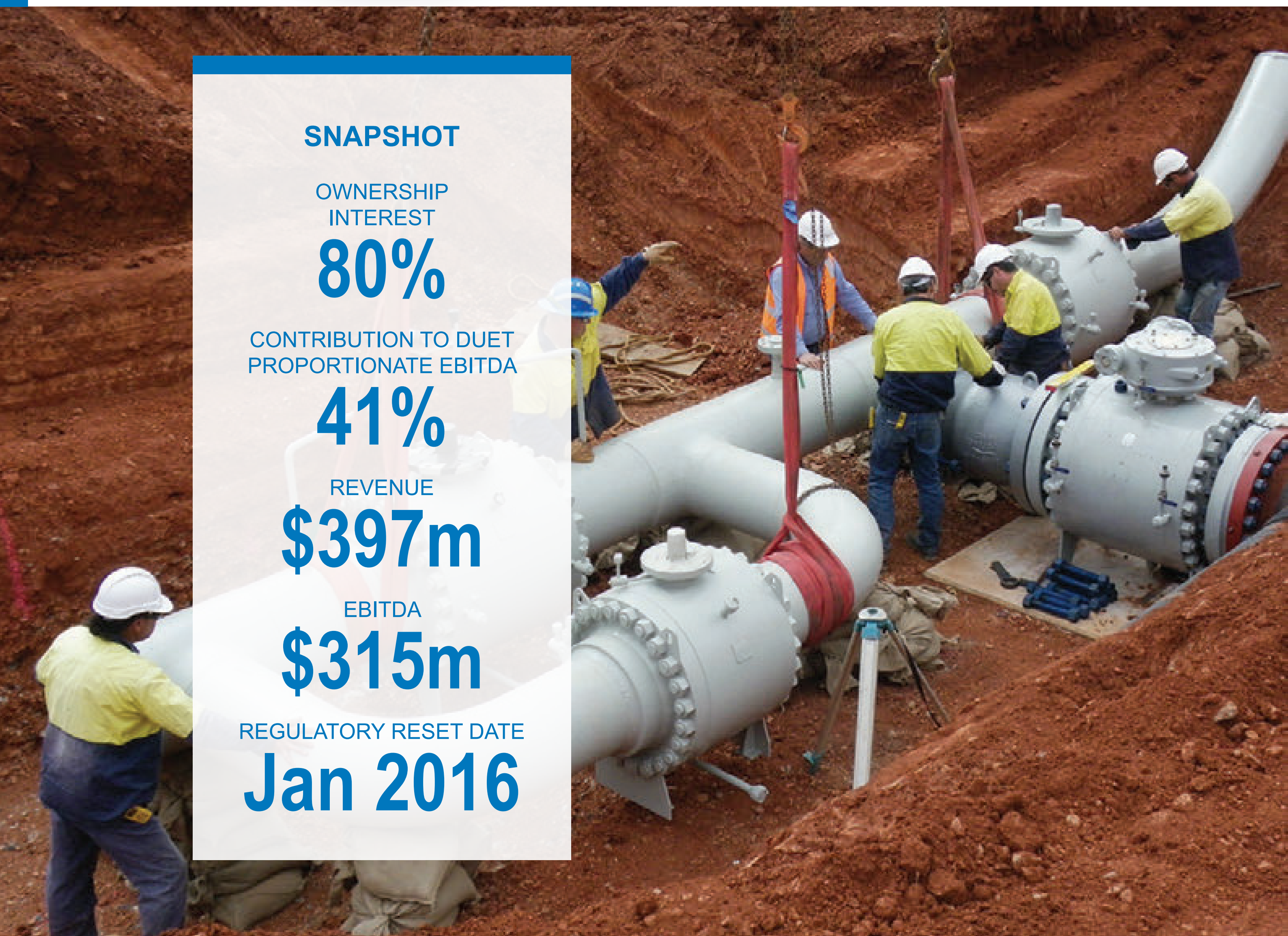
DBP Transmission (DBP) is the owner and operator of the Dampier to Bunbury Natural Gas Pipeline (DBNGP or Pipeline), Western Australia's most important piece of energy infrastructure. The DBNGP is WA's key gas transmission pipeline stretching almost 1,600km and linking the gas fields located in the Carnarvon Basin off the Pilbara coast with population centres and industry in the south-west of the State.

The pipeline has been in continuous operation since 1984, and has a remaining life of at least 50 years.

Key Investment Attributes

Revenue Streams

Almost all of DBP's revenue is derived from contracted gas transportation tariffs, charged to wholesale customers for shipping gas along the Pipeline. DBP has entered into standard long-term transportation contracts (SSCs) with the major shippers using the Pipeline (other than Alcoa). Under these contracts, 80% of the tariff is paid on a capacity reservation (take-or-pay) basis, with the remaining 20% dependent on each shipper's actual throughput.



SNAPSHOT

OWNERSHIP INTEREST
80%

CONTRIBUTION TO DUET PROPORTIONATE EBITDA
41%

REVENUE
$397m

EBITDA
$315m

REGULATORY RESET DATE
Jan 2016

Alcoa, as the foundation shipper, has an evergreen contract with tariff agreements that differ from those of other shippers.

Other revenue includes ancillary services to shippers such as short-term gas “park-and-loan” services, gas storage and customer initiated capital works.

Competitive Position

The Pipeline is an essential piece of infrastructure with no direct competition from other pipelines for the main markets it serves nor is there a material risk of bypass by other pipelines – there are substantial barriers to entry for a competing pipeline to be built. It has an expected remaining useful operating life of nearly 50 years and a strong track record of over 30 years of reliable operation.

Key Events

Gas Volumes

Throughput was down 1.2% relative to the previous financial year following reduced contracted capacity as a result of the 2014 recontracting process. Meanwhile, backhaul deliveries were up 3.7% to service growing demand in WA”s Pilbara.

Gas-fired generation is increasingly being used for shoulder and peaking requirements and as back-up when renewable capacity is unable to be dispatched.

This has had a marked increase on daily throughput volatility, however, DBP’s take-or-pay tariff structure mitigates the impact on transportation revenues.

In addition, electricity generators utilise their full contractual capacity when high demand periods coincide with coal or renewable generation outages and in periods of high demand, especially on hot days when air-conditioning loads are higher.

Reliability and Cost Control

The pipeline maintained its strong operating record with system and compressor reliability approaching 100%. Operating costs increased by 2.4% predominantly as a result of increased system use gas costs. Excluding system use gas, operating costs were down 11.4%.

Re-contracting of SSCs

On 7 August 2014, DBP announced it had completed negotiations with the majority of its shippers that contract for firm full-haul gas transportation capacity on the Pipeline under the SSCs (New SSCs). The New SSCs establish the tariff payable by the shippers for a period

DBNGP important for Western Australia

Both natural gas and the pipeline play an important role in the WA economy, providing the energy many major mining and resources customers need to power their operations. WA is the most energy and gas-dependent economy in Australia.

that extends from July 2014 until December 2020. The parties have also agreed to extend the term of the New SSCs to between 2025 and 2033 (with two further 5 year extension options).

DBP has tariff certainty for more than 85% of DBP's aggregate firm full haul contracted capacity (including Alcoa's contract) until 2021. The successful re-contracting materially reduces DBP's financial risk profile by significantly improving the business' contract coverage beyond 2020.

Shippers who have agreed to the New SSCs will benefit from greater certainty of their gas transportation costs over this time period compared to the potential outcomes, when the ERA resets the regulated tariff, effective 1 January 2016.

Importantly the New SSCs have re-established the annual indexation of DBP's full haul tariffs, protecting DBPs real revenues. In addition the contract term extension and greater volume certainty has enabled DBP to reset its interest rate hedging program, taking advantage of current low base interest rates.

Regulation Update

The Western Australian gas regulatory regime requires that Access Arrangement revisions are lodged with the Economic Regulatory Authority (ERA) for its approval at least every five years.

The New SSCs contain a negotiated tariff structure that is independent of the ERA's approved regulatory tariff until the end of 2020. Shippers who did not agree to the terms of the New SSCs will move to the regulated tariff set by the ERA from January 2016.

The ERA's draft determination on DBP's 2016-2020 Access Arrangement is not expected earlier than the last quarter of 2015.

Carbon Tax Liability Update

While the repeal of the Clean Energy Act took effect on 17 July 2014, the repeal legislation required the remaining instalments of the carbon tax to continue to be paid for emissions generated in the 2013/14 financial year. DBP made its last instalment payment in February 2015 and was able to pass the relevant carbon costs on to its standard shippers.

Credit Ratings

AS AT 1 SEPTEMBER 2015

S&P
BBB– (STABLE OUTLOOK)

MOODY'S
Baa3 (STABLE OUTLOOK)

Operational Overview

YEAR TO 30 JUNE 2015		YEAR TO 30 JUNE 2014
	Throughput (PJs)	
233	FULL HAUL	239
44	PART HAUL	43
54	BACK HAUL	52
331	**TOTAL**	**334**
	Occupational health and safety (LTIFR)	
4.44	LOST TIME INJURY FREQUENCY RATES	2.16
	Environmental	
	SCOPE 1 CO_2E EMISSIONS	272,025T

1 MONTH TO 30 JUNE 2015	Contracted capacity (average TJ/day)	1 MONTH TO 30 JUNE 2014
776	FULL HAUL	821
250	PART HAUL	288
202	BACK HAUL	164
1,228	**TOTAL**	**1,273**

Fast Facts about the DBNGP

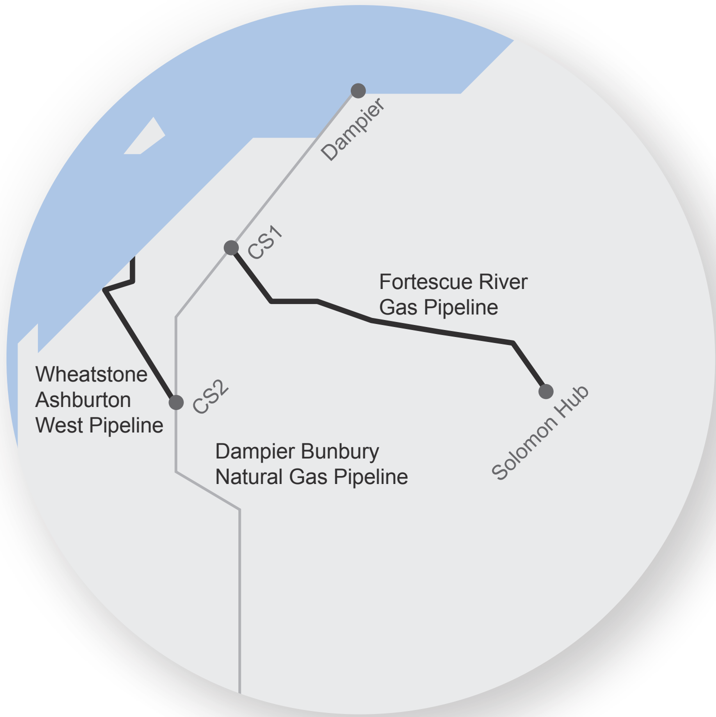
Approximately 1,539km of mainline pipe, 1,228km of loop pipe and 300km of lateral pipe.

10 compressor station sites with a total of 27 compressor units.

FY2015 Financial Performance Summary

	YEAR TO 30 JUNE 2015	YEAR TO 30 JUNE 2014
TRANSMISSION REVENUE	$381m	$415m
TOTAL REVENUE	$397m	$429m
EBITDA	$315m	$349m
REGULATED ASSET BASE	$3,615m	$3,595m

2 DBP Development Group



Business Description

DUET created DBP Development Group (DDG) to leverage the world-class pipeline engineering and operating skills of DBP's management team to provide opportunities to deploy capital in accretive opportunities that would see DDG build, own and/or operate new pipelines and laterals.

The pipeline development team that DDG has access to, has been one of the leading developers of new gas transmission pipeline infrastructure across Australia.

The gas transportation requirements in Western Australia are currently undergoing significant change with new domestic gas production facilities about to come on line in the north west of the state and resource projects in the Pilbara looking to switch from diesel to lower cost natural gas for their energy needs.

DDG has a strategic advantage when exploring pipeline development opportunities that would ultimately connect to the main Dampier Bunbury Natural Gas Pipeline (DBNGP) and DDG has looked to capitalise on these growth opportunities for the benefit of DUET's securityholders.

Completed Projects

Wheatstone Ashburton West Pipeline (WAWP)

WAWP comprises DDG's existing 87km 10 inch Tubridgi Lateral, a newly constructed 87km, 16 inch pipeline, a new 22km 16 inch pipeline, and facilities connecting the Wheatstone Domgas Plant to the DBNGP at Compressor Station 2. The pipeline construction was completed on time and within the set budget cap of $102 million. Construction of the WAWP took 8 months to complete and was commissioned in late December 2014 despite losing six weeks due to a 1 in 100 year major wet weather event. The pipeline is designed to provide an initial capacity of up to 300TJ per day with future expansion capacity of up to 600TJ per day to the WA domestic gas market. The project is underpinned by a 100% take-or-pay gas transportation agreement with Chevron Australia based on an initial revenue of $14 million per annum for a period of 30 years with two extension options of ten years each.

Fortescue River Gas Pipeline (FRGP)

DDG with its' joint venture partner, TransAlta, commenced construction on the FRGP in July 2014 and completed the pipeline in March 2015. The FRGP comprises a 270km, 16 inch pipeline and runs from the DBNGP's Compressor Station 1 to the Solomon Hub. The pipeline will supply natural gas to the 125MW Solomon Power Station which services Fortescue Metals Group's mining operations in the region. At the time of its construction, the FRGP was the longest gas pipeline built in Western Australia in the past 10 years. The project is underpinned by a 20 year 100% take-or pay gas transportation agreement between the joint venture and FMG Pilbara Pty Ltd.

In the Pipeline

Ashburton Onslow Gas Pipeline (AOGP)

DDG is currently undertaking a shipper-funded construction project to build, own and operate the 24km AOGP gas transmission pipeline on behalf of Chevron Australia. The AOGP is expected to be completed in December 2015. The AOGP is designed to provide a firm gas transportation service to Horizon Power's proposed Onslow Power Station. The project is part of Chevron's Onslow Power Infrastructure Upgrade project under the Wheatstone's State Development Agreement. The new 9MW Onslow Power Station is expected to be commissioned in 2016, upon which the DDG gas transportation agreement with Horizon Power will become effective.

SNAPSHOT

OWNERSHIP INTEREST[1]
100%

CONTRIBUTION TO DUET PROPORTIONATE EBITDA
2%

REVENUE
$13m

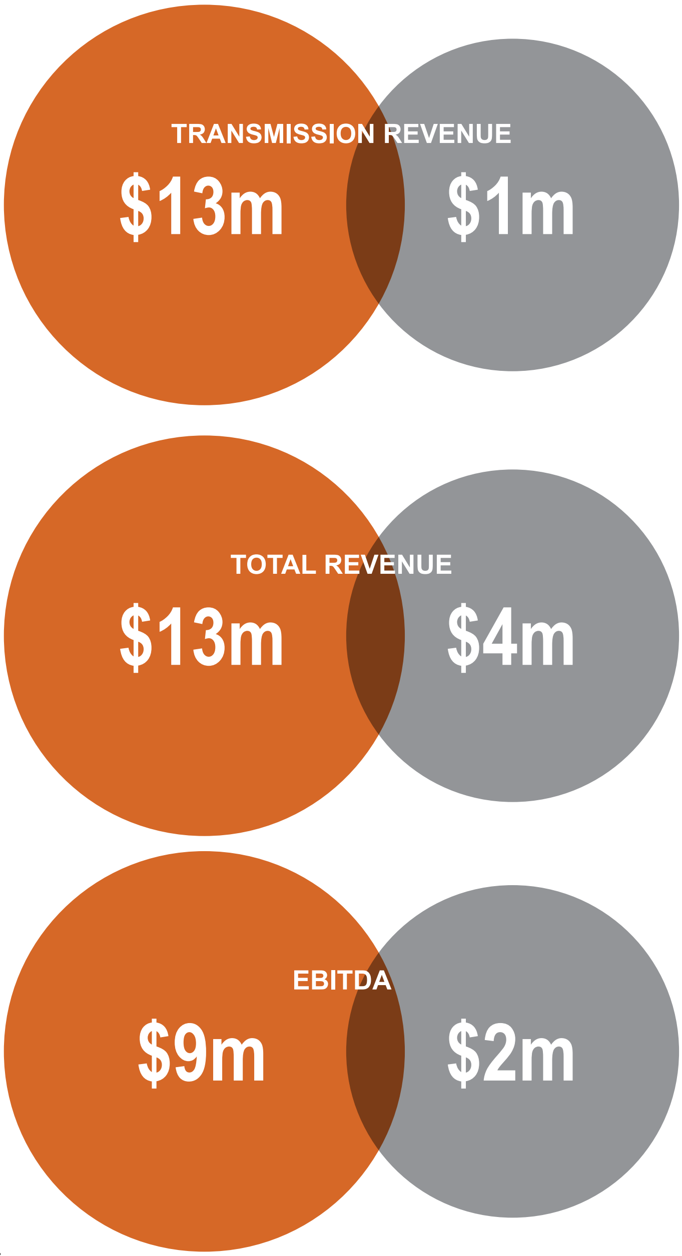
EBITDA
$9m

Operational Overview

YEAR TO 30 JUNE 2015		YEAR TO 30 JUNE 2014
	Occupational health and safety (LTIFR)	
0	LOST TIME INJURY FREQUENCY RATES	0

FY2015 Financial Performance Summary

YEAR TO 30 JUNE 2015 | YEAR TO 30 JUNE 2014



The transportation agreement is on the basis of a 100% take-or-pay revenue of $0.6m per annum for an initial period of 20 years with two extension options of five years each.

North Eastern Gas Interconnector (NEGI)

In April 2015, DDG was shortlisted as one of four proponents by the Northern Territory Government to participate in the Request For Final Proposal (RFFP) phase to build, own and operate the proposed North Eastern Gas Interconnector gas transmission pipeline. RFFP's are due by 30 September 2015. The proposed Northern Territory pipeline will facilitate the development and commercialisation of the Northern Territory's extensive gas reserves by providing access to East Coast markets.

Operation and Maintenance

In addition to the operation and maintenance of its own pipelines, DDG also maintains third party assets.

Gorgon Onshore Pipeline and Meter Station

DDG was awarded an initial nine year contract in 2014 to maintain the onshore gas transmission pipeline and metering station for the Chevron Australia-operated Gorgon Project. In April 2015, Chevron awarded a contract to DDG to undertake valve refurbishment work on the Gorgon Meter Station. DDG's strength in engineering, and operating and maintenance of pipeline networks have further strengthened its relationship with Chevron Australia.

Onslow Gas Pipeline

Since 2012, DDG has continued to foster a strong relationship with Horizon Power through the provision of operation and maintenance of its pipeline in Onslow.

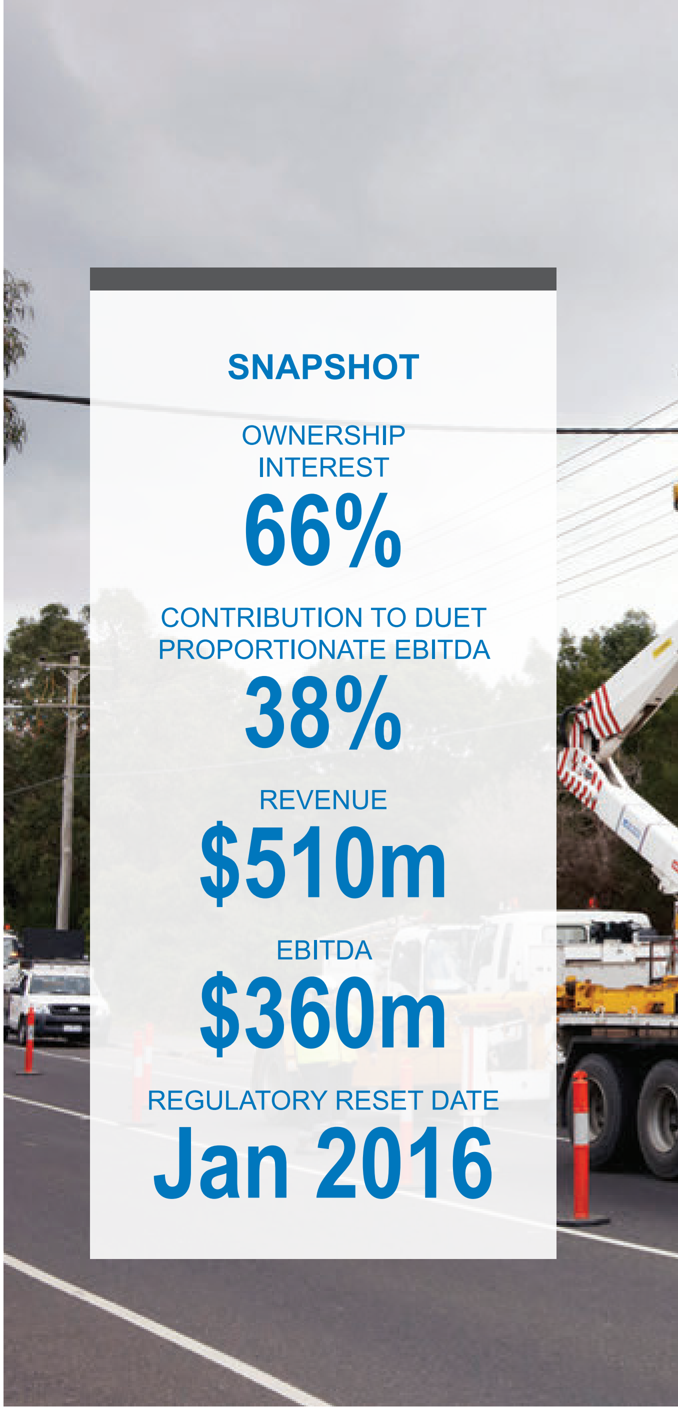
1. The FRGP joint venture is 43% owned by a subsidiary of TransAlta Corporation.

3 United Energy

Business Description

United Energy (UE) provides safe, reliable electricity to approximately 660,000 customers across east and south-east Melbourne and the Mornington Peninsula.

The distribution network transports electricity from the high voltage transmission network to residential, commercial and industrial electricity users. It covers 1,472km² and includes 47 zone substations, approximately 215,000 poles, 12,900 distribution substations, approximately 10,100km of overhead power lines and 2,700km of underground cables.



SNAPSHOT

OWNERSHIP INTEREST
66%

CONTRIBUTION TO DUET PROPORTIONATE EBITDA
38%

REVENUE
$510m

EBITDA
$360m

REGULATORY RESET DATE
Jan 2016

Mature Network, Stable Customer Base

United Energy's distribution area is largely urban. While it covers only about 1% of Victoria's land area, it is home to around 25% of the state's population. Approximately 90% of United Energy's end customers are residential.

The distribution of electricity is an essential service and United Energy exists within a heavily regulated environment, operating as a natural monopoly within its distribution area.

In recent years the industry has witnessed growing levels of discussion and debate in the community around energy issues caused by a variety of interrelated customer, technology, political and regulatory changes in the external environment.

While the grid will always be the backbone of the energy system, the way customers are using it is changing with solar PV and associated battery storage becoming more prevalent. However, due to the high socio-economic demographic of UE's customer base and the Victorian climate, solar PV penetration has been much lower across United Energy's network.

While overall consumption has been flat to slightly declining in recent years, peak demand has continued to grow.

Along with introducing customer-led demand management initiatives, United Energy is at the forefront of tariff reform where it is working with industry, customers, government and regulators to achieve better alignment between individual customer use profiles and their resultant cost on the network.

Fundamental to the tariff reform initiatives is a departure from traditional energy consumption only tariffs which do not accurately signal the cost of network capacity required to meet short periods of maximum network demand.

Through a more cost reflective pricing structure it is envisaged that demand tariffs will result in:

- reduced cross subsidies between different types of residential users. For example, air conditioning, solar PV and seasonal consumption;
- reduced rate of network investment as customers respond to price signals by shifting discretionary load to off-peak periods, subsequently reducing load in peak demand periods;

- better alignment of investment signals around introduction and adoption of new technology such as solar PV and battery storage; and
- benefit realisation of the AMI program where greater insight about customer consumption profiles will lead to overall reduction in cost to network users.

Operating Initiatives

Benchmarking

The AER recently introduced benchmarking across regulated network businesses nationally to provide measures by which to compare businesses in different jurisdictions and encourage efficiency in the interest of customers.

The AER's benchmarking analysis showed United Energy's average annual cost per customer to be one of the lowest in Australia.

As an efficient distribution business, United Energy is in the top quartile of its peers and has sustained this performance over many years. This demonstrates that United Energy has responded appropriately to incentive regulation, consistently delivering value for money to its customers.

Advanced Meter Infrastructure (AMI) Benefits Realisation

United Energy achieved practical completion of its best endeavours rollout obligation for its AMI project by 30 June 2014.

In addition to customer benefits, AMI is providing benefits to the network operator, including:

- hazardous 'Loss of Neutral' faults can now be detected remotely;
- neutral integrity testing can be undertaken largely remotely, avoiding site visits and manual testing at around 65,000 premises per annum. This results in annual savings of approximately $2.6 million;
- enhanced monitoring of supply to life support customers can be undertaken during storm events;
- remote fault identification to avoid wasted truck visits and faster supply restoration;
- improved voltage data provides the network operator with a better understanding of equipment failure risks and assessment of damage claims;

- improved data on transformer peak load and the likely requirement for transformer upgrades facilitates more efficient use of existing capacity and more efficient investment;
- calculation of dynamic cyclic ratings for distribution transformers enables us to achieve greater use of the spare capacity in the network;
- rebalancing of over loaded phases enables us to improve network utilisation on peak demand days, and reduce the need for network augmentation; and
- enhanced load switching enables us to better manage expected peak demand days in high risk areas of the network.

Network Strategy and Innovation

In the next regulatory period, United Energy will focus on the specific challenges presented by ageing infrastructure. The age of United Energy's infrastructure is naturally linked to the historic development of the part of Melbourne in which it operates. The significant growth in the network during the 1950s and 1960s, as south-east Melbourne expanded, is now driving increases in investment, as assets approach their end of life.

Ageing assets contribute significantly to the risk of equipment failure and decreased reliability of network services. Expenditure plans for the forthcoming period will address the impacts of an ageing asset base on the reliability performance of the network.

Regulation

United Energy's current regulatory period covers 2011–2015. United Energy submitted its 2016-20 Regulatory Proposal in April 2015. Where the previous regulatory period was about transforming United Energy, the next will be about building a more customer-centric business. United Energy's investment proposal is designed to maintain current levels of reliability.

United Energy has proposed a $1.2 billion investment on the network, up from $1.0 billion in the 2011-15 period. This is driven by an increase in the volume of asset replacement and investment to reduce the risk of bushfires from electricity distribution infrastructure.

Other proposed increases include $5 million for information technology to provide customers with better communication about network performance, improve customer service and engagement, and empower customers through better access to their energy consumption data.

Investment to meet peak demand will be cut by $30 million, through the pursuit of alternative technology solutions including demand management initiatives and battery storage.

Credit Ratings

AS AT 1 SEPTEMBER 2015

S&P	MOODY'S
BBB (STABLE OUTLOOK)	**Baa2 (STABLE OUTLOOK)**

Operational Overview

YEAR TO 30 JUNE 2015		YEAR TO 30 JUNE 2014
	Network connections	
604,395	SMALL (RESIDENTIAL AND UNMETERED)	600,243
56,083	MEDIUM SIZED BUSINESS	56,150
3,288	COMMERCIAL AND INDUSTRIAL	3,303
663,766	**TOTAL CONNECTIONS**	**659,696**
	Electricity load (GWh)	
2,590	SMALL TARIFF	2,829
1,401	MEDIUM TARIFF	1,378
3,470	LARGE TARIFF	3,545
7,461	**TOTAL ELECTRICITY LOAD**	**7,752**
	Distribution network statistics	
0.9	SAIFI[1] (NUMBER OF INTERRUPTIONS)	1.1
1.0	MAIFI[2] (NUMBER OF INTERRUPTIONS)	1.1
71	UNPLANNED SAIDI[3] (MINUTES)	79
	Occupational health and safety (LTIFR)	
0.4	LOST TIME INJURY FREQUENCY RATES	1.2
	Environmental	
	SCOPE 1 CO_2E EMISSIONS	5,913T

1. System Average Interruption Frequency Index.
2. Momentary Average Interruption Frequency Index.
3. System Average Interruption Duration Index.

FY2015 Financial Performance Summary

	YEAR TO 30 JUNE 2015	YEAR TO 30 JUNE 2014
DISTRIBUTION REVENUE	$381m	$358m
TOTAL REVENUE	$510m	$480m
EBITDA	$360m	$334m
REGULATED ASSET BASE	$2,255m	$2,171m

SNAPSHOT

OWNERSHIP INTEREST
100%

CONTRIBUTION TO DUET PROPORTIONATE EBITDA
20%

REVENUE
$184m

EBITDA
$122m

REGULATORY RESET DATE
Jan 2018

4 Multinet Gas

Business Description

Multinet Gas (MG) distributes gas safely and efficiently to its 660,000 customers via a network covering 1,860km^2 across Melbourne's inner and outer east, the Yarra Ranges and South Gippsland.

Multinet Gas' network includes 9,866km of distribution mains and 164km of high pressure transmission pipelines.

Key Investment Attributes

Revenue Streams

Approximately 95% of Multinet Gas' total revenue comes from regulated distribution tariffs, charged to customers for connection to, and use of its distribution system.

Growth in distribution revenue is driven by regulated tariff charges and volume growth.

Multinet Gas' top 250 gas users collectively account for around only 1% of total distribution revenue. There is therefore minimal risk of a material negative impact on revenue from the loss of a major user.

The regulatory price determinations, which regulate the majority of these revenues, are undertaken by the Australian Energy Regulator (AER) and apply for periods of five years.

Operating Initiatives

Pipeworks Program

Multinet Gas' Pipeworks Project is its largest and longest-running capex program to replace older, low-pressure cast iron gas pipes with high pressure systems by 2033.

In April 2015, the project achieved a key milestone target of replacing 207km of old low-pressure gas pipe since January 2013. Reaching this critical target paved the way for Multinet Gas to apply to the Australian Energy Regulator (AER) for a cost pass through for an increased pipe replacement program.

Given the third party validation of the work undertaken to date, Multinet Gas is confident that its application will receive AER approval, resulting in a further approximate 1% increase in Multinet's tariffs in each of calendar years 2016 and 2017.

Devondale-Murray Goulburn, Leongatha

Multinet Gas constructed a new City Gate and reinforced the network by laying new gas mains in Leongatha, Gippsland to supply the upgraded Murray Goulburn factory. This gas supply work was essential to the Devondale-Murray Goulburn's Leongatha factory upgrade.

Highett

Multinet Gas is undertaking a $15 million reconfiguration of its network in the Highett area. The assets that will be relocated include transmission pressure pipeline and pressure regulation facilities supplying up to 100,000 customers.

Highett is a customer-initiated project for the Victorian Department of Treasury and Finance, who is funding the full cost of the project.

Warburton Reticulation

Multinet Gas is extending its gas network to Warburton in the Yarra Ranges, as part of the Victorian Government's 'Energy for the Regions' program.

The Warburton extension project, valued at approximately $12 million, will involve extending the network to Warburton and reticulating the majority of the town of Warburton. Construction works began in early 2015 and are due to conclude by mid-2016.

The Warburton project follows the roll out of natural gas to nine towns in the Yarra Ranges in 2005, which has seen more than 4,300 customers connected to natural gas in the region.

This represents a penetration rate of over 60% of households and businesses converting to natural gas.

Railway Level Crossing Removal Alterations

The Victorian Government is undertaking a project to remove 50 railway level crossings to enhance overall safety at road/rail crossings. There are 26 railway level crossings located within Multinet Gas' network. Multinet Gas currently has gas pipework infrastructure that utilises the rail crossing easements that will now need to be relocated as part of this government-funded capital works programs. The business is currently in discussions with the Roads Corporation of Victoria around the scheduling for the relocation works program.

Credit Ratings

AS AT 1 SEPTEMBER 2015

S&P

BBB-
(STABLE OUTLOOK)

MOODY'S

Baa3
(STABLE OUTLOOK)

Operational Overview

YEAR TO 30 JUNE 2015		YEAR TO 30 JUNE 2014
	Network connections	
672,633	TARIFF V RESIDENTIAL	668,281
16,114	TARIFF V BUSINESS	16,207
266	TARIFF D	264
689,013	**TOTAL CONNECTIONS**	**684,752**
	Gas volumes (TJ)	
44,390	TARIFF V	40,768
11,286	TARIFF D	11,087
55,676	**TOTAL GAS THROUGHPUT**	**51,855**
	Occupational health and safety (LTIFR)	
0	LOST TIME INJURY FREQUENCY RATES	0
	Environmental	
	SCOPE 1 CO_2E EMISSIONS	259,427T

FY2015 Financial Performance Summary

	YEAR TO 30 JUNE 2015	YEAR TO 30 JUNE 2014
DISTRIBUTION REVENUE	$175m	$170m
TOTAL REVENUE	$184m	$182m
EBITDA	$122m	$123m
REGULATED ASSET BASE	$1,141m	$1,123m

Environmental & Social Responsibility

DUET believes that many social, environmental and economic benefits arise from responsible private sector development and the operation of high-quality, energy infrastructure. DUET is also aware that with these benefits lies the potential for risk, including environmental and social responsibility (ESR) risk.

DUET's approach to ESR management is set out in its Board policies. These policies form part of DUET's overarching risk management framework in accordance with Principle 7 of its corporate governance statement.

It is DUET's policy to ensure that it and each of its businesses are in compliance with the relevant regulatory frameworks and meet or exceed the minimum standards required of it. DUET's environmental and social responsibilities are managed throughout the investment process as follows:

- Business selection – environmental and social responsibilities are reviewed as part of the acquisition due diligence process
- Ongoing business management – regular board reporting enables compliance with environmental requirements to be monitored, and environmental and social responsibility issues to be identified
- Stakeholder reporting – policies, social and environmental initiatives and compliance performance are reported internally and, where appropriate, externally.

In this section we provide details of DUET's environmental and social responsibilities and initiatives undertaken during FY2015. DUET's governance responsibilities and policies are set out on the DUET website (www.duet.net.au).

ESR-related regulatory requirements

DUET is not aware of any material breaches of relevant environmental or social responsibility related regulatory standards by its businesses during the year ended 30 June 2015.

ESR-related initiatives at DUET businesses during FY2015

Environmental management system

All of DUET's businesses are managed under an environmental management system closely aligned to the International Standard ISO 14001, either directly or through the various operating contracts with their service providers.

Management incentives

Key performance indicators (KPIs) for Health, Safety and Environmental performance have been set for DBP, DDG, United Energy and Multinet Gas' management teams. These KPIs are integrated into calculation of the remuneration packages of each businesses' management team.

National greenhouse and energy reporting

The Federal government has introduced the National Greenhouse and Energy Reporting Scheme (NGERS), a mandatory corporate reporting system for greenhouse gas emissions and energy consumption and production. All of DUET's businesses have implemented measurement and reporting systems and have submitted reports in compliance with the NGERS requirements. Details of DUET's business' emissions (United Energy, Multinet Gas and DBP) are published on the Clean Energy Regulator's website (www.cleanenergyregulator.gov.au/National-Greenhouse-and-Energy-Reporting/Pages/default.aspx).

Scope 1 emissions

Scope 1 emissions are the release of greenhouse gases into the atmosphere as a direct result of an activity, or series of activities (including ancillary activities) that constitute the facility.

SCOPE 1 EMISSIONS (TONNES CO_2-E)[1]

	DBP	MULTINET GAS	UNITED ENERGY
2011	264,234	302,080	4,754
2012	258,501	271,522	4,206
2013	237,663	271,521	10,149
2014	272,025	259,427	5,913

Scope 1 emissions from DBP are primarily CO_2 emissions resulting from fuel used in powering the pipeline gas compressor stations. DBP is able to pass on the carbon tax liabilities under its Standard Shipper Contracts.

Scope 1 emissions from Multinet Gas are primarily due to the escape of natural gas from the gas distribution system. Multinet's gas losses are typical of gas distribution systems.

Multinet Gas is able to pass on its carbon tax liabilities via the regulatory arrangements.

United Energy is below the minimum threshold and is therefore exempt from any carbon tax liability.

The Federal Government repealed the carbon tax legislation effective 1 July 2014. Therefore from this date none of the DUET businesses are liable for carbon tax.

1. 2015 emissions are due 31 October 2015 therefore not disclosed.

Scope 2 Emissions

Scope 2 emissions are the release of greenhouse gases into the atmosphere as a direct result of one or more activities that generate electricity, heating, cooling or steam that is consumed by the facility but do not form part of the facility.

SCOPE 2 EMISSIONS (TONNES CO_2-E)[1]

	DBP	MULTINET GAS	UNITED ENERGY
2011	1,714	2,743	640,637
2012	1,683	2,986	550,254
2013	1,804	3,627	519,657
2014	1,581	1,426	480,486

United Energy's Scope 2 emissions are primarily the result of electrical losses in the distribution system. The magnitude of these losses is typical of electricity distribution systems.

Under the regulatory regime in Australia, electricity losses in the distribution system do comprise a cost to United Energy.

Water Use

DBP, United Energy and Multinet Gas do not use water for any industrial scale purposes. Water in the businesses is primarily used for hygiene purposes at their offices and depots plus a small amount for cleaning of vehicles and top-up cooling water for remote electricity generation at DBP.

Water is sourced from town water supplies, bore water and rainwater harvesting.

Although water use is relatively small, there have been a number of initiatives put in place by the asset companies and their contractors to further reduce water consumption and waste. These include:

- water recycling systems for truck washing in Victoria;
- rainwater harvesting; and
- waterless urinals.

DBP, United Energy and Multinet Gas regularly review their water usage, with the aim of further identifying water saving initiatives.

Human Capital Development

United Energy and Multinet Gas undertake annual employee engagement surveys which continue to result in the implementation of programs that create a clear and shared vision, recognise high performance and connect employees to the shared vision of the companies.

At DBP, in order to attract and retain its employees, one of the key priorities is to be an "employer of choice" in the strong competitive WA labour market.

DBP has implemented a number of initiatives to support this including a commitment to long term career options, apprenticeships, incentive plans, flexible leave arrangements and sponsorships in various charity events.

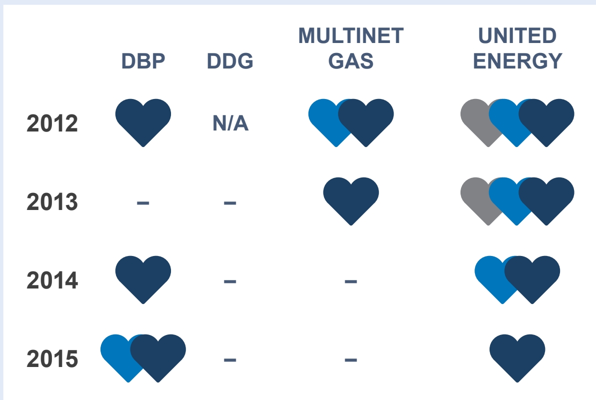
Occupational health and safety

DUET and its businesses all enforce comprehensive occupational health and safety policies with their workforce and contractors.

Over recent years all of DUET's businesses have undertaken major audits of their safety systems and practices leading to the design and implementation of new safety programs.

All of DUET's businesses now embrace a vision of 'zero harm' in their OHS&E policies and practices.

LOST TIME INJURIES



Lost Time Injuries (LTI) is defined as an occurrence that resulted in a fatality, permanent disability or time lost from work of one day/shift or more. This is different to Lost Time Injury Frequency Rates (LTIFR) which is an industry standard measurement. LTIFR are the number of lost time injuries within a rolling year relative to the total number of hours worked. LTIFR is measured as the number of lost time injury per million hours worked.

1. 2015 emissions are due 31 October 2015 therefore not disclosed.

Diversity

Each of DUET's businesses have established diversity policies and track actual performance, with regular reporting to the DUET boards.

DBP has identified cultural diversity as a key action area and have implemented a new leave policy which includes a provision for cultural leave whereby employees who require leave for religious purposes can "swap" public holidays for DBP fixed additional holidays for those days.

GENDER DIVERSITY SPLIT (%)

	2013		2014		2015	
DUET BOARDS	30	70	36	64	44	56
DUET MANAGEMENT	45	55	50	50	46	54
DBP[1]	22	78	22	78	21	79
UNITED ENERGY/ MULTINET GAS[2]	31	69	31	69	31	69

1. DBP has secondment arrangements in place for DDG
2. United Energy and Multinet Gas have a shared management team

DBP

Apprentice program

DBP in partnership with the Chamber of Commerce and Industry of WA, has commenced an Apprenticeship program that facilitates the development of young people over a four year period. Through the program DBP will employ two new apprentices every two years, one of which will be an indigenous apprentice. DBP has already engaged four apprentices, including two Indigenous Australians. This program has been a rewarding success for DBP and provides an opportunity to facilitate new skills and employment for young Indigenous Australians.

Perfect Say

DBP is fortunate to have a lot of long serving employees. Many of the leadership team have the benefit of tens of years of experience working on the DBNGP. Perfect Say is a DBP program developed to increase management visibility of field operations to promote the caring of individual employees. A Perfect Say involves a senior leader engaging with an individual in their own work environment, on work relevant to that individual, providing tailored support and improving safety outcomes.

Grey Falcon

Since May 2014 DBP has supported a University of Queensland research project to track and identify Grey Falcons (Falco hypoleucos) which are often spotted near DBP's operations in remote Western Australia. DBP's support has helped fit tracking devices to better understand their movements, while engaging staff through reporting sightings of this rare and endangered species.

DDG

The construction of a pipeline is possibly the highest impact phase of its lifetime as requires the clearing of an approximately 30m construction corridor with potential to impact upon conservation significant flora and fauna. To mitigate environmental impacts to the maximum extent practicable, DDG conducted extensive on ground surveys prior to finalising the WAWP and the FRGP alignments.

This enabled the avoidance where possible of habitat identified to be of key significance. DDG also developed and implemented a Construction Environment Plan for each project to stipulate the control measures necessary to ensure that residual impacts to the environment caused by construction of pipelines are kept to a minimum.

Both the WAWP and FRGP gas transmission construction projects were completed without any reportable environmental incidents and over 7,898 fauna were safely relocated (over 93% and 99% of all fauna interactions respectively for each project).

More than 1.5 million man hours were incurred during the construction phase of the WAWP and FRGP projects without any lost time injuries being incurred.

United Energy & Multinet Gas

'Rewired'

United Energy and Multinet Gas partnered with the Springvale Community Aid and Advice Bureau to pilot an energy literacy program designed for culturally and linguistically diverse (CALD) communities in the south-east of Melbourne.

According to ABS data, 36% of the resident population of United Energy and Multinet Gas's network area was born overseas. The cultural diversity of the distribution area is further highlighted by the 31% of people who speak a language other than English.

United Energy and Multinet Gas provided financial and in-kind support to a pilot program called 'Rewired' to improve energy literacy among newly arrived 'settlement communities'.

Rewired is designed to encourage sustainable behaviour change around energy usage among CALD communities and low income households in Melbourne's south east, by educating and empowering communities to understand the modern energy market and energy technology and to make informed decisions about their energy services and usage habits.

The program works with individuals as well as community groups, delivering targeted activities and utilising existing service provision to the target groups to embed and reinforce the project's aims.

Community Involvement

Waverley Adolescent Emergency Care (WEAC)

United Energy and Multinet Gas, along with DUET, have continued their relationship with Waverley Adolescent Emergency Care (WEAC), a local charitable organisation.

WEAC provides support for families with teenagers in United Energy and Multinet Gas's network areas.

Established in 1985, WEAC's mission statement is to provide best practice and quality service for youth and families utilising a multi-disciplinary team approach in conjunction with community resources consisting of volunteers, caregivers and extended family networks.

WEAC also runs Tandana Place, a residential facility offering drug and alcohol rehabilitation programs. Tandana Place caters for young people aged 12-20 with mental health and drug and alcohol issues, providing support to them under a 12-16 week program. Many residents present with complex legal issues in conjunction with serious mental health concerns and substance disorders. More information can be found on WEAC's website: weac.org.au/.

In FY2015 the DUET Group contributed $180,000 in support of the WEAC and Tandana facility.

Corporate governance

Corporate governance is core to ensuring the creation, protection and enhancement of shareholder value. The Boards' endorse the ASX Corporate Governance Principles and Recommendations, 3rd Edition. Accordingly, DUET has taken the opportunity to disclose its 2015 Corporate Governance Statement in the Corporate Governance section on DUET's website (www.duet.net.au).

Securityholder Information

As a 31 August 2015

Distribution of Stapled Securities

Range	Total holders	Units	% of issued capital
1 - 1,000	1,267	537,779	0.02
1,001 - 5,000	4,673	14,611,576	0.63
5,001 - 10,000	4,409	33,187,244	1.43
10,001 - 100,000	9,022	242,930,941	10.47
100,001 - 9,999,999,999	524	2,029,949,634	87.45
Total	**19,895**	**2,321,217,174**	**100.00**

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum $500.00 parcel at $2.19 per unit	229	469	21,837

Twenty Largest Investors

Investor	Units	% of issued capital
1. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	509,753,560	21.96
2. NATIONAL NOMINEES LIMITED	467,644,996	20.15
3. NATIONAL NOMINEES LIMITED <DB A/C>	277,637,695	11.96
4. J P MORGAN NOMINEES AUSTRALIA LIMITED	226,168,859	9.74
5. CITICORP NOMINEES PTY LIMITED	193,540,877	8.34
6. BNP PARIBAS NOMS PTY LTD <DRP>	59,124,457	2.55
7. RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C>	34,882,540	1.50
8. ARGO INVESTMENTS LIMITED	24,113,817	1.04
9. UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	18,340,267	0.79
10. AMP LIFE LIMITED	14,796,142	0.64
11. CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	13,524,427	0.58
12. QUESTOR FINANCIAL SERVICES LIMITED <TPS RF A/C>	11,627,831	0.50
13. RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <PISELECT>	7,531,423	0.32
14. NAVIGATOR AUSTRALIA LTD <SMA ANTARES INV DV BUILD A/C>	6,283,662	0.27
15. NATIONAL NOMINEES LIMITED <N A/C>	5,038,345	0.22
16. SBN NOMINEES PTY LIMITED <10004 ACCOUNT>	4,900,000	0.21
17. SANDHURST TRUSTEES LTD <SISF A/C>	4,530,000	0.20
18. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,206,150	0.18
19. EDSGEAR PTY LIMITED	3,417,413	0.15
20. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	3,411,584	0.15
Total: Top 20 holders	**1,890,474,045**	**81.44**
Total Remaining Holders Balance	**430,743,129**	**18.56**

Substantial Stapled Securityholders

Holder	Date of substantial holder notice	Number of stapled securities	% issued of stapled securities
Deutsche Bank AG & Spark Infrastructure[1] (SKI)	7 & 11 August 2015	291,531,626	14.44
Lazard Asset Management Pacific Co	4 September 2015	254,706,912	10.97
National Nominees as custodian for UniSuper Limited	11 August 2015	233,421,163	10.71

1. SKI is not the owner of the stapled securities. However, under section 608(8) of the Corporations Act, pursuant to Forward Contracts, SKI is taken to have a relevant interest in any DUET stapled securities in which Deutsche Bank has a relevant interest.

Directors' Profiles

Information on Directors' (as at the date of this Report)

Experience and Directorships

Douglas Halley

BCom (UNSW), MBA (UNSW), FAICD, FTA
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 of Vocation Limited and director of Print & Digital Publishing Pty Limited ("Time Out Sydney").

Ron Finlay

LLB (Sydney), AM
Independent and Non Executive Director (DUECo and DIHL)

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 and roles are: 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. Ron is also the NSW Government appointed lead negotiator for the Crown Resorts Sydney Project.

Formerly, Ron was for six years chair of the New South Wales Transport Infrastructure Development Corporation and director of Macquarie Generation.

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, director of Perth Airport, WA Chamber of Commerce and Industry (Board and Council) and Juniper (a WA based Uniting Church Aged Care Provider).

Simon Perrott

BSc (Melb), MBA (AGSM)
Independent and Non-Executive Director (DUECo and DIHL)

Simon joined the boards in July 2015.

Simon has been the Australian head of corporate finance or investment banking at a number of global investment banks and was, until his retirement in 2014, the Chairman of CIMB Bank Australia (previously RBS Group (Australia) and ABN AMRO Australia).

Simon holds a Bachelor of Science from the University of Melbourne and a Masters of Business Administration from the Australian Graduate School of Management.

Other current directorships are: Non-Executive Director of Lend Lease Real Estate Investments Ltd, a Director of the Wayside Chapel and a Trustee of the Australian Cancer Research Foundation.

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; Transpacific Industries Limited and Transgrid. 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.

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), AM
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 and Eureka Funds Management Limited. Eric is also the chair of Jarjum College Council. Formerly, Eric was a director of the GPT Group.

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 UGL Limited, IOOF Holdings Limited, the Telecommunications Industry Ombudsman, Colonial Foundation Trust and Orygen, The National Centre of Excellence in Youth Mental Health. 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).

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) and CBHS Health Fund Limited.

Former roles include director of the Energy Networks Association, the Energy and Water Ombudsman of NSW and Gas Market Company Pty Ltd.

Disclaimer

DUET Group comprises DUET Company Limited (DUECo), DUET Investment Holdings Limited (DIHL) and DUET Finance Limited AFSL 269287 (DFL) in its personal capacity and as responsible entity of DUET Finance Trust ARSN 109 363 135 (DFT).

Stapling

In accordance with its requirements in respect of stapled securities, the ASX reserves the right (but without limiting its absolute discretion) to remove DUECo, DIHL, DFL and DFT, or all four, from the official list of the ASX if, while the stapling arrangements apply, the securities in DUECo, DIHL, DFL or DFT cease to be stapled together or one equity securities are issued by DUECo, DIHL, DFL or DFT to equivalent securities in the other entities.

Advice warning

The information in this annual report is given in good faith and derived from sources believed to be accurate at this date but no warranty of accuracy or reliability is given and no responsibility arising in any other way including by reason of negligence for errors or omissions is accepted by DUECo, DIHL or DFL or their respective officers.

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

US Restrictions

Each holder of DUET securities that is in the United States or a U.S. Person is required to be a Qualified Institutional Buyer (QIB) (as defined in Rule 144A of the US Securities Act of 1933) or Qualified Purchaser (QP) (as defined in Section 2(a)(51) of the US Investment Company Act of 1940) and the rules thereunder at the time of the acquisition of any stapled securities of the DUET Group, and is required to make the representations in the Subscription Agreement as of the time it acquired the applicable stapled securities.

The DUET stapled securities can only be resold or transferred in a regular brokered transaction on the ASX in accordance with Rule 903 or 904 of Regulation S of the US Securities Act, where neither it nor any person acting on its behalf knows, or has reason to know, that the sale has been pre-arranged with, or the purchaser is, in the United States or a U.S. Person (eg no pre-arranged trades (“special crossing”) with U.S. Persons or other off-market transactions).

To the maximum extent permitted by law, each member of the DUET Group reserves the right to (i) request any person that they deem to be in the United States or a U.S. Person, who was not at the time of acquisition of the stapled securities a QIB/QP, to sell its stapled securities, (ii) refuse to record any subsequent sale or transfer of stapled securities to a person in the United States or a U.S. Person, and (iii) take such other action as they deem necessary or appropriate to enable each member of the DUET Group to maintain the exception from registration under Section 3(c)(7) of the US Investment Company Act.

Financial report

The DUET consolidated financial report has been prepared to enable DFL as responsible entity, and DUECO and DIHL, to comply with their obligations under the Corporations Act and to ensure compliance with the ASX Listing Rules and satisfy the requirements of the Australian accounting standards in relation to stapled structures. The responsibility for preparation of the financial report and any financial information contained in this annual report rests solely with the directors of DUECO, DIHL and DFL.

Complaints handling

A formal complaint handling procedure is in place for DUET. DFL is a member of the Financial Ombudsman Service. Complaints should in the first instance be directed to DFL. If you have any enquiries or complaints, please contact:

Investor Relations Manager, DUET
Level 15
55 Hunter Street
Sydney NSW 2000

or

GPO Box 5282
Sydney NSW 2001

Telephone
Within Australia: 1800 005 049
Outside Australia: (612) 8224 2701

Facsimile: (612) 8224 2799

DUET’s ongoing commitment to your privacy

We understand the importance you place on your privacy and are committed to protecting and maintaining the confidentiality of the personal information you provide to us.

DUET has adopted a privacy policy. For further information, visit the DUET website at www.duet.net.au or contact DUET Investor Relations on 1800 005 049 or from outside Australia on (612) 8224 2701.

DUET Group

Financial Report for year ended 30 June 2015

At 30 June 2015 the DUET Group comprised 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), 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 also refer to any entity of the DUET Group or all of them or any combination thereof.

At 30 June 2015 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.

Financial Report

for year ended 30 June 2015

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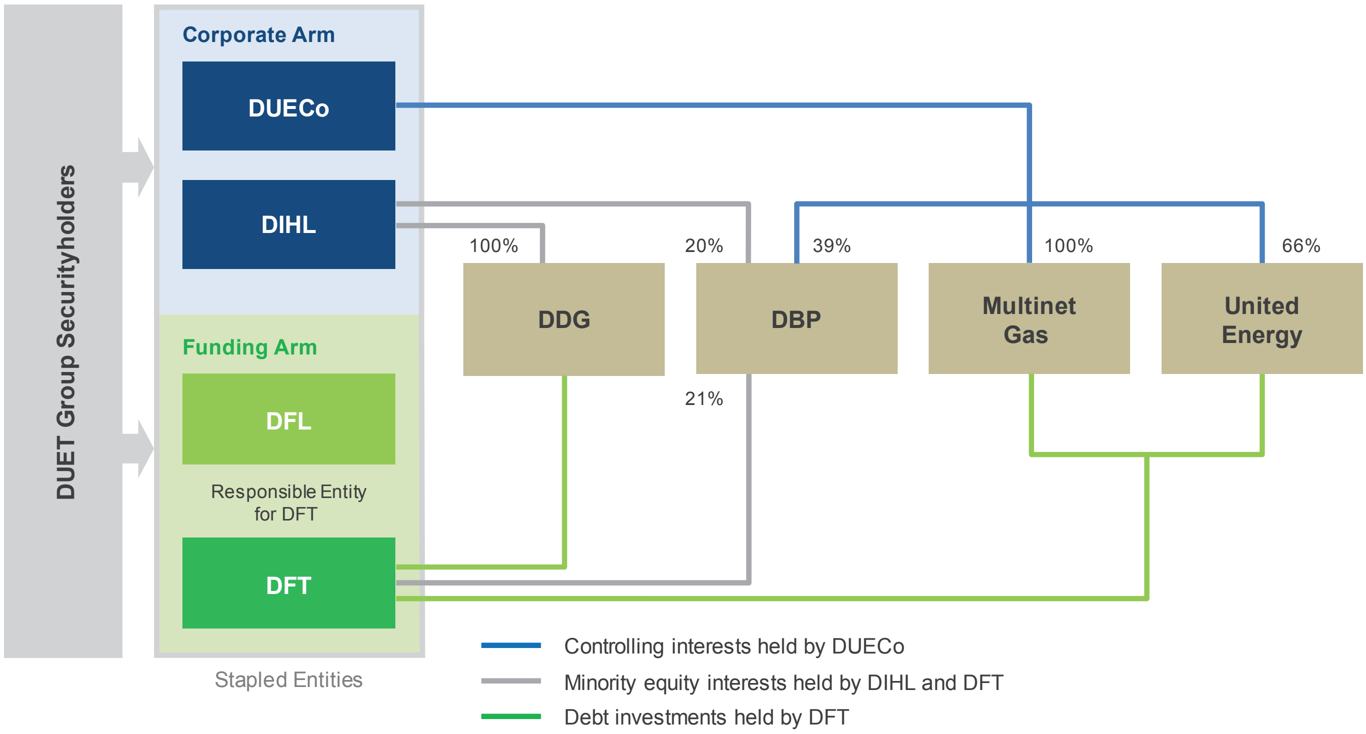
Explanation of the Financial Report

for year ended 30 June 2015

As at 30 June 2015, the DUET Group comprised 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 or the Trust) 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.

A summarised structure of DUET and its investments at 30 June 2015 is illustrated below.



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

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 this DUET Group Financial Report.

In accordance with AASB10 *Consolidated Financial Statements*, DUECo has been identified as the parent of the consolidated Group that also includes 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 2015 have also been presented in this report jointly, as permitted by ASIC class order 05/642 and 06/441.

In this Financial Report, 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: DUECo, DFT, DIHL and DFL

for year ended 30 June 2015

DFL acts as responsible entity for DFT.

The Directors of DUECo submit the following report for DUECo for the year ended 30 June 2015.

The Directors of DIHL submit the following report for DIHL for the year ended 30 June 2015.

The Directors of DFL submit the following report for DFL and DFT for the year ended 30 June 2015.

Corporate Information

DUET consists of a registered managed investment scheme, DFT, DFL which is the responsible entity of DFT, DUECo and DIHL. These four entities are stapled together and trade on the Australian Securities Exchange (ASX) as one security. The entities are domiciled and incorporated in Australia.

Principal Activities

DUET Group owns and operates 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 DIHL and DUECo as at the date of this report, unless stated otherwise:

- Douglas Halley (Chairman)
- Ron Finlay
- Emma Stein
- Shirley In't Veld
- Jack Hamilton
- Simon Perrott (appointed 1 July 2015)
- John Roberts (resigned 30 June 2015)
- Duncan Sutherland (resigned 20 November 2014)
- Michael Lee (resigned 1 September 2014)

The following persons held office as Directors of DFL to the date of this report, unless stated otherwise:

- Eric Goodwin (Chairman)
- Jane Harvey
- Terri Benson
- Ron Finlay (resigned 20 February 2015)

Directors' Reports: Operating and Financial Review

for year ended 30 June 2015

About DUET

DUET is the owner of energy utility businesses in Australia which generate regulated and long-term contracted cash flows. The combined aggregated ownership interest of DUET's stapled entities in DBP, DDG, United Energy and Multinet Gas is treated as a controlling interest for accounting purposes and consolidated in this DUET Group financial report.

There were no significant changes to DUET Group's ownership interest in its energy utility businesses.

Review of Operations

The DUET Group net profit after tax for the year was $45.9 million (2014: $193.1 million). Excluding significant items resulted in a net profit after tax of $77.0 million for the year to 30 June 2015 (2014: $86.6 million[1]) as follows:

Full year to 30 June	**2015 $'000**	2014 $'000
Revenues from ordinary activities	**1,269,315**	1,251,416
Less: items not included in Consolidated EBITDA		
Unrealised mark to market gains on derivatives	**(7,184)**	(10,130)
Foreign exchange gains	**–**	(66)
Interest revenue	**(9,275)**	(10,259)
Revenues from ordinary activities, adjusted	**1,252,856**	1,230,961
Operating expenses	**(506,318)**	(439,200)
Add: items not included in Consolidated EBITDA		
Foreign exchange losses	**–**	1,416
Loss on disposal of assets[1]	**8,552**	4,600
Unrealised mark to market losses on derivatives	**28,400**	2,829
Operating expenses, adjusted	**(469,366)**	(430,355)
Consolidated EBITDA[1]	**783,490**	800,606
Net foreign exchange (losses)/gains	**–**	(1,350)
Net unrealised mark to market (losses)/gains on derivatives	**(21,216)**	7,301
Net loss on disposal of assets[1]	**(8,552)**	(4,600)
Depreciation and amortisation	**(276,509)**	(265,546)
Consolidated EBIT	**477,213**	536,411
Net borrowing costs	**(412,281)**	(434,758)
Net profit before income tax	**64,932**	101,653
Tax (expense)/benefit	**(19,004)**	91,408
Net profit after income tax	**45,928**	193,061
Add/(subtract): significant items		
Tax expense/(benefit) arising on implementation of group simplification	**7,130**	(107,496)
Head Office project costs	**3,054**	1,622
Net loss on disposal of assets[1]	**8,552**	4,600
Net foreign exchange losses	**–**	1,350
Net unrealised mark to market losses/(gains) on derivatives	**21,216**	(7,301)
Tax benefit on loss of disposal of assets[1]	**(2,566)**	(1,380)
Tax (benefit)/expense on mark to market derivatives[1]	**(6,365)**	2,190
Net profit after income tax excluding significant items[1,2]	**76,949**	86,646
Cash available for distribution[3] ($'000)	**255,111**	217,006
Weighted average DUET Group stapled securities on issue ('000's)	**1,417,426**	1,256,610
Cash available for distribution[3] per stapled security - cents	**18.0**	17.3
Full year distribution declared and payable per stapled security - cents	**17.5**	17.0
Full year distribution coverage (%)	**103%**	102%

1 The previous corresponding period did not include these items. As they are material during the current period, corresponding comparative figures have also been disclosed. The inclusion of these items increased the 2014 reported Consolidated EBITDA, adjusted from $796.0 million to $800.6 million and the NPAT excluding significant items from $81.2 million to $86.6 million.

2 Profit excluding significant items is non-IFRS information. Management has provided an analysis of significant items included in the reported IFRS financial information. These items have been considered in relation to their size and nature, and have been adjusted from the reported (i.e. IFRS) information to assist readers to better understand the financial performance of the underlying operating business. These adjustments are assessed on a consistent basis from period to period and include both favourable and unfavourable items. Non-IFRS financial information, while not subject to audit or review, has been extracted from the financial report which has been audited by external auditors.

3 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. The 2014 cash available for distribution excluded a $18.75 million dividend paid by Multinet Gas on 6 August 2013 as this was included in 2013 cash available for distribution. Refer to DUET's Management Information Report for details.

Directors' Reports: Operating and Financial Review

for year ended 30 June 2015

Adjusted EBITDA less interest for each energy utility per DUET's Management Information Report are as follows (shown as 100%).

Financial Year Ended	DBP		DDG		United Energy		Multinet Gas	
$'000	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Revenue	**396,685**	428,847	**12,679**	4,450	**509,742**	479,902	**184,128**	182,049
Expense	**(82,224)**	(80,334)	**(3,411)**	(2,714)	**(149,611)**	(146,087)	**(61,937)**	(58,791)
EBITDA	**314,461**	348,513	**9,268**	1,736	**360,131**	333,815	**122,191**	123,258
Customer contributions (net of margin)	**(6,400)**	(457)	**–**	–	**(17,827)**	(16,076)	**(3,307)**	(6,622)
Adjusted EBITDA	**308,061**	348,056	**9,268**	1,736	**342,304**	317,739	**118,884**	116,636
Net external interest	**(179,478)**	(226,559)	**691**	2,409	**(136,622)**	(131,490)	**(48,434)**	(51,740)
Adjusted EBITDA less net external interest	**128,583**	121,497	**9,959**	4,145	**205,682**	186,249	**70,450**	64,896

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 delivered 330,773 TJ of gas during the year (2014: 334,776 TJ).

Total revenue at DBP was lower impacted by the recontracting of shippers contracts in early FY2015, although adjusted EBITDA less interest was higher primarily due to lower net external interest costs.

DBP Development Group

DDG owns and operates the Wheatstone Ashburton West Pipeline which connects the onshore Wheatstone LNG complex to the DBNGP. The construction of the pipeline reached practical completion in late December 2014.

DDG has a 57% interest in an unincorporated joint venture with TransAlta Corporation of Canada which owns and operates 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 construction of the pipeline reached practical completion in March 2015.

United Energy

United Energy's distribution network covers 1,472 km^2 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 distributed 7,461 GWh of electricity (2014: 7,752 GWh).

During the year, distribution revenue at United Energy was up on the prior period reflecting higher regulated tariffs and increases in grid fees.

Multinet Gas

Multinet Gas is a Victorian gas distribution company with a network covering 1,860 km^2 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 55,676 TJ (2014: 51,855 TJ).

Total revenue and operating expenses at Multinet Gas were down on the prior period reflecting primarily the repeal of the carbon tax, which is a pass through revenue and cost item. Other operating costs were principally the same on the prior period.

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 2015 was as follows:

	DFT 1 Jul 14 – 30 Jun 15 $'000	**DIHL Group 1 Jul 14 – 30 Jun 15 $'000**	**DFL 1 Jul 14 – 30 Jun 15 $'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
Revenue and other income	**148,413**	**35,593**	**326**	132,633	19,698	101
Profit/(loss) after tax for the year	**103,373**	**617**	**67**	127,374	2,395	(323)
Profit/(loss) after tax attributable to securityholders	**103,373**	**617**	**67**	127,374	2,395	(323)
Earnings used in calculation of basic and diluted earnings per unit/share	**103,373**	**617**	**67**	127,374	2,395	(323)
Basic earnings/(loss) per stapled unit/share	**7.29c**	**0.04c**	**0.00c**	10.14c	0.19c	(0.03)c

Directors' Reports: Operating and Financial Review
for year ended 30 June 2015

Financial Position

The net assets of the Group increased by $190.6 million to $1,995.6 million. The increase in net assets was mainly due to proceeds from issues of stapled securities of $409.6 million net of costs. As at 30 June 2015, the net asset backing of the Group was $1.34 (2014: $1.37).

The total interest bearing liabilities of the Group as at 30 June 2015 of $5,730.8 million was largely similar to the previous year (2014: $5,667.7 million). The proportionate gearing of the Group (Proportionate Net External Debt divided by Proportionate Regulated Asset Base or RAB) as at 30 June 2015 was 69.8% (2014: 73.2%).

Net assets of DFT increased by $184.9 million to $1,418.9 million. Net assets increased mainly as a result of the issues of stapled securities during the year.

Net assets of DIHL Group increased by $59.9 million to $209.3 million and DFL by $1.0 million to $6.9 million.

Business Strategies and Prospects

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

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

Distribution guidance for FY16 is 18.0 cents cash per stapled security. This guidance is subject to change if DUET's forecast assumptions are not met.

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.

Set out below are 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 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 Group'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.

The DUET Group has a structured and proactive approach to understanding and managing interest rate risk, which 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.

Directors' Reports: Operating and Financial Review
for year ended 30 June 2015

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 risk 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 and demand risks
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 2015 was 17.500 cents per stapled security (2014: 17.000 cents per stapled security).

An interim distribution for the year ended 30 June 2015 of 8.750 cents per stapled security was paid on 19 February 2015 (2014: 8.500 cents per stapled security). This consisted of 4.398 cents per unit from DFT and 4.352 cents per share from DUECo (2014: 7.673 cents per unit from DFT, 0.534 cents per share from DUECo and 0.293 cents per share from DIHL). The DUECo dividend was unfranked.

A final distribution of 8.750 cents per stapled security was paid on 20 August 2015 (2014: 8.500 cents per stapled security). This consisted of 4.409 cents per unit from DFT and 4.341 cents per share from DUECo (2014: 7.529 cents per unit from DFT, 0.713 cents per share from DUECo and 0.258 cents per share from DIHL). The DUECo dividend was unfranked.

Significant Changes in State of Affairs
Proposal to acquire ASX-listed Energy Developments Limited
On 20 July 2015, DUET Group announced that it had entered into a scheme implementation deed with ASX-listed Energy Developments Limited (EDL, ASX:ENE) under which it is proposed that DUET will acquire 100% of EDL's shares on issue by way of a scheme of arrangement for $8.00 per share payable in cash.

Financial close is expected in October 2015 and will be subject to EDL shareholder approval, court approval and other necessary approvals and conditions precedent.

To fund the proposed acquisition of EDL, DUET Group completed a $1.67 billion equity raising via a cornerstone placement ($550 million) and a fully underwritten accelerated non-renounceable 1 for 2.69 pro rata entitlement offer ($1,122 million), each at a price of $2.02 per stapled security.

Events Occurring After Balance Sheet Date
DUET Group securities issued for proposed EDL acquisition
A total of 685,709,456 new stapled securities were issued on 3 August 2015 and a total of 141,828,803 new stapled securities were issued on 17 August 2015. Both issues were made at a price of $2.02 per stapled security.

DUET Funding Arm financing - DFT
As part of the proposed acquisition of ASX-listed Energy Developments Limited DFT (the DUET Funding Arm) increased an existing loan facility with DUECo to $1.3 billion on 30 July 2015 on principally the same terms. The new loan facility was partly drawn down on 31 July 2015 and again on 14 August 2015. The undrawn amount on the existing loan facility at 20 August 2015 was $140.0 million.

Directors' Reports: Operating and Financial Review
for year ended 30 June 2015

DFT financed the increase in the existing loan facility with DUECo primarily using funds received as part of the equity raising described above. In addition to these funds DFT entered into a new $210 million loan facility with DIHL on 30 July 2015. The commercial terms of the new facility are consistent with existing facilities in place within the Group. The undrawn amount on the new loan facility at 20 August 2015 was $14.3 million.

Indemnification and Insurance of Officers

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 DUET Group.

Indemnification of Auditors

DUET Group's auditor is Ernst & Young. DUET Group has agreed with Ernst & Young, as part of its terms of engagement, to indemnify Ernst & Young against certain liabilities to third parties arising from the audit engagement. The indemnity does not extend to any liability resulting from a negligent, or wilful act or omission by Ernst & Young.

During the year:

- DUET Group has not paid any premium in respect to any insurance policy for Ernst & Young or a body corporate related to Ernst & Young; and
- There were no officers of DUET Group who were former partners or directors of Ernst & Young, whilst Ernst & Young conducted audits of DUET Group.

Directors' Holdings of Stapled Securities

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

	DUET Group stapled securities 2015	DUET Group stapled securities 2014
Director		
Emma Stein	**56,078**	36,130
Douglas Halley	**191,269**	143,900
Jane Harvey	**23,000**	–
Jack Hamilton	**50,948**	–
Terri Benson	**6,685**	–
Ron Finlay	**57,419**	37,208
Eric Goodwin	**135,316**	66,583
Shirley Int'Veld	**–**	–
Simon Perrott	**50,000**	–

Directors' Reports: Operating and Financial Review
for year ended 30 June 2015

Additional Specific Disclosures

Information on Directors at 30 June 2015

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 of Vocation Limited and director of Print & Digital Publishing Pty Limited ("Time Out Sydney").
Ron Finlay	LLB (Sydney) *Independent and Non-Executive Director (DUECo and DIHL)* 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.
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, director of Perth Airport, WA Chamber of Commerce and Industry (Board and Council) and Juniper (a WA based Uniting Church Aged Care Provider).

Directors' Reports: Operating and Financial Review

for year ended 30 June 2015

Experience and Directorships	
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.
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.
Simon Perrott	BSc (Melb), MBA (AGSM) *Independent and Non-Executive Director (DUECo and DIHL)* Simon joined the boards in July 2015. Mr Perrott has been the Australian head of corporate finance or investment banking at a number of global investment banks and was, until his retirement in 2014, the Chairman of CIMB Bank Australia (previously RBS Group (Australia) and ABN AMRO Australia). Mr Perrott holds a Bachelor of Science from the University of Melbourne and a Masters of Business Administration from the Australian Graduate School of Management. Other current directorships are: Non-Executive Director of Lend Lease Real Estate Investments Ltd, a Director of the Wayside Chapel and a Trustee of the Australian Cancer Research Foundation.
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; and Eureka Funds Management Limited. Eric is also the chair of Jarjum College Council.

Directors' Reports: Operating and Financial Review
for year ended 30 June 2015

Experience and Directorships	
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 UGL Limited, IOOF Holdings Limited, the Telecommunications Industry Ombudsman, Colonial Foundation Trust and Orygen, The National Centre of Excellence in Youth Mental Health. 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).
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
Ms Leanne Pickering was appointed Company Secretary for DUET Group in 2006. She has been the legal manager of DUET since 2006 and is a practising solicitor.

Directors' Reports: Operating and Financial Review

for year ended 30 June 2015

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 2015 is summarised as follows:

	Meetings of Directors		Meetings of Audit and Risk Committee		Meetings of Nomination and Remuneration Committee	
DUECo	Meetings attended	Meetings eligible to attend^	Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend
Director						
Douglas Halley*^	14	15	3	3	10	10
John Roberts^	13	15	–	–	10	10
Duncan Sutherland*	9	9	1	1	–	–
Ron Finlay*	14	15	2	2	1	1
Emma Stein*^	12	15	3	3	10	10
Shirley In't Veld*^	13	15	2	3	10	10
Jack Hamilton*	13	15	2	3	1	1

* Members of the Audit and Risk Committee

^ Member of the Nomination and Remuneration Committee

	Meetings of Directors		Meetings of Audit and Risk Committee		Meetings of Nomination and Remuneration Committee	
DIHL	Meetings attended	Meetings eligible to attend^	Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend
Director						
Douglas Halley*^	14	15	3	3	10	10
John Roberts^	13	15	–	–	10	10
Duncan Sutherland*	9	9	1	1	–	–
Ron Finlay*	14	15	2	2	1	1
Emma Stein*^	12	15	3	3	9	10
Shirley In't Veld*^	13	15	2	3	10	10
Jack Hamilton*	13	15	2	3	1	1

* Members of the Audit and Risk Committee

^ Member of the Nomination and Remuneration Committee

	Meetings of Directors		Meetings of Audit and Risk Committee		Meetings of Nomination and Remuneration Committee	
DFL	Meetings attended	Meetings eligible to attend^	Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend
Director						
Michael Lee*^	3	3	–	1	1	1
Jane Harvey*^	12	14	4	4	3	3
Ron Finlay*	10	11	3	3	–	–
Eric Goodwin*^	14	14	4	4	3	3
Terri Benson*^	12	14	4	4	3	3

* Members of the Audit and Risk Committee

^ Member of the Nomination and Remuneration Committee

Directors' Reports: DUET Group (DUECo, DIHL and DFL)
Remuneration Report (audited)
for year ended 30 June 2015

To our securityholders

As chair of the DIHL Remuneration Committee and on behalf of the Board, I am pleased to present the remuneration report for 2015 to you. 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 2014 AGM. 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 our 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 1 July 2015, DUET announced the appointment of a new director; Mr Simon Perrott, to the DIHL and DUECo boards, with Mr John Roberts stepping down.

There have been no changes to the director remuneration structure in FY2015. Refer to section 7 for further detail.

2015 performance and executive remuneration

The FY2015 STI awards for the CEO and CFO (the 'Executives') were, on average, at 91% of possible awards. This result was due to DUET either meeting or exceeding its key financial targets and in delivering a number of planned and unplanned projects and initiatives which included:

- Met or exceeded each of DUET's three key FY15 financial targets (EBITDA less interest, cash cover of distributions and HQ opex);
- Recontracted most of DBP's full-haul standard shipper contracts at tariffs materially above the expected regulated outcome, extending contracted volume terms to 2033-35;
- DUET raised $397 million of equity at a tight discount to pre-fund growth capex at United Energy and Multinet, suspend the dividend and distribution reinvestment plan (DRP) for at least 3 years and recapitalise DBP;
- Restored DBP's 'BBB-, stable outlook' credit rating with Standard and Poor's;
- Refinanced $865 million of term debt across DBP, Multinet and United Energy on attractive, market-competitive terms;
- Recapitalised United Energy with $125 million of equity (DUET share: $82.5 million) providing headroom in United Energy's balance sheet to fund its growing regulated asset base;
- Completed construction of two accretive gas transmission pipeline development projects at DDG;
- Renegotiated the scope and price of United Energy's outsourced service contracts, improving efficiency;
- Progressed to the short list for the Northern Territory pipeline development project; and
- Undertook due diligence and negotiations on the proposed acquisition of Energy Developments which was subsequently announced along with an underwritten $1.67 billion equity raising on 20 July 2015.

Changes to 2015 remuneration

- The CEO's fixed remuneration was increased by 4% in line with the consumer price index (CPI) adjusted on an 18 month pro rata basis from 1 January 2013.
- The CFO's fixed remuneration was increased by 8.2%, in addition to the 4% increase noted in the 2014 remuneration report, and his STI opportunity from 42% to 50% as a result of an independent external benchmarking exercise against similar organisations including ASX 200 and peer group listed infrastructure entities.
- This is the first adjustment to CEO and CFO remuneration since December 2012. Please refer to section 6.4 for further detail.

Remuneration structure for 2015

As outlined in our FY2014 Remuneration Report, 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: DUET Group (DUECo, DIHL and DFL) Remuneration Report (audited)
for year ended 30 June 2015

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 4
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 4
EBITDA[1]	Earnings Before Interest Tax Depreciation and Amortisation Costs	**STI**	Short Term Incentive Plan
EBITDAF[1]	Earnings Before Interest Tax Depreciation Amortisation and unrealised fair value changes in derivatives	**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

1 The use of the term EBITDAF and/or EBITDA refers to non-IFRS financial information. Underlying earnings are categorised as non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 Disclosing non-IFRS financial information. Underlying adjustments have been considered in relation to their size and nature, and have been adjusted from the reported information to assist readers to better understand the financial performance of the underlying business in each reporting period. These adjustments are assessed on a consistent basis from period to period and include both favourable and unfavourable items. The non-IFRS financial information, whilst not subject to an audit or review, has been extracted from the financial report which has been subject to audit by our external auditors. A detailed reconciliation of adjustments to the reported financial information is provided on page 4 of the Director's Report.

Directors' Reports: DUET Group (DUECo, DIHL and DFL) Remuneration Report (audited)
for year ended 30 June 2015

1. Remuneration structure for 2015

In August 2014, the DIHL Board implemented the following changes to the executive remuneration structure for 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 6.

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 6
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 6 and 8
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 or an appropriate benchmark for the Group, being dominated by a small number of companies including energy retailers. 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 6 and 8

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 6 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.

2. Remuneration Governance

The DIHL Board has a responsibility to ensure that appropriate governance is in place in relation to executive remuneration. The Remuneration Committee assists the Board in fulfilling its responsibilities relating to the remuneration of Executive KMP and Non-executive Directors. The Board acts independently of management when making decisions affecting remuneration.

To ensure that the Board is fully informed when making remuneration decisions, it may engage directly with external advisors to provide insights on remuneration trends and practices, regulatory updates and benchmarking for Executive KMP and Non-executive Director remuneration. No remuneration recommendations as defined in section 9B of the *Corporations Act 2001* were obtained during the 2015 financial year.

Directors' Reports: DUET Group (DUECo, DIHL and DFL) Remuneration Report (audited)
for year ended 30 June 2015

3. 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 6 and 8 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 7 for further details.

4. 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 2015 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 2015	
Douglas Halley	Chairman – DIHL and DUECo
Eric Goodwin	Chairman – DFL
Ron Finlay	Independent Director
Emma Stein	Independent Director
Shirley In't Veld	Independent Director
Jack Hamilton	Independent Director
Jane Harvey	Independent Director
Terri Benson	Independent Director
John Roberts	Director – resigned 30 June 2015
Duncan Sutherland	Independent Director – resigned 20 November 2014
Michael Lee	Independent Director – resigned 1 September 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.

Directors' Reports: DUET Group (DUECo, DIHL and DFL) Remuneration Report (audited)
for year ended 30 June 2015

5. 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)	Terri Benson (chair)
Doug Halley	Eric Goodwin
John Roberts – resigned 30 June 2015	Jane Harvey
Emma Stein (chair Nomination Committee)	

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, 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 a new director on 1 July 2015 – Mr Simon Perrott to the DIHL and DUECo boards. See section 7 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).

Directors' Reports: DUET Group (DUECo, DIHL and DFL) Remuneration Report (audited)
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6. Executive Remuneration Arrangements and Link to DUET's Performance

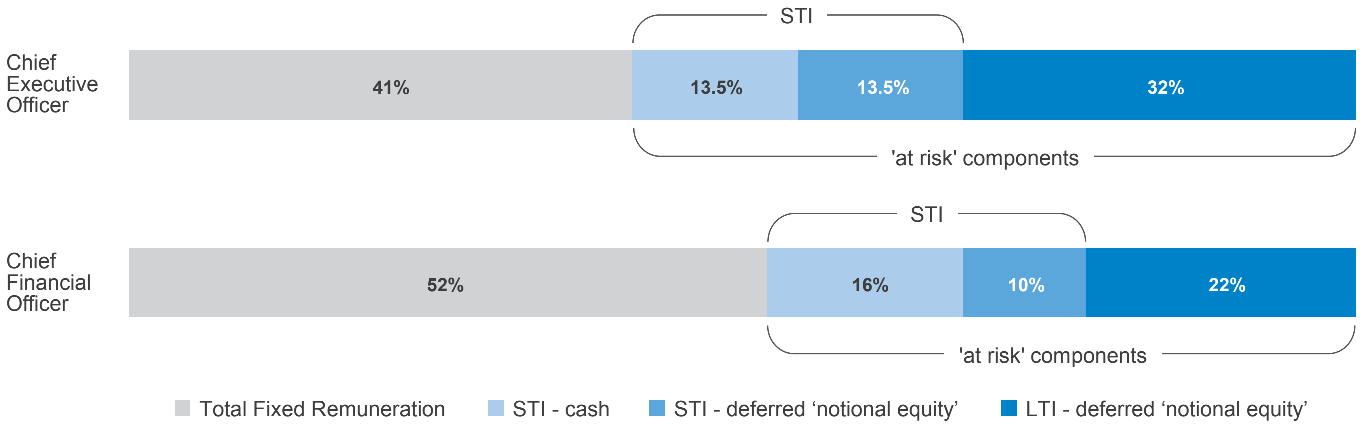
The link between remuneration arrangements and DUET Group's performance is provided by:

- 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.

6.1 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 2015, 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 6.3.2 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 a competitive level of fixed remuneration that recognizes the size, scope, complexity of the role and experience of the executive with reference the market 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.

Directors' Reports: DUET Group (DUECo, DIHL and DFL) Remuneration Report (audited)

for year ended 30 June 2015

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 and FY2016, 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.

Directors' Reports: DUET Group (DUECo, DIHL and DFL) Remuneration Report (audited)

for year ended 30 June 2015

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 constituents of the S&P/ASX200 Industrials Accumulation Index** (IAI) as at the grant date. 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 appropriate or of relevance to the Group, being dominated by a small number of companies including energy retailers; 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 considers 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 considers these hurdles focus the Executives on creating securityholder value.

6.2 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.

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6.3 Performance Based Remuneration

DIHL's performance based remuneration includes the STI plan and LTI plan (as further detailed in sections 6.3.1 and 6.3.2). 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 focused 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.

6.3.1 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 notice[1] 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 (50%) and qualitative (50%) performance objectives and key performance measures which as at the date of this report are as described in the table at section 6.1 (**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.

1 Termination with notice: employment may be terminated by giving 3 months' notice or payment in lieu of notice (see section 10).

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6.3.2 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 was 1 July 2015 subject to satisfaction and testing of the relevant LTI Performance Measures (as shown in Section 8.3). Subsequent LTI grants were made on 1 July 2013, 1 July 2014 and 1 July 2015 which will respectively vest (subject to the satisfaction of the relevant LTI Performance Measures) on 1 July 2016, 1 July 2017 and 1 July 2018 as shown in section 8.3. 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 6.1 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 6.1 (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 and FY2016 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 appropriate or of relevance to the Group, being dominated by a small number of companies including energy retailers (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 10).

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6.4 Summary Executive Remuneration Structure

Executive remuneration structure applicable per annum for FY2015 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	**832,000**	**66%**	**75%**	**141%**
Jason Conroy	CFO	**675,000**	**50%**	**42%**	**92%**

1 Including superannuation.

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 10, Executives do not receive any other post-employment benefits.

The increase of 4% to the fixed remuneration of the CEO for FY2015 is in line with the consumer price index (CPI) adjusted on an 18-month pro rata basis from 1 January 2013. This is the first adjustment since December 2012.

The increase of 8.2%, in addition to the 4% increase noted in the 2014 remuneration report, to the fixed remuneration of the CFO for FY2015 is the result of a detailed review of the CFO's remuneration based on an independent external benchmarking exercise against similar organisations including ASX 200 and peer group listed infrastructure entities. As a result of this review, the CFO's STI opportunity (% of Fixed Remuneration) increased from 42% to 50% in line with market practice. This is the first adjustment since December 2012.

7. 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 1 July 2015, a further appointment was made of Mr Simon Perrott with Mr John Roberts stepping down.

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 NED fee structures are considered by each Board and its Remuneration Committee utilising external market data across various ASX peer groups (e.g. 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.

7.1 NED fees

The annual NED fees payable 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.

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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 practice of a director sitting on each of DIHL, DUECo and DFL ceased in February 2015.

The DIHL and DUECo constitutions provide that directors are entitled to remuneration in aggregate not exceeding $650,000 p.a. 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.

7.2 NED securityholdings

As noted on page 8 of the Directors Report, all but one of the directors hold DUET securities as shown in section 9.

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.

8. Details of KMP Remuneration for year ended 30 June 2015

8.1 Statutory Remuneration of KMP

Non-executive directors

Name	DIHL		DUECo		DFL				
	Director Fees $	Super-annuation $	Director Fees $	Super-annuation $	Director Fees $	Super-annuation $	Other benefits[1] $	Total paid FY2015 $	Total paid FY2014 $
Doug Halley	111,858	9,392	111,858	9,392			9,000	251,500	241,042
Emma Stein	58,635	5,570	58,635	5,570				128,410	127,042
Shirley In't Veld	57,363	5,450	57,363	5,450				125,626	126,042
Jack Hamilton	53,653	5,097	53,653	5,097				117,500	12,590
Ron Finlay[2]	41,667	3,958	41,667	3,958	46,233	4,392		141,875	151,708
Eric Goodwin					125,570	12,450	5,480	143,500	136,209
Jane Harvey					95,890	9,110		105,000	102,917
Terri Benson					92,846	8,820		101,666	10,446
John Roberts[3]	53,342	5,328	53,342	5,328			5,480	122,820	114,584
Duncan Sutherland[4]	22,024	2,092	22,024	2,092				48,232	113,875
Michael Lee[5]					15,601	1,482		17,083	103,125
Total	435,429		435,429		412,394		19,960	1,303,212	1,239,580

1 Other benefits relate to payments for services on board committees for special projects.
2 Resigned from DFL effective 20 February 2015.
3 Resigned effective 30 June 2015.
4 Resigned effective 20 November 2014.
5 Resigned effective 1 September 2014.

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Executives

	Salary and fees $	STI awarded $	LTI[1] $	Non-monetary[2] $	Super-annuation $	Other payments[3] $	Total $
David Bartholomew							
2015	**807,884**	**494,208**	**410,879**	**6,162**	**18,783**	**554,667**	**2,292,583**
2014	775,535	461,500	238,194	5,667	24,465	–	1,505,361
Jason Conroy							
2015	**655,165**	**310,500**	**172,567**	**2,524**	**19,835**	**450,000**	**1,610,591**
2014	582,225	225,300	100,042	2,339	17,775	–	927,681

1 LTI represents accrued expenses amortised over the vesting period of the relevant grant. The expense is based on the actual amount vested on 1 July 2015 (for the December 2012 LTI award, being $284,717 for the CEO and $119,579 for the CFO based on a vesting outcome of 59%) and the likelihood of the 2013 and 2014 LTI awards meeting the performance conditions and vesting on 1 July 2016 and 2017 respectively, currently assumed to be approximately 60% (60% assumption in FY2014).

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

3 Other payments include accrued amounts up to 30 June 2015 for each Executive in relation to consideration for post employment restraints as outlined in section 10.

The FY2015 STI awards for the CEO and CFO (the 'Executives') were, on average, at 91% of possible awards. This result was due to DUET either meeting or exceeding its key financial targets and in delivering a number of planned and unplanned projects and initiatives which included:

- Met or exceeded each of DUET's three key FY15 financial targets (EBITDA less interest, cash cover of distributions and HQ opex);
- Recontracted most of DBP's full-haul standard shipper contracts at tariffs materially above the expected regulated outcome, extending contracted volume terms to 2033-35;
- Raised $397 million of equity at a tight discount to pre-fund growth capex at United Energy and Multinet, suspend the dividend and distribution reinvestment plan (DRP) for at least 3 years and recapitalise DBP;
- Restored DBP's 'BBB-, stable outlook' credit rating with Standard and Poor's;
- Refinanced $865 million of term debt across DBP, Multinet and United Energy on attractive, market-competitive terms;
- Recapitalised United Energy with $125 million of equity (DUET share: $82.5 million) providing headroom in United Energy's balance sheet to fund its growing regulated asset base;
- Completed construction of two accretive gas transmission pipeline development projects at DDG;
- Renegotiated the scope and price of United Energy's outsourced service contracts, improving efficiency;
- Progressed to the short list for the Northern Territory pipeline development project; and
- Completed due diligence on the proposed acquisition of Energy Developments which was subsequently announced along with an underwritten $1.67 billion equity raising on 20 July 2015.

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.

8.2 Actual Remuneration received by Group Executives

Actual remuneration (refer footnote 1 on page 14) is provided in addition to the statutory reporting of remuneration (refer section 8.1 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[4] $	Total $
David Bartholomew							
2015	**807,884**	**347,050**	**6,162**	**18,783**	**–**	**–**	**1,179,879**
2014	775,535	–	5,667	24,465	–	–	805,667
Jason Conroy							
2015	**655,165**	**181,710**	**2,524**	**19,835**	**–**	**–**	**859,234**
2014	582,225	–	2,339	17,775	–	–	602,339

1 FY2015 STI will be paid in FY2016.

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

3 Other payments relating to post employment restraints as outlined in section 10 will most likely be paid in FY2016.

4 The December 2012 LTI award, being $284,717 for the CEO and $119,579 for the CFO based on a vesting outcome of 59%, vested on 1 July 2015 and will be paid in FY2016.

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8.3 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)	STI forfeited (% of opportunity)
David Bartholomew					
2015	**494,208**	**247,104**	**247,104**	**90.0%**	**-10.0%**
2014	461,500	347,050	114,450	87.4%	-12.6%
Jason Conroy					
2015	**310,500**	**186,300**	**124,200**	**92.0%**	**-8.0%**
2014	225,300	181,710	43,590	89.4%	-10.6%

1 FY2015 STI will be paid in FY2016.

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 2015**	**247,104[3]**	**29 August 2016 & 2017**
	30 June 2014	114,450	29 August 2016/17/18
	30 June 2013	68,400	23 August 2015/16/17
Jason Conroy	**30 June 2015**	**124,200[3]**	**29 August 2016 & 2017**
	30 June 2014	43,590	29 August 2016/17/18
	30 June 2013	20,100	23 August 2015/16/17

1 FY2015 STI will be paid in FY2016.

2 All in equal proportions. 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.

3 The actual cash deferred amount paid at vesting may be higher or lower than the cash amounts listed above depending on the VWAP at the vesting date and the amount of DUET distributions notionally reinvested over the vesting period (See section 6 for further details).

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[1] $	Notional reference securities[2] (No)	Opening VWAP $	Vesting date[3]
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	245,867	2.44034	1 July 2017
	1 July 2015	**624,000**	(See note 4)	(See note 4)	**1 July 2018**
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	116,172	2.44034	1 July 2017
	1 July 2015	**283,500**	(See note 4)	(See note 4)	**1 July 2018**

1 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. The maximum of any cash amount paid will be determined based on the DUET security price at the vesting date.

2 The notional reference securities do not include any distributions notionally reinvested to 30 June 2015.

3 If the employment of the Executive is terminated without notice or the Executive resigns, all unvested LTIs will be forfeited. The December 2012 LTI award, being $284,717 for the CEO and $119,579 for the CFO based on a vesting outcome of 59%, vested on 1 July 2015 and will be paid in FY2016.

4 The VWAP will be determined post the announcement of the FY2015 DUET Group results in accordance with the LTI terms.

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9. Securityholdings of Key Management Personnel

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

Name	Balance at 1 July 2014	Granted during the year as compensation	Received during the year via exercise of option/right	Other changes during the year	**Balance at 30 June 2015**	Acquired after 30 June 2015[4]	**Balance at 20 August 2015**
Non-executive directors							
Emma Stein	36,130	–	–	5,518	**41,648**	14,430	**56,078**
Douglas Halley	143,900	–	–	–	**143,900**	47,369	**191,269**
Ron Finlay	37,208	–	–	4,651	**41,859**	15,560	**57,419**
Eric Goodwin	66,583	–	–	11,029	**77,612**	57,704	**135,316**
Shirley In't Veld	–	–	–	–	**–**	–	**–**
Jane Harvey	–	–	–	–	**–**	23,000	**23,000**
Jack Hamilton	–	–	–	16,030	**16,030**	34,918	**50,948**
Terri Benson	–	–	–	2,050	**2,050**	4,635	**6,685**
Simon Perrott	–	–	–	–	**–**	50,000	**50,000**
John Roberts[1]	5,422,901	–	–	(4,939,518)	**483,383**	n/a	**n/a**
Duncan Sutherland[2]	186,019	–	–	(186,019)	**–**	n/a	**n/a**
The Hon Michael Lee[3]	19,694	–	–	(19,694)	**–**	n/a	**n/a**
Executives							
David Bartholomew	91,750	–	–	8,250	**100,000**	37,174	**137,174**
Jason Conroy	–	–	–	–	**–**	–	**–**

1 Resigned effective 30 June 2015.
2 Resigned effective 20 November 2014 - balance reduced to nil at 30 June 2015.
3 Resigned effective 1 September 2014 - balance reduced to nil at 30 June 2015.
4 Additional securities acquired in August 2015 when trading window opened (either on-market or as part of the entitlement offer).

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10. 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.

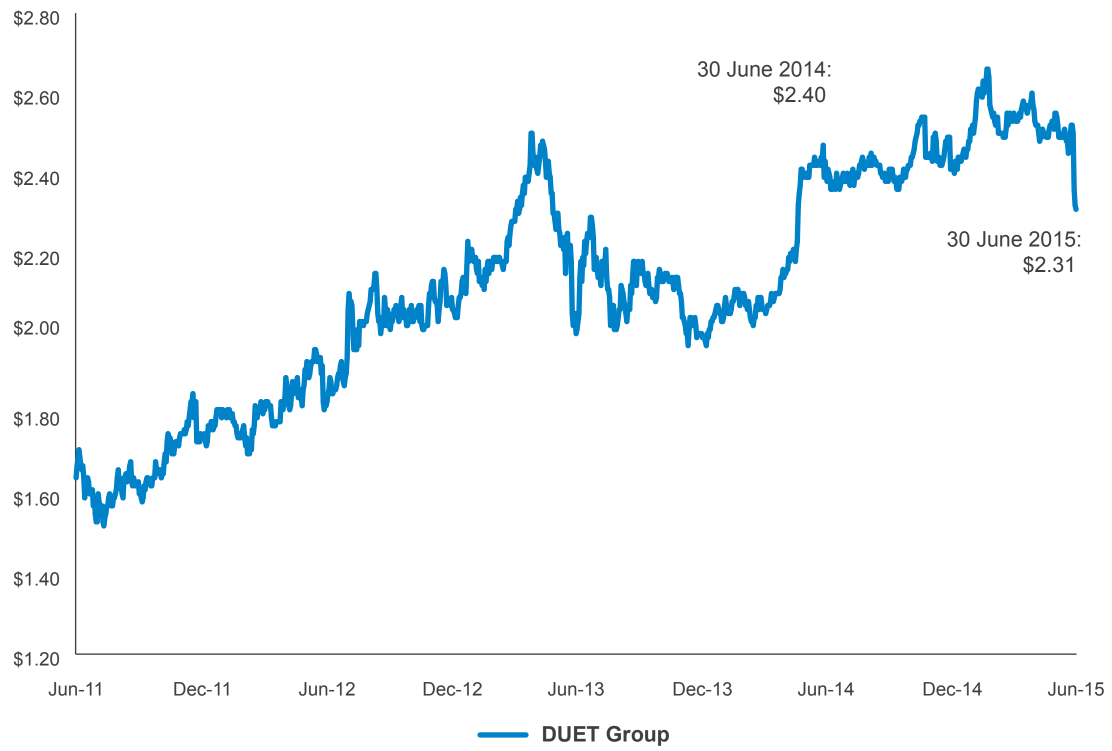
In addition to the above, where considered appropriate, on termination of Executives the Board is also entitled at its absolute discretion subject to the *Corporations Act 2001* to make further ex-gratia payments to Executives.

Directors' Reports: DUET Group (DUECo, DIHL and DFL) Remuneration Report (audited)
for year ended 30 June 2015

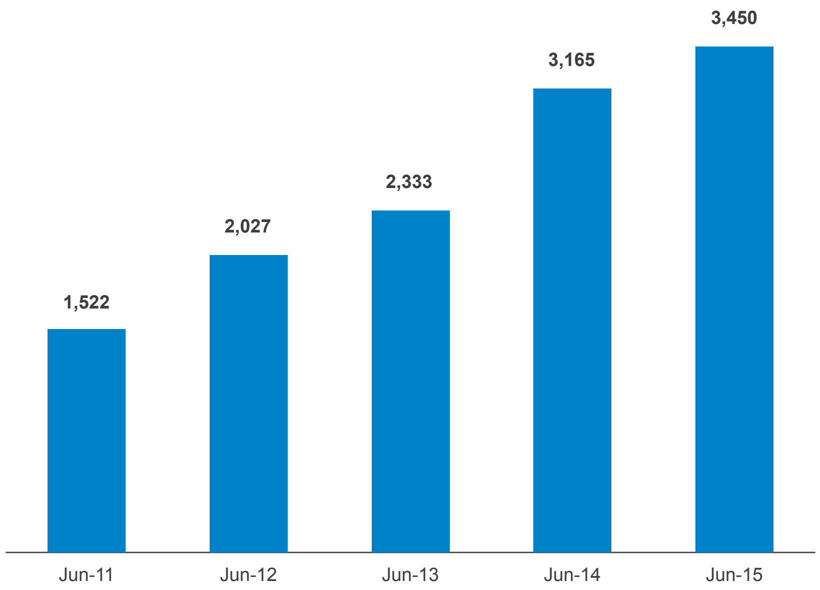
11. History of DUET Group performance

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

Security Price ($)



Market Capitalisation ($m)



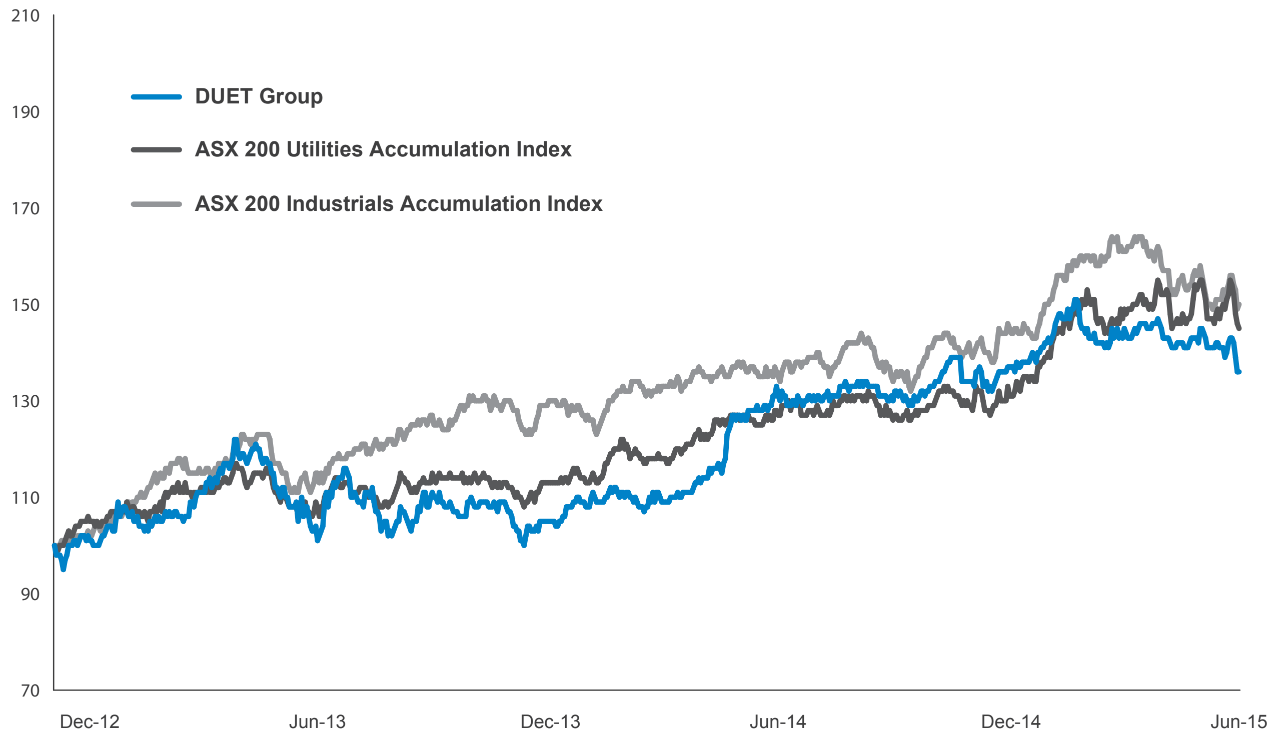
EBITDA ($m)	764	731	800	798	759
Distributions Paid (cpss)	20.0	16.0	16.5	17.0	17.5

Note that EBITDA as reported in Appendix 4 of DUET's Management Information Report is EBITDAF (adding back Head Office project expenses), the measure for the calculation of Executive STI awards.

Directors' Reports: DUET Group (DUECo, DIHL and DFL) Remuneration Report (audited)

for year ended 30 June 2015

The graph below shows the relative performance for the period 4 December 2012 to 30 June 2015 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 6.1 and 6.3.2. The graph above is illustrative only and indicates how the DAI performed against the IAI and UAI benchmarks during the period to 30 June 2015.

Directors' Reports

for year ended 30 June 2015

Non-Audit Services

DUET may decide to employ the auditor, Ernst & Young, 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 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 was not subject to any environmental regulations. The operations of the underlying assets in which the Group has invested are subject to environmental regulations particular to the states in which they are located. The regulations and compliance are discussed below:

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 2013 to 30 June 2014.

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 is in compliance of all environmental regulations.

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 2013 to 30 June 2014.

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

Multinet Gas

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 is in compliance of all environmental regulations.

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 2013 to 30 June 2014.

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 2015 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 33.

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.

Directors' Reports

for year ended 30 June 2015

Share options for DUET Group

No options over the stapled securities of DUET Group existed at 30 June 2015 (2014: nil).

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

Douglas Halley
Director
DUET Company Limited
Sydney

20 August 2015

Ron Finlay
Director
DUET Company Limited
Sydney

20 August 2015

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

Eric Goodwin
Director
DUET Finance Limited
Sydney

20 August 2015

Jane Harvey
Director
DUET Finance Limited
Sydney

20 August 2015

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

Douglas Halley
Director
DUET Investment Holdings Limited
Sydney

20 August 2015

Ron Finlay
Director
DUET Investment Holdings Limited
Sydney

20 August 2015

Building a better working world

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Fax: +61 3 8650 7777
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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 2015, 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

Ernst & Young

Matthew A. Honey
Partner
20 August 2015

Financial Report: Income Statements

for year ended 30 June 2015

	Note	DUET Group 1 Jul 14 - 30 Jun 15 $'000	DUET Group 1 Jul 13 - 30 Jun 14 $'000
Revenue	2	**1,261,946**	1,241,220
Other income	2	**7,369**	10,196
Total revenue and other income	2	**1,269,315**	1,251,416
Expenses relating to internalisation and group structure simplification	2	**–**	(1,622)
Operating expenses	2	**(456,940)**	(418,280)
Depreciation and amortisation expense	2	**(276,509)**	(265,546)
Finance costs	2	**(421,556)**	(445,017)
Other expenses	2	**(49,378)**	(19,298)
Total expenses	2	**(1,204,383)**	(1,149,763)
Profit before income tax expense		**64,932**	101,653
Income tax (expense)/benefit	3	**(19,004)**	91,408
Profit for the year		**45,928**	193,061
Profit/(loss) is attributable to:			
DUECo shareholders		**(55,956)**	61,039
DFT unitholders and DIHL/DFL shareholders as non-controlling interests		**104,057**	129,446
Stapled securityholders		**48,101**	190,485
Other non-controlling interests		**(2,173)**	2,576
Basic earnings per stapled security	27	**3.39**	15.16
Diluted earnings per stapled security	27	**3.39**	15.16

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

Financial Report: Income Statements

for year ended 30 June 2015

	Note	DFT 1 Jul 14 - 30 Jun 15 $'000	DIHL Group 1 Jul 14 - 30 Jun 15 $'000	DFL 1 Jul 14 - 30 Jun 15 $'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
Revenue	2	**148,413**	**35,593**	**326**	132,633	19,698	101
Other income		**–**	**–**	**–**	–	–	–
Total revenue and other income	2	**148,413**	**35,593**	**326**	132,633	19,698	101
Share of net profit/(loss) of associates accounted for using the equity method		**(37,800)**	**5,683**	**–**	2,539	8,098	–
Expenses relating to internalisation and group structure simplification	2	**–**	**–**	**–**	(422)	(400)	(42)
Operating expenses	2	**–**	**(21,155)**	**–**	–	(10,167)	–
Depreciation and amortisation expense	2	**–**	**(2,849)**	**–**	–	(343)	–
Finance costs	2	**(1)**	**(9,253)**	**–**	(1,174)	(6,223)	–
Other expenses	2	**(7,239)**	**(5,834)**	**(259)**	(6,202)	(7,922)	(153)
Total expenses	2	**(7,240)**	**(39,091)**	**(259)**	(7,798)	(25,055)	(195)
Profit/(loss) before income tax expense		**103,373**	**2,185**	**67**	127,374	2,741	(94)
Income tax (expense)/benefit	3	**–**	**(1,568)**	**–**	–	(346)	(229)
Profit/(loss) for the year		**103,373**	**617**	**67**	127,374	2,395	(323)
Profit/(loss) is attributable to:							
DUECo shareholders		**–**	**–**	**–**	–	–	–
DFT unitholders and DIHL/DFL shareholders as non-controlling interests		**103,373**	**617**	**67**	127,374	2,395	(323)
Stapled securityholders		**103,373**	**617**	**67**	127,374	2,395	(323)
Other non-controlling interests		**–**	**–**	**–**	–	–	–
Basic earnings per share/unit	27	**7.29**	**0.04**	**0.00**	10.14	0.19	(0.03)
Diluted earnings per share/unit	27	**7.29**	**0.04**	**0.00**	10.14	0.19	(0.03)

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

Financial Report: Statements of Comprehensive Income

for year ended 30 June 2015

	DUET Group 1 Jul 14 – 30 Jun 15 $'000	DUET Group 1 Jul 13 – 30 Jun 14 $'000
Profit after income tax expense for the year	**45,928**	193,061
Other comprehensive income/(expense)		
Items that may be reclassified subsequently to profit or loss		
Changes in fair value of cashflow hedges, net of tax:		
– (Loss)/gain taken to equity	**(138,600)**	33,617
– Transferred to Income Statement	**149,565**	583
Items that will never be reclassified to profit or loss		
Movement in defined benefit reserve, net of tax	**3,532**	428
Total comprehensive income/(expense) for the year	**60,425**	227,689
Total comprehensive income/(expense) for the year is attributable to:		
DUECo shareholders	**(51,430)**	83,853
DFT unitholders and DIHL/DFL shareholders as non-controlling interests	**102,760**	133,807
Stapled securityholders	**51,330**	217,660
Other non-controlling interests	**9,095**	10,029
Total comprehensive income/(expense) for the year	**60,425**	227,689

	DFT 1 Jul 14 – 30 Jun 15 $'000	**DIHL Group 1 Jul 14 – 30 Jun 15 $'000**	**DFL 1 Jul 14 – 30 Jun 15 $'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
Profit/(loss) after income tax expense for the year	**103,373**	**617**	**67**	127,374	2,395	(323)
Other comprehensive income/(expense)						
Items that may be reclassified subsequently to profit or loss						
Changes in share of associates other reserves, net of tax	–	**(1,297)**	**–**	(2,150)	6,505	–
Total comprehensive income/(expense) for the year	**103,373**	**(680)**	**67**	125,224	8,900	(323)
Total comprehensive income/(expense) for the year is attributable to:						
DUECo shareholders	**–**	–	**–**	–	–	–
DFT unitholders and DIHL/DFL shareholders	**103,373**	**(680)**	**67**	125,224	8,900	(323)
Stapled securityholders	**103,373**	**(680)**	**67**	125,224	8,900	(323)
Other non-controlling interests	**–**	–	**–**	–	–	–
Total comprehensive income/(expense) for the year	**103,373**	**(680)**	**67**	125,224	8,900	(323)

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

Financial Report: Balance Sheets

for year ended 30 June 2015

	Note	**DUET Group 30 Jun 15 $'000**	DUET Group 30 Jun 14 $'000
Current assets			
Cash and cash equivalents	6	**320,657**	423,434
Term deposits		**55,520**	85,000
Receivables	7	**63,516**	42,745
Inventories	8	**23,764**	22,946
Other assets	9	**109,937**	108,981
Derivative financial instruments	10	**24,309**	2,895
Total current assets		**597,703**	686,001
Non-current assets			
Receivables	7	**20,053**	20,559
Property, plant and equipment	12	**6,002,956**	5,784,571
Deferred tax assets	13	**298,316**	264,755
Intangible assets	14	**2,033,899**	2,067,797
Other assets	9	**–**	7,131
Derivative financial instruments	10	**112,896**	15,433
Total non-current assets		**8,468,120**	8,160,246
Total assets		**9,065,823**	8,846,247
Current liabilities			
Distribution payable	15	**130,697**	112,014
Payables	16	**186,951**	241,546
Interest bearing liabilities	17	**1,090,303**	648,460
Provisions	18	**30,729**	25,698
Derivative financial instruments	10	**96,321**	109,733
Other liabilities	19	**47,590**	39,556
Total current liabilities		**1,582,591**	1,177,007
Non-current liabilities			
Interest bearing liabilities	17	**4,640,484**	5,019,202
Deferred tax liabilities	20	**666,787**	610,758
Derivative financial instruments	10	**126,638**	166,457
Provisions	18	**32,845**	44,289
Retirement benefit obligations	21	**253**	2,449
Other liabilities	19	**20,640**	21,058
Total non-current liabilities		**5,487,647**	5,864,213
Total liabilities		**7,070,238**	7,041,220
Net assets		**1,995,585**	1,805,027
Equity			
Equity attributable to DUECo shareholders			
Contributed equity	22	**929,532**	793,109
Reserves	24	**(294,870)**	(293,783)
Retained profits/accumulated (losses)	25	**(440,892)**	(255,093)
Shareholders interest		**193,770**	244,233
Equity attributable to DFT, DIHL, and DFL securityholders (as non-controlling interest)			
Contributed equity	22	**2,131,944**	1,857,492
Reserves	24	**(336,968)**	(307,492)
Retained profits/accumulated (losses)	25	**(159,972)**	(160,655)
DFT, DIHL and DFL securityholders interest		**1,635,004**	1,389,345
Other non-controlling interest	23	**166,811**	171,449
Total equity		**1,995,585**	1,805,027

Financial Report: Balance Sheets

for year ended 30 June 2015

	Note	DFT 30 Jun 15 $'000	DIHL Group 30 Jun 15 $'000	DFL 30 Jun 15 $'000	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000
Current assets							
Cash and cash equivalents	6	**654**	**8,217**	**2,604**	77,010	145,422	5,671
Term deposits		**–**	**–**	**4,071**	–	15,000	–
Receivables	7	**1,428**	**14,517**	**3**	1,423	2,303	–
Other assets	9	**–**	**4,914**	**262**	–	2,990	282
Total current assets		**2,082**	**27,648**	**6,940**	78,433	165,715	5,953
Non-current assets							
Receivables	7	**1,492,842**	**–**	**–**	1,257,108	238	–
Investment in associated entities	11	**–**	**163,044**	**–**	–	145,779	–
Property, plant and equipment	12	**–**	**227,000**	**–**	–	82,215	–
Deferred tax assets	13	**–**	**–**	**–**	–	582	–
Other assets	9	**–**	**–**	**–**	–	152	–
Total non-current assets		**1,492,842**	**390,044**	**–**	1,257,108	228,966	–
Total assets		**1,494,924**	**417,692**	**6,940**	1,335,541	394,681	5,953
Current liabilities							
Distribution payable	15	**65,853**	**–**	**–**	99,214	3,400	–
Payables	16	**10,223**	**12,345**	**34**	2,359	24,724	3
Interest bearing liabilities	17	**–**	**8,500**	**–**	–	94,737	18
Other liabilities	19	**–**	**3,742**	**–**	–	76	–
Provisions	18	**–**	**629**	**–**	–	532	–
Total current liabilities		**76,076**	**25,216**	**34**	101,573	123,469	21
Non-current liabilities							
Interest bearing liabilities	17	**–**	**180,121**	**–**	–	117,655	–
Provisions	18	**–**	**1,251**	**–**	–	3,248	–
Deferred tax liabilities	20	**–**	**1,854**	**–**	–	867	–
Total non-current liabilities		**–**	**183,226**	**–**	–	121,770	–
Total liabilities		**76,076**	**208,442**	**34**	101,573	245,239	21
Net assets		**1,418,848**	**209,250**	**6,906**	1,233,968	149,442	5,932
Equity							
Equity attributable to DUECo shareholders							
Contributed equity	22	**–**	**–**	**–**	–	–	–
Reserves	24	**–**	**–**	**–**	–	–	–
Retained profits/accumulated (losses)	25	**–**	**–**	**–**	–	–	–
Shareholders interest		**–**	**–**	**–**	–	–	–
Equity attributable to DFT, DIHL and DFL securityholders							
Contributed equity	22	**1,778,900**	**345,983**	**7,061**	1,565,843	285,495	6,154
Reserves	24	**(360,052)**	**23,084**	**–**	(331,875)	24,381	–
Retained profits/accumulated (losses)	25	**–**	**(159,817)**	**(155)**	–	(160,434)	(222)
DFT, DIHL and DFL securityholders interest		**1,418,848**	**209,250**	**6,906**	1,233,968	149,442	5,932
Other non-controlling interest	23	**–**	**–**	**–**	–	–	–
Total equity		**1,418,848**	**209,250**	**6,906**	1,233,968	149,442	5,932

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

Financial Report: Statements of Changes in Equity

for year ended 30 June 2015

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
	Attributable to DUECo Unitholders								
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	–	(13,820)	–	19,510	4,361	7,453	31,324
Total comprehensive income for the year	–	33,330	–	(13,820)	61,039	80,549	133,807	10,029	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
Gain/(loss) on dilution of minority interest	–	–	–	3,304	–	3,304	–	(3,304)	–
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
Profit for the year	**–**	**–**	**–**	**–**	**(55,956)**	**(55,956)**	**104,057**	**(2,173)**	**45,928**
Other comprehensive income/(expense) for the year	**–**	**1,594**	**–**	**2,932**	**–**	**4,526**	**(1,297)**	**11,268**	**14,497**
Total comprehensive income for the year	**–**	**1,594**	**–**	**2,932**	**(55,956)**	**(51,430)**	**102,760**	**9,095**	**60,425**
Transactions with equity holders in their capacity as equity holders:									
Contributions of equity, net of transaction costs and deferred tax	**136,423**	**–**	**–**	**–**	**–**	**136,423**	**274,449**	**–**	**410,872**
Distribution paid and provided for to DUET equity holders	**–**	**–**	**–**	**–**	**(129,843)**	**(129,843)**	**(131,550)**	**–**	**(261,393)**
Dividends and distributions provided for or paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(38,275)**	**(38,275)**
Contributions of equity by non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**18,929**	**18,929**
Gain/(loss) on dilution of minority interest	**–**	**–**	**–**	**(5,613)**	**–**	**(5,613)**	**–**	**5,613**	**–**
Total equity at 30 June 2015	**929,532**	**(13,340)**	**(90,324)**	**(191,206)**	**(440,892)**	**193,770**	**1,635,004**	**166,811**	**1,995,585**

Financial Report: Statements of Changes in Equity

for year ended 30 June 2015

DFT	Contributed equity $'000	Hedging reserve $'000	Capital reserve $'000	Other Reserve $'000	Retained profits/ (accumulated losses) $'000	Total $'000
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
Profit/(loss) for the year	**–**	**–**	**–**	**–**	**103,373**	**103,373**
Other comprehensive income/(expense) for the year	**–**	**–**	**(28,177)**	**–**	**28,177**	**–**
Total comprehensive income for the year	**–**	**–**	**(28,177)**	**–**	**131,550**	**103,373**
Contributions of equity, net of transaction costs	**213,057**	**–**	**–**	**–**	**–**	**213,057**
Distribution paid and provided for to DFT equity holders	**–**	**–**	**–**	**–**	**(131,550)**	**(131,550)**
Total equity at 30 June 2015	**1,778,900**	**(17,774)**	**(378,025)**	**35,747**	**–**	**1,418,848**

DIHL Group	Contributed equity $'000	Hedging reserve $'000	Capital reserve $'000	Other Reserve $'000	Retained profits/ (accumulated losses) $'000	Total $'000
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
Profit/(loss) for the year	**–**	**–**	**–**	**–**	**617**	**617**
Other comprehensive income/(expense) for the year	**–**	**(1,297)**	**–**	**–**	**–**	**(1,297)**
Total comprehensive income/(loss) for the year	**–**	**(1,297)**	**–**	**–**	**617**	**(680)**
Contributions of equity, net of transaction costs	**60,488**	**–**	**–**	**–**	**–**	**60,488**
Total equity at 30 June 2015	**345,983**	**(17,006)**	**–**	**40,090**	**(159,817)**	**209,250**

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 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:						
Contributions of equity, net of transaction costs	668	–	–	–	–	668
Total equity at 30 June 2014	6,154	–	–	–	(222)	5,932
Profit/(loss) for the year	**–**	**–**	**–**	**–**	**67**	**67**
Other comprehensive income/(expense) for the year	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income/(loss) for the year	**–**	**–**	**–**	**–**	**67**	**67**
Transactions with equity holders in their capacity as equity holders:						
Contributions of equity, net of transaction costs	**907**	**–**	**–**	**–**	**–**	**907**
Total equity at 30 June 2015	**7,061**	**–**	**–**	**–**	**(155)**	**6,906**

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

Financial Report: Statements of Cash Flow

for year ended 30 June 2015

Statements of Cash Flow	Note	**DUET Group 1 Jul 14 – 30 Jun 15 $'000**	DUET Group 1 Jul 13 – 30 Jun 14 $'000
Cash flows (used in)/from operating activities			
Receipts from customers (including GST)		**1,337,834**	1,483,442
Payments to suppliers and employees (including GST)		**(574,528)**	(639,234)
Payments relating to Head Office projects (includes internalisation and group simplification)		**(3,249)**	(7,089)
Income tax paid		**(1,777)**	(501)
Other interest received		**11,055**	13,041
Indirect tax paid		**(14,628)**	(18,401)
Net cash flows from operating activities	28	**754,707**	831,258
Cash flows (used in)/from investing activities			
Payments for purchase of property, plant and equipment		**(465,864)**	(333,879)
Proceeds from/(payments for) term deposits (> 90 days)		**28,480**	(85,000)
Payments for purchase of intangibles		**(35,171)**	(44,809)
Proceeds from sale of property, plant and equipment, net of costs		**1,811**	3,824
Net cash flows used in investing activities		**(470,744)**	(459,864)
Cash flows (used in)/from financing activities			
Proceeds from issue of stapled securities, net of transaction costs		**409,562**	238,733
Proceeds from securities issued to non-controlling interests		**18,929**	9,563
Proceeds from borrowing from external parties		**1,355,718**	1,433,561
Repayment of borrowings from external parties		**(1,498,465)**	(1,417,500)
Finance costs paid		**(391,556)**	(437,276)
Dividends paid to non-controlling interest		**(38,276)**	(37,505)
Distributions paid to DUET securityholders		**(242,710)**	(139,667)
Net cash flow used in financing activities		**(386,798)**	(350,091)
Net (decrease)/increase in cash and cash equivalents held		**(102,835)**	21,303
Cash assets at the beginning of the period		**423,434**	402,181
Effects of exchange rate changes on cash and cash equivalents		**58**	(50)
Cash and cash equivalents at the end of the year		**320,657**	423,434

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

Financial Report: Statements of Cash Flow

for year ended 30 June 2015

	Note	**DFT 1 Jul 14 – 30 Jun 15 $'000**	**DIHL Group 1 Jul 14 – 30 Jun 15 $'000**	**DFL 1 Jul 14 – 30 Jun 15 $'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
Cash flows (used in)/from operating activities							
Receipts from customers (including GST)		**–**	**12,975**	**–**	39	8,160	–
Payments to suppliers and employees (including GST)		**(1,999)**	**(10,566)**	**(52)**	(2,457)	(17,015)	(130)
Payments relating to Head Office projects		**(20)**	**–**	**–**	(3,478)	(1,021)	(2)
Income tax paid		**–**	**–**	**–**	–	–	(286)
Interest received from associates		**69,673**	**23,119**	**–**	62,389	475	–
Interest received from related parties		**79,350**	**–**	**–**	65,154	–	–
Other interest received		**396**	**1,337**	**146**	876	784	101
Indirect tax net received		**421**	**–**	**4**	–	–	–
Net cash flows from/(used in) operating activities	28	**147,821**	**26,865**	**98**	122,523	(8,617)	(317)
Cash flows (used in)/from investing activities							
Payments for purchase of property, plant and equipment		**–**	**(160,414)**	**–**	–	(56,626)	–
Proceeds from/(payments for) short term deposits		**–**	**15,000**	**(4,071)**	–	–	–
Payments for purchase of investments		**–**	**–**	**–**	3,946	–	–
Return of capital from investments		**–**	**–**	**–**	–	22,971	–
Payments for purchase of other assets		**–**	**–**	**–**	–	(15,000)	–
Net cash flows (used in)/from investing activities		**–**	**(145,414)**	**(4,071)**	3,946	(48,655)	–
Cash flows (used in)/from financing activities							
Proceeds from issue of stapled securities, net of transaction costs		**(616)**	**10**	**855**	–	23,463	235
Proceeds from borrowings from related party		**–**	**17,000**	**–**	–	118,000	–
Repayment of borrowings from external parties		**–**	**8,500**	**–**	5,210	(6,602)	–
Loans to related parties		**(160,361)**	**–**	**–**	(11,878)	61,274	242
Loans from related parties		**–**	**(28,855)**	**51**	–	4,001	–
Finance costs paid		**–**	**(12,680)**	**–**	–	(6,455)	–
Distributions paid to DUET securityholders		**(63,200)**	**(2,692)**	**–**	(95,267)	(2,905)	–
Net cash flow (used in)/from financing activities		**(224,177)**	**(18,717)**	**906**	(101,935)	190,776	477
Net (decrease)/increase in cash and cash equivalents held		**(76,356)**	**(137,266)**	**(3,067)**	24,534	133,504	160
Cash assets at the beginning of the period		**77,010**	**145,422**	**5,671**	52,476	11,984	5,511
Effects of exchange rate changes on cash and cash equivalents		**–**	**61**	**–**	–	(66)	–
Cash and cash equivalents at the end of the year		**654**	**8,217**	**2,604**	77,010	145,422	5,671

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 2015

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 20 August 2015. 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 2015, the units of DFT and the ordinary shares in DUECo, DIHL and DFL were combined and issued as stapled securities in DUET Group. The individual securities cannot be traded separately.

As permitted by ASIC Class Order 06/441, this Financial Report consists of the consolidated Financial Statements of DUECo, DFT, DIHL and DFL and the entities they control, together acting as DUET Group.

(b) Consolidated accounts

The Group is required to prepare its consolidated Financial Statements in accordance with AASB 10 *Consolidated Financial Statements*. As required by the Standard, the financial results of DFT, DIHL and DFL are shown as non-controlling interests in the financial statements.

(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 2015, 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 also include outside interests in partly owned subsidiaries which are not held directly or indirectly by DUECo, DFT, DIHL or 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 2015 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 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

Notes to the Financial Statements

for year ended 30 June 2015

1 Summary of Significant Accounting Policies (continued)

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 2015 the DUET Group had a net current asset deficiency of $984.9 million which is primarily due to the following interest bearing term borrowings maturing in the next 12 months:

- MGH (US private placement) Series A of $65 million and Series B of $176 million;
- MGH bank loan of $5 million;
- UED (US private placement) of $259 million;
- DBP notes of $565.5 million; and
- DBP working capital facility of $10 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 has obtained binding commitments totalling $575 million to cover 2015 maturing debt;
- MGH priced $230 million of 5 year notes on 5 June 2015 to partly refinance debt of US$200 million in April 2016; and
- UED priced US$200 million of US Private Placement notes ($279 million) in August 2015 to refinance $279 million of bonds maturing in April 2016.

DFT has a net current asset deficiency of $74.0 million which is primarily due to distributions payable of $65.9 million.

(g) Income tax

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the Income Statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or

Notes to the Financial Statements

for year ended 30 June 2015

1 Summary of Significant Accounting Policies (continued)

deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered as assessed by using the tax forecast model.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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

DUECo and DIHL (as head entities) 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.

Notes to the Financial Statements

for year ended 30 June 2015

1 Summary of Significant Accounting Policies (continued)

Other assets, including property, plant and equipment, 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

Investments in associates and joint operations

Associates

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.

Joint operations

The group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. Details of the joint operation are set out in note 11.

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-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.

Notes to the Financial Statements

for year ended 30 June 2015

1 Summary of Significant Accounting Policies (continued)

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.

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

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.

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 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.

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.

Notes to the Financial Statements

for year ended 30 June 2015

1 Summary of Significant Accounting Policies (continued)

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.

(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 applicable corporate bond rates 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 corporate bond rates, 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.

Discount rate for employee benefits

The approach to setting the discount rate as at 30 June 2015 has changed. In prior years, the discount rate was based on the yields on Commonwealth government bonds. At 30 June 2015, a corporate bond yield has been used.

Refer to Note 21 for further details.

(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

Notes to the Financial Statements

for year ended 30 June 2015

1 Summary of Significant Accounting Policies (continued)

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.

(w) Distributions and dividends

A provision is made by DUET Group, for the amount of any distribution payable under the Constitution or declared by DUET, on or before the end of the financial year but not distributed at the 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. The 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.

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.

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.

Notes to the Financial Statements

for year ended 30 June 2015

1 Summary of Significant Accounting Policies (continued)

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 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.

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) Earnings per stapled security

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.

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.

(aa) 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.

(bb) 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.

(cc) Standards and interpretations

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 applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2014:

Notes to the Financial Statements

for year ended 30 June 2015

1 Summary of Significant Accounting Policies (continued)

- AASB 2012-3 *Amendments to Australian Accounting Standards - Offsetting Financial Assets and Liabilities*
- AASB 2013-3 *Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets*
- AASB 2013-4 *Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting*
- Interpretation 21 *Accounting for Levies*
- AASB 2014-1 *Amendments to Australian Accounting Standards*

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

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 2015 or later periods but which have not yet been adopted. The significant changes and an assessment of the impact of these are as follows. Other new standards, amendments and interpretations to existing standards are not expected to have a significant impact on the financial statements or performance of the Group.

AASB 9 Financial Instruments

AASB 9 *Financial Instruments* is applicable to annual reporting periods for the Group beginning on or after 1 July 2018. However, the Group has decided to early adopt the standard effective from 1 July 2015.

AASB 9 introduces new classification and measurement models for financial instruments. Held to Maturity (HTM) and Available for Sale (AFS) asset categories will be removed. For financial instruments, there are only two models, amortised cost and fair value. To be classified and measured at amortised cost, the instruments must satisfy the business model test and have contractual cash flow characteristics. All other instruments are to be classified and measured at fair value. A new asset category measured as Fair Value through Other Comprehensive Income (FVOCI) is introduced. 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.

There is no immediate impact on the financial performance of the Group; however, the new impairment model is an expected credit loss model, which may result in the earlier recognition of credit losses.

It is expected that the implementation of AASB 9 will reduce volatility in the financial results, therefore enhancing reliability of the result, as more derivatives will qualify for hedge accounting than under the current standard. There will be enhanced disclosure requirements following adoption of the standard.

AASB 15 Revenue from Contracts with Customers

The International Accounting Standards Board (IASB) in its July 2015 meeting decided to confirm its proposal to defer the effective date of IFRS 15 (the international equivalent of AASB 15) from 1 January 2017 to 1 January 2018. The amendment to give effect to the new effective date for IFRS 15 is expected to be issued in September 2015. At this time, it is expected that the AASB will make a corresponding amendment to AASB 15, which will mean that the application date of this standard for DUET Group will move from 1 July 2017 to 1 July 2018. It replaces AASB 111 *Construction Contracts*, AASB 118 *Revenue*, and related Interpretations. The Group is currently evaluating the impact of the new standard.

(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 2015

2 Profit for the Year

	DUET Group 1 Jul 14 – 30 Jun 15 $'000	DUET Group 1 Jul 13 – 30 Jun 14 $'000
(i) Revenue		
Sales revenue		
Distribution revenue	**691,625**	647,868
Metering revenue	**91,928**	86,968
Transportation revenue	**394,130**	415,949
New connections revenue	**2,156**	2,318
Other sales revenue	**33,293**	21,829
	1,213,132	1,174,932
Other revenue		
Interest revenue	**9,275**	10,259
Customer contributions	**27,976**	25,026
Miscellaneous revenue	**11,563**	31,003
	48,814	66,288
Total revenue	**1,261,946**	1,241,220
(ii) Other income		
Fair value gain on derivative contracts and loans	**7,184**	10,130
Gain on disposal of property, plant and equipment	**76**	–
Net foreign exchange gains	**109**	66
Total other income	**7,369**	10,196
Total revenue and other income	**1,269,315**	1,251,416
(iii) Expenses		
Expenses relating to internalisation and group simplification project	**–**	1,622
Operating expenses		
Operating fees	**241,829**	233,655
Other operating expenses	**215,111**	184,625
	456,940	418,280
Depreciation and amortisation expense		
Depreciation of property, plant and equipment	**207,854**	201,502
Amortisation of intangible assets	**68,655**	64,044
	276,509	265,546
Finance costs		
Amortisation of borrowing costs	**14,214**	19,310
Financing costs	**6,024**	5,614
Interest expense	**401,318**	420,093
	421,556	445,017
Other expenses		
Loss on disposal of property, plant and equipment	**8,628**	4,600
Foreign exchange losses	**6**	1,416
Fair value loss on derivative contracts and loans	**28,400**	2,829
Other	**12,344**	10,453
	49,378	19,298
Total expenses	**1,204,383**	1,149,763

Notes to the Financial Statements

for year ended 30 June 2015

2 Profit for the Year (continued)

	DFT 1 Jul 14 – 30 Jun 15 $'000	DIHL Group 1 Jul 14 – 30 Jun 15 $'000	DFL 1 Jul 14 – 30 Jun 15 $'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
(i) Revenue						
Sales revenue						
Transportation revenue	–	13,027	–	–	652	–
	–	13,027	–	–	652	–
Revenue from investments						
Interest revenue	147,498	–	–	131,645	–	–
	147,498	–	–	131,645	–	–
(ii) Other revenue						
Interest revenue	915	436	146	983	765	101
Resource fee revenue	–	11,134	–	–	7,026	–
Trustee fee revenue	–	–	180	–	–	–
Miscellaneous revenue	–	10,996	–	5	11,255	–
	915	22,566	326	988	19,046	101
Total revenue	148,413	35,593	326	132,633	19,698	101
(iii) Expenses						
Expenses relating to internalisation and group simplification project	–	–	–	422	400	42
Operating expenses						
Operating fees	–	11,417	–	–	7,452	–
Other operating expenses	–	9,738	–	–	2,715	–
	–	21,155	–	–	10,167	–
Depreciation and amortisation expense						
Depreciation of property, plant and equipment	–	2,849	–	–	343	–
	–	2,849	–	–	343	–
Finance costs						
Financing costs	–	150	–	–	231	–
Interest expense	1	9,103	–	1,174	5,992	–
	1	9,253	–	1,174	6,223	–
Other expenses						
Net foreign exchange losses	–	6	–	–	65	–
Resources fees paid	6,405	–	30	4,332	–	18
Trustee fees paid	188	–	–	–	–	–
Other	646	5,828	229	1,870	7,857	135
	7,239	5,834	259	6,202	7,922	153
Total expenses	7,240	39,091	259	7,798	25,055	195

Notes to the Financial Statements

for year ended 30 June 2015

3 Income Tax

	DUET Group 1 Jul 14 – 30 Jun 15 $'000	DUET Group 1 Jul 13 – 30 Jun 14 $'000
a) Tax reconciliation		
Profit before income tax expense	**64,932**	101,653
Tax expense at 30%	**19,480**	30,496
Unused tax losses and offsets not recognised as DTA	**17,156**	21,248
Over provision from prior year	**(839)**	(309)
Tax effect of operating results of Australian Trusts	**(6,517)**	(34,288)
Non deductible expenses	**720**	789
Tax losses not previously recognised, recouped during the year	**(11,873)**	(2,291)
Deferred tax restatement pursuant to DUET Simplification	**–**	(107,496)
Sundry items	**877**	443
Total income tax expense/(credit)	**19,004**	(91,408)
b) Income tax expense/(credit)		
Income tax expense comprises:		
– Current tax	**2,328**	(5,830)
– Deferred tax	**17,315**	(85,467)
– (Over)/under provision from prior year	**(639)**	271
– Contribution to head company's tax position	**–**	(382)
Total income tax expense/(credit)	**19,004**	(91,408)
Income tax expenses attributable to:		
– Profit from continuing operations	**19,004**	(91,408)
Aggregate income tax expense	**19,004**	(91,408)
Deferred income tax (revenue) expense included in income tax expense comprises:		
– Decrease/(increase) in deferred tax assets	**(41,498)**	(120,403)
– Decrease/(increase) in deferred tax liabilities	**58,813**	34,936
	17,315	(85,467)
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	**(5,153)**	(16,730)
	(5,153)	(16,730)
d) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	**801,429**	775,771
Potential tax benefit @ 30%	**240,429**	232,731

Notes to the Financial Statements

for year ended 30 June 2015

3 Income Tax (continued)

	DFT 1 Jul 14 – 30 Jun 15 $'000	DIHL Group 1 Jul 14 – 30 Jun 15 $'000	DFL 1 Jul 14 – 30 Jun 15 $'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
a) Tax reconciliation						
Profit/(loss) before income tax expense	**103,373**	**2,185**	**67**	125,796	2,743	(94)
Tax expense/(benefit) at 30%	**31,012**	**656**	**20**	37,739	823	(28)
Share of net profit of associates	**11,340**	**1,705**	**–**	762	2,430	–
Unused tax losses and offsets not recognised as DTA	**–**	**(792)**	**–**	–	–	–
Tax effect of operating results of Australian Trusts	**(42,352)**	**–**	**–**	(38,501)	–	–
Tax losses not previously recognised, recouped during the year	**–**	**–**	**–**	–	(2,920)	–
Non deductible expenses	**–**	**(1)**	**–**	–	2	–
Sundry items	**–**	**–**	**(20)**	–	11	257
Total income tax expense/(credit)	**–**	**1,568**	**–**	–	346	229
b) Income tax expense/(credit)						
Income tax expense comprises:						
– Current tax	**–**	**–**	**–**	–	15	–
– Deferred tax	**–**	**1,568**	**–**	–	913	(43)
– Under provision from prior year	**–**	**–**	**–**	–	–	272
– Contribution to head company's tax position	**–**	**–**	**–**	–	(582)	–
Total income tax expense/(credit)	**–**	**1,568**	**–**	–	346	229
Income tax expenses attributable to:						
– Profit from continuing operations	**–**	**1,568**	**–**	–	346	229
Aggregate income tax expense	**–**	**1,568**	**–**	–	346	229
Deferred income tax (revenue) expense included in income tax expense comprises:						
– Decrease/(increase) in deferred tax assets	**–**	**582**	**–**	–	46	7
– Increase/(decrease) in deferred tax liabilities	**–**	**987**	**–**	–	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	**900**	**31,497**	**–**	–	38,845	–
Potential tax benefit @ 30%	**270**	**9,449**	**–**	–	11,654	–

Notes to the Financial Statements

for year ended 30 June 2015

4 Remuneration of Auditors

	DUET Group 1 Jul 14 – 30 Jun 15 $	DUET Group 1 Jul 13 – 30 Jun 14 $
Accounts paid or payable to Ernst & Young for:		
An audit or review of the financial report of the entity and any other entity in the consolidated group	**922,000**	840,900
Regulatory audit services	**704,300**	546,600
Other assurance services*		
- Capital raising related assurance	**290,500**	37,500
- Other assurance	**143,930**	82,210
Total assurance services	**2,060,730**	1,507,210
Other services in relation to the entity and any other entity in the consolidated group		
- Taxation compliance	**244,810**	158,000
Total services	**2,305,540**	1,665,210

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

	DFT 1 Jul 14 – 30 Jun 15 $	DIHL Group 1 Jul 14 – 30 Jun 15 $	DFL 1 Jul 14 – 30 Jun 15 $	DFT 1 Jul 13 – 30 Jun 14 $	DIHL Group 1 Jul 13 – 30 Jun 14 $	DFL 1 Jul 13 – 30 Jun 14 $
Accounts paid or payable to Ernst & Young for:						
An audit or review of the financial report of the entity and any other entity in the consolidated group	**86,667**	**123,167**	**10,000**	76,133	103,633	10,000
Regulatory audit services	**–**	**–**	**–**	–	–	–
Other assurance services*	**–**	**–**	**–**	–	–	–
- Capital raising related assurance	**150,945**	**42,960**	**642**	19,485	5,546	83
- Other assurance	**–**	**–**	**–**	–	–	–
Total assurance services	**237,612**	**166,127**	**10,642**	95,618	109,179	10,083
Other services in relation to the entity and any other entity in the consolidated group						
- Taxation compliance	**20,000**	**45,000**	**4,000**	20,000	45,000	4,000
Total services	**257,612**	**211,127**	**14,642**	115,618	154,179	14,083

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

Notes to the Financial Statements

for year ended 30 June 2015

5 Distributions Paid and Proposed

	DUET Group 1 Jul 14 – 30 Jun 15 $'000	DUET Group 1 Jul 13 – 30 Jun 14 $'000
Interim distribution paid for the year ended 30 June	**130,696**	105,162
Final distribution proposed and subsequently paid for the year ended 30 June	**130,697**	112,014
	261,393	217,176

	Cents per stapled security	Cents per stapled security
Interim distribution paid for the year ended 30 June	**8.750**	8.500
Final distribution proposed and subsequently paid for the year ended 30 June	**8.750**	8.500

	DFT 1 Jul 14 – 30 Jun 15 $'000	DIHL Group 1 Jul 14 –30 Jun 15 $'000	DFL 1 Jul 14 – 30 Jun 15 $'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
Interim distribution paid for the year ended 30 June	**65,697**	**–**	**–**	94,932	3,630	–
Final distribution proposed and subsequently paid for the year ended 30 June	**65,853**	**–**	**–**	99,214	3,400	–
	131,550	**–**	**–**	194,146	7,030	–

	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	**4.398**	**–**	**–**	7.673	0.293	–
Final distribution proposed and subsequently paid for the year ended 30 June	**4.409**	**–**	**–**	7.529	0.258	–

6 Cash and Cash Equivalents

	DUET Group 30 Jun 15 $'000	DUET Group 30 Jun 14 $'000
Cash at bank	**141,128**	242,125
Short term deposits *	**179,529**	181,309
	320,657	423,434

	DFT 30 Jun 15 $'000	DIHL Group 30 Jun 15 $'000	DFL 30 Jun 15 $'000	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000
Cash at bank	**654**	**8,217**	**2,604**	10,490	95,515	5,671
Short term deposits *	**–**	**–**	**–**	66,520	49,907	–
	654	**8,217**	**2,604**	77,010	145,422	5,671

* Deposit terms are less than 90 days

Notes to the Financial Statements

for year ended 30 June 2015

7 Receivables

	DUET Group 30 Jun 15 $'000	DUET Group 30 Jun 14 $'000
Current		
Trade receivables	**59,917**	37,072
Provision for impairment of receivables	**(2,199)**	(2,349)
GST receivable	**44**	806
Interest receivable - other parties	**3,719**	5,445
Other debtors	**2,035**	1,771
	63,516	42,745
Non-current		
Other receivables	**20,053**	20,559
	20,053	20,559

Impairment Analysis

Trade Receivables

	DUET Group 30 Jun 15 $'000	DUET Group 30 Jun 14 $'000
Not yet due	**38,574**	17,980
Past due but not impaired	**21,343**	19,092
Provision for impairment loss	**(2,199)**	(2,349)
	57,718	34,723

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.

Provision for impairment of receivables

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

	DUET Group 30 Jun 15 $'000	DUET Group 30 Jun 14 $'000
Opening balance at 1 July	**2,349**	2,154
Additions to provision during the year	**28**	273
Receivables written off during the year	**(178)**	(78)
	2,199	2,349

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 10 for more information on the risk management policy of the Group Receivables.

	DFT 30 Jun 15 $'000	DIHL Group 30 Jun 15 $'000	DFL 30 Jun 15 $'000	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000
Current						
Trade receivables	**–**	**3,349**	**–**	–	1,497	–
GST receivable	**10**	**29**	**3**	–	806	–
Other receivables related parties	**1,418**	**11,086**	**–**	1,423	–	–
Other debtors	**–**	**53**	**–**	–	–	–
	1,428	**14,517**	**3**	1,423	2,303	–
Non-current						
Redeemable preference shares – associated entity	**427,699**	**–**	**–**	383,842	–	–
Shareholder loans – associated entities	**1,065,143**	**–**	**–**	560,355	238	–
Other receivables related parties	**–**	**–**	**–**	312,911	–	–
	1,492,842	**–**	**–**	1,257,108	238	–

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7 Receivables (continued)

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 15 $'000	DUET Group 30 Jun 14 $'000
Inventories	**26,140**	25,327
Less: Provision for obsolescence	**(2,376)**	(2,381)
	23,764	22,946

	DFT 30 Jun 15 $'000	DIHL Group 30 Jun 15 $'000	DFL 30 Jun 15 $'000	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000
Inventories	**–**	**–**	**–**	–	–	–
Less: Provision for obsolescence	**–**	**–**	**–**	–	–	–
	–	**–**	**–**	–	–	–

9 Other Assets

	DUET Group 30 Jun 15 $'000	DUET Group 30 Jun 14 $'000
Current		
Accrued revenue	**89,591**	88,787
Prepaid expenses	**16,444**	16,669
Other assets	**3,902**	3,525
	109,937	108,981
Non current		
Accrued revenue	**–**	6,979
Security deposit	**–**	152
	–	7,131

	DFT 30 Jun 15 $'000	DIHL Group 30 Jun 15 $'000	DFL 30 Jun 15 $'000	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000
Current						
Accrued revenue	**–**	**3,563**	**–**	–	1,585	–
Prepaid expenses	**–**	**210**	**262**	–	265	282
Other assets	**–**	**1,141**	**–**	–	1,140	–
	–	**4,914**	**262**	–	2,990	282
Non current						
Security deposit	**–**	**–**	**–**	–	152	–
	–	**–**	**–**	–	152	–

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for year ended 30 June 2015

10 Financial Risk Management and Fair Value Measurement

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group as at 30 June 2015:

	Loans and receivables $'000	Fair value profit or loss $'000	Fair value other comprehensive income $'000
Financial assets:			
Receivables	63,516	–	–
Derivative financial instruments			
– Interest rate currency swaps	–	5,710	–
– Cross currency swaps	–	–	18,599
Total current	63,516	5,710	18,599
Receivables	20,053	–	–
Derivative financial instruments			
– Interest rate currency swaps	–	8,159	–
– Cross currency swaps	–	–	104,737
Total non-current	20,053	8,159	104,737
Total	83,569	13,869	123,336
Financial liabilities			
Payables	186,951	–	–
Interest bearing liabilities	1,090,303	–	–
Derivative financial instruments			
– Interest rate currency swaps	–	9,544	55,140
– Cross currency swaps	–	–	11,873
– CPI index hedge contracts	–	–	19,764
Total current	1,277,254	9,544	86,777
Interest bearing liabilities	3,930,505	709,979	–
Derivative financial instruments			
– Interest rate currency swaps	–	12,070	114,568
Total non-current	3,930,505	722,049	114,568
Total	5,207,759	731,593	201,345

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for year ended 30 June 2015

10 Financial Risk Management and Fair Value Measurement (continued)

DUET Group's activities expose it to a variety of financial risks associated with its financial instruments. These risks, and the strategies used to mitigate them, are outlined below.

Risk	Source of risk	Risk mitigation and management
a. (i) Market risk – Foreign exchange	The Group operates predominantly within Australia and is exposed to foreign exchange risk arising from currency exposures to the USD on borrowings (United Energy and Multinet Gas).	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.
a. (ii) Market risk – Price	The Group is exposed to revenue price risk through United Energy, Multinet Gas and DBP. 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. 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	Multinet Gas and United Energy has fully hedged their price risk by entering into CPI swaps. The exposure to commodity price 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.
a. (iii) Market risk – Cash flow and fair value interest rate	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. 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.
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 maximum exposure to credit risk at balance date is the carrying amount net of any provision for impairment of each financial asset in the balance sheet.	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.
c. Liquidity risk	The risk that the Group does not maintain an adequate amount of committed credit facilities, the ability to close-out market positions and to refinance borrowings.	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.
d. Capital risk management	The Group manages its capital to ensure that entities in the Group are adequately supported in growth initiatives, and maximising the return to security holders.	The Group continuously monitors its capital structure. The Group is subject to bank covenants related to interest and gearing coverage ratios and AFSL requirements. During the period the Group was in compliance with all covenants it is subject to.

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.

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for year ended 30 June 2015

10 Financial Risk Management and Fair Value Measurement (continued)

(a) Market risk

(i) Foreign exchange risk

Sensitivity to foreign exchange movements

The carrying value of financial assets and financial liabilities per the tables below represent the net carrying value of the asset or liability as a result of a reasonable possible change in foreign exchange rates.

		Foreign Exchange Risk			
		10% appreciation of Australian dollar		**10% depreciation of Australian dollar**	
DUET Group as at 30 June 2015	**Carrying value $'000**	**P&L $'000**	**OCI $'000**	**P&L $'000**	**OCI $'000**
Financial Assets					
Cash and cash equivalents	**1,459**	**(172)**	**–**	**210**	**–**
	1,459	**(172)**	**–**	**210**	**–**
Financial Liabilities					
Loan	**(2,358,065)**	**96,624**	**–**	**(118,096)**	**–**
Derivatives	**111,462**	**(98,580)**	**(35,226)**	**120,635**	**52,993**
	(2,246,603)	**(1,956)**	**(35,226)**	**2,539**	**52,993**

		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	OCI $'000	P&L $'000	OCI $'000
Financial Assets					
Cash and cash equivalents	1,741	(205)	–	168	–
	1,741	(205)	–	168	–
Financial Liabilities					
Loan	(901,456)	77,301	–	(77,301)	–
Derivatives	70,250	(78,472)	(33,702)	78,248	12,383
	831,206	(1,171)	(33,702)	947	12,383

(ii) Price risk

CPI hedge contracts – cash flow hedges

The recognised fair value of CPI hedge contracts on the Balance Sheet at 30 June 2015 as a net liability was $19.8 million (2014: $46.1 million). In the year ended 30 June 2015, a debit of $28.4 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 $32.0 million is recognised in the Income Statement from the ineffective portion of the fair value hedge.

The notional principal amounts and periods of expiry of the CPI hedge contracts are as follows:

	30 Jun 15 $'000	**Weighted average fixed interest rates 2015**[(1)]	30 Jun 14 $'000	Weighted average fixed interest rates 2014[(1)]
Less than 1 year	**1,100,000**	**5.15%**	–	–
1 – 2 years	–	–	1,100,000	5.15%
2 – 3 years	–	–	–	–
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.

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 2015 a gain of $nil (2014: a gain of $14.4 million) was transferred to the Income Statement, in relation to those instruments not jointly designated.

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for year ended 30 June 2015

10 Financial Risk Management and Fair Value Measurement (continued)

Sensitivity to CPI price risk

The below tables display the balances for financial instruments that would be recognised in the Income Statement or directly in equity for a reasonable possible movement in CPI.

		Other price risk			
		0.5% adverse movements		0.5% positive movements	
DUET Group as at 30 June 2015	**Carrying value $'000**	**P&L $'000**	**Equity $'000**	**P&L $'000**	**Equity $'000**
Financial Assets					
Derivatives	–	–	–	–	–
	–	–	–	–	–
Financial Liabilities					
Derivatives	**(19,764)**	–	**(119)**	–	**(8)**
	(19,764)	–	**(119)**	–	**(8)**

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

As at 30 June 2015 and 30 June 2014 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 above represent the net carrying value of the asset or liability exposed to this specific risk.

iii) Cash flow and fair value interest rate risk

Interest rate swap contracts – cash flow hedges

Bank loans and guarantee notes of the Group currently bear an average variable interest rate of 3.7% (2014: 2.7%). 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% (2014: 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 2015 was $177.4 million (2014: net liability of $129.9 million), of which $12.7 million (2014: $62.6 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 15 $'000	**Weighted average fixed interest rates 2015**	30 Jun 14 $'000	Weighted average fixed interest rates 2014
Less than 1 year	**982,000**	**5.17%**	476,000	6.99%
1 – 2 years	**785,000**	**4.98%**	4,824,000	5.76%
2 – 3 years	**945,000**	**3.52%**	510,000	5.71%
3 – 4 years	**–**	**–**	680,000	3.30%
4 – 5 years	**–**	**–**	–	–
Over 5 years	**2,140,000**	**4.09%**	240,000	3.86%
	4,852,000	**4.44%**	6,730,000	5.12%

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 2015 a gain of $2.6 million (2014: a gain of $11.5 million) was transferred to profit or loss.

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10 Financial Risk Management and Fair Value Measurement (continued)

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 3.7% (2014: 2.7%).

The recognised fair value of interest rate swaps on the Balance Sheet as a net liability at 30 June 2015 was $13.9 million (2014: $11.7 million), of which $2.2 million (2014: $2.3 million) was recognised as a loss in the Income Statement.

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

	30 Jun 15 $'000	Weighted average fixed interest rates 2015	30 Jun 14 $'000	Weighted average fixed interest rates 2014
Less than 1 year	**660,000**	**4.49%**	50,000	7.02%
1 – 2 years	**200,000**	**6.25%**	400,000	6.66%
2 – 3 years	**165,000**	**5.29%**	–	–
3 – 4 years	**–**	**–**	–	–
4 – 5 years	**210,000**	**4.25%**	–	–
Over 5 years	**147,500**	**3.93%**	–	–
	1,382,500	**4.84%**	450,000	6.84%

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 USD and currently bear interest at an average fixed rate of 4.4% (2014: 4.7%). 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 2015 as a net asset was $111.5 million (2014: $70.3 million).

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

	30 Jun 15 $'000	Weighted average fixed interest rates 2015	30 Jun 14 $'000	Weighted average fixed interest rates 2014
Less than 1 year	**509,048**	**6.61%**	77,042	3.91%
1 – 2 years	**–**	**–**	509,048	5.00%
2 – 3 years	**401,717**	**5.51%**	–	–
3 – 4 years	**–**	**–**	401,717	5.01%
4 – 5 years	**–**	**–**	–	–
Over 5 years	**123,124**	**3.98%**	–	–
	1,033,889	**5.37%**	987,807	5.00%

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 2015 a gain of $135.0 million (2014: gain of $19.0 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 gain of $207.2 million (2014: loss of $2.4 million) was recorded in the income statement on the hedging instruments designated in a fair value relationship. A corresponding loss of $200.6 million (2014: loss of $8.7 million) was recorded in the Income Statement on the fair adjustment of the USD denominated interest bearing liabilities.

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10 Financial Risk Management and Fair Value Measurement (continued)

Sensitivity to interest rate risks

The carrying value of financial assets and financial liabilities per the tables below represent the net carrying value of the asset or liability as a result of a reasonable possible shift 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 2015	**Carrying value $'000**	**P&L $'000**	**Equity $'000**	**P&L $'000**	**Equity $'000**
Financial Assets					
Cash and cash equivalents*	**376,177**	**3,486**	**–**	**(3,486)**	**–**
Derivatives	**5,984**	**(2,451)**	**–**	**2,509**	**–**
	382,161	**1,035**	**–**	**(977)**	**–**
Financial Liabilities					
Interest bearing liabilities	**(1,146,098)**	**(2,289)**	**–**	**2,289**	**–**
Derivatives	**187,715**	**(87)**	**113,284**	**(18)**	**(119,489)**
	(958,383)	**2,376**	**113,284**	**(2,271)**	**(119,489)**

* Includes short term deposits

		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	(37,502)	(23,261)

		Interest Rate Risk			
		100 basis point increase in interest rate		100 basis point decrease in interest rate	
DFT as at 30 June 2015	**Carrying value $'000**	**P&L $'000**	**Equity $'000**	**P&L $'000**	**Equity $'000**
Financial Assets					
Cash and cash equivalents	**654**	**7**	–	**(7)**	–
Intercompany Loans	**1,495,085**	**14,951**	–	**(14,951)**	–
	1,495,739	**14,958**	–	**(14,958)**	–
Financial Liabilities					
Intercompany loans	–	–	–	–	–
	–	–	–	–	–

		Interest Rate Risk			
		100 basis point increase in interest rate		100 basis point decrease in interest rate	
DFT as at 30 June 2014	Carrying value $'000	P&L $'000	Equity $'000	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					
Intercompany loans	–	–	–	–	–
	–	–	–	–	–

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10 Financial Risk Management and Fair Value Measurement (continued)

DIHL Group as at 30 June 2015	**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	**8,217**	**15**	–	**(15)**	–
	8,217	**15**	–	**(15)**	–
Financial Liabilities					
Interest bearing liabilities	**(8,500)**	**(60)**	–	**60**	–
Intercompany loans	**(180,371)**	**(454)**	–	**454**	–
	(188,871)	**(514)**	–	**514**	–

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					
Intercompany loans	(118,000)	–	–	–	–
	(118,000)	–	–	–	–

DFL as at 30 June 2015	**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	**6,675**	**67**	–	**(67)**	–
	6,675	**67**	–	**(67)**	–
Financial Liabilities					
Intercompany loans	–	–	–	–	–
	–	–	–	–	–

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					
Intercompany loans	–	–	–	–	–
	–	–	–	–	–

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10 Financial Risk Management and Fair Value Measurement (continued)

(b) Credit risk

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 (Governments and Corporates). Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The exposure to these are discussed further below.

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 DBP. 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 15**	30 Jun 14	**30 Jun 15**	30 Jun 14	**30 Jun 15**	30 Jun 14	**30 Jun 15**	30 Jun 14
Cash, cash equivalents and term deposits	–	–	**376,177**	423,435	–	–	**376,177**	423,435
Receivables	–	236	–	21,224	**58,926**	33,204	**58,926**	54,664
Other (Financial Derivatives)	–	–	**137,205**	33,328	–	–	**137,205**	33,328
Total	–	236	**513,382**	477,987	**58,926**	33,204	**572,308**	511,427

	Governments $'000		Financial institutions $'000		Corporates $'000		Total $'000	
DFT	**30 Jun 15**	30 Jun 14	**30 Jun 15**	30 Jun 14	**30 Jun 15**	30 Jun 14	**30 Jun 15**	30 Jun 14
Cash, cash equivalents and term deposits	–	–	**654**	77,010	–	–	**654**	77,010
Receivables	–	–	–	–	**1,494,270**	1,257,146	**1,494,270**	1,257,146
Total	–	–	**654**	77,010	**1,494,270**	1,257,146	**1,494,924**	1,334,156

	Governments $'000		Financial institutions $'000		Corporates $'000		Total $'000	
DIHL Group	**30 Jun 15**	30 Jun 14	**30 Jun 15**	30 Jun 14	**30 Jun 15**	30 Jun 14	**30 Jun 15**	30 Jun 14
Cash, cash equivalents and term deposits	–	–	**8,217**	145,423	–	–	**8,217**	145,423
Receivables	–	236	–	–	**14,517**	1,238	**14,517**	1,474
Total	–	236	**8,217**	145,423	**14,517**	1,238	**22,734**	146,897

	Governments $'000		Financial institutions $'000		Corporates $'000		Total $'000	
DFL	**30 Jun 15**	30 Jun 14	**30 Jun 15**	30 Jun 14	**30 Jun 15**	30 Jun 14	**30 Jun 15**	30 Jun 14
Cash, cash equivalents and term deposits	–	–	**6,675**	5,671	–	–	**6,675**	5,671
Receivables	–	–	–	–	**3**	–	**3**	–
Total	–	–	**6,675**	5,671	**3**	–	**6,678**	5,671

Notes to the Financial Statements

for year ended 30 June 2015

10 Financial Risk Management and Fair Value Measurement (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 15**	30 Jun 14	**30 Jun 15**	30 Jun 14	**30 Jun 15**	30 Jun 14	**30 Jun 15**	30 Jun 14	**30 Jun 15**	30 Jun 14
Term Notes – fixed rate	**753,519**	161,741	**344,198**	634,186	**523,888**	318,961	**578,865**	432,885	**300,114**	309,000
Term Notes – variable rate	**448,703**	691,588	**298,711**	487,387	**637,356**	296,223	**2,534**	946,421	**25,671**	–
Senior Bank Debt	**203,318**	150,499	**303,256**	77,187	**856,470**	492,645	**867,010**	1,121,163	**–**	160,318
UEDH – RPS	**25,757**	23,091	**25,774**	23,125	**75,722**	67,999	**51,533**	46,182	**344,637**	322,440
Derivative financial instruments	**103,083**	134,036	**40,696**	193,867	**(37,635)**	3,746	**31,255**	16,436	**(4,329)**	(5,304)
Finance Lease	**2,062**	2,028	**2,113**	1,913	**1,821**	1,913	**4,083**	4,008	**24,014**	26,075
Payables	**317,647**	353,560	**–**	(603)	**–**	–	**–**	–	**–**	–
	1,854,089	1,516,543	**1,014,748**	1,417,062	**2,057,622**	1,181,487	**1,535,280**	2,567,095	**690,107**	812,529

	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 15**	30 Jun 14	**30 Jun 15**	30 Jun 14	**30 Jun 15**	30 Jun 14	**30 Jun 15**	30 Jun 14	**30 Jun 15**	30 Jun 14
Inter-company loan	**–**	37	**–**	–	**–**	–	**–**	–	**–**	–
Payables	**76,026**	99,916	**–**	–	**–**	–	**–**	–	**–**	–
	76,026	99,953	**–**	–	**–**	–	**–**	–	**–**	–

	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 15**	30 Jun 14	**30 Jun 15**	30 Jun 14	**30 Jun 15**	30 Jun 14	**30 Jun 15**	30 Jun 14	**30 Jun 15**	30 Jun 14
Inter-company loan	**11,499**	10,268	**11,467**	10,057	**11,467**	10,030	**142,248**	131,954	**45,362**	94,737
Bank debt	**315**	–	**8,579**	–	**–**	–	**–**	–	**–**	–
Payables	**12,345**	6,659	**–**	–	**–**	–	**–**	–	**–**	–
	24,159	16,927	**20,046**	10,057	**11,467**	10,030	**142,248**	131,954	**45,362**	94,737

	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 15**	30 Jun 14	**30 Jun 15**	30 Jun 14	**30 Jun 15**	30 Jun 14	**30 Jun 15**	30 Jun 14	**30 Jun 15**	30 Jun 14
Payables	**34**	22	**–**	–	**–**	–	**–**	–	**–**	–
	34	22	**–**	–	**–**	–	**–**	–	**–**	–

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for year ended 30 June 2015

10 Financial Risk Management and Fair Value Measurement (continued)

(d) Fair value estimation

The carrying amount of short term receivables and payables is a reasonable approximation to fair value. Set out below is a comparison of the carrying amounts and fair values of financial instruments:

	Carrying amount 30 Jun 15 $'000	Fair value 30 Jun 15 $'000	Carrying amount 30 Jun 14 $'000	Fair value 30 Jun 14 $'000
Financial assets				
Derivative financial instruments	**24,309**	**24,309**	9,052	9,052
Total current	**24,309**	**24,309**	9,052	9,052
Derivative financial instruments	**112,896**	**112,896**	57,797	57,797
Total non-current	**112,896**	**112,896**	57,797	57,797
Total	**137,205**	**137,205**	66,849	66,849
Financial liabilities				
Interest bearing liabilities	**1,090,303**	**1,101,438**	1,072,628	1,114,092
Derivative financial instruments	**96,321**	**96,321**	112,707	112,707
Total current	**1,186,624**	**1,197,759**	1,185,335	1,226,799
Interest bearing liabilities	**4,640,484**	**4,890,084**	4,684,899	5,297,236
Derivative financial instruments	**126,638**	**126,638**	173,403	173,403
Total non-current	**4,767,122**	**5,016,722**	4,858,302	5,470,639
Total	**5,953,746**	**6,214,481**	6,043,637	6,697,438

The carrying value of all current receivable and payable balances approximates their fair value. DFT has non-current receivables with a carrying amount of $1,493 million (2014: $1,257 million) which approximates its fair value. All short term receivables and payables are identified as Level 3.

The fair value of interest bearing liabilities is calculated as the present value of expected future cash flows. These are identified as Level 2.

DIHL Group has interest bearing liabilities with a carrying amount of $188.6 million (2014: $212.4 million) which approximates its fair value.

DFL does not hold any financial instruments.

Valuation techniques for derivative financial instruments

Derivative financial instruments are identified as Level 2.

The fair value of a swap is calculated as its present value, i.e. 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. 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.

Notes to the Financial Statements

for year ended 30 June 2015

10 Financial Risk Management and Fair Value Measurement (continued)

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.

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).

For assets and liabilities that are recognised on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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 as the fair values themselves are not based on quoted prices in an active market, the Group has classified all financial instruments as being in Level 2 (excluding short term receivables and payables which are identified as Level 3).

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

Notes to the Financial Statements

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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	Ownership interest %	**DUET Group 30 Jun 15 $'000**	**DFT 30 Jun 15 $'000**	**DIHL Group 30 Jun 15 $'000**	DUET Group 30 Jun 14 $'000	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000
DBNGP Trust	21% & 20%	**–**	**–**	**163,044**	–	–	145,779

At 30 June 2015, DFT indirectly holds 21% and DIHL holds 20% of DBNGP Trust.

DBNGP Trust has a year end of 30 June.

DDG Fortescue River Pty Ltd has a 57% interest in a joint operation, Fortescue River Gas Pipeline (FRGP). The joint operation construction of a natural gas transmission pipeline reached practical completion in March 2015. The net assets of the joint operation at 30 June 2015 were $188.3 million (2014: $39.7 million), including $4.8 million in cash (2014: $13.1 million) and property, plant and equipment of $180.6 million (2014: $36.7 million).

DFL has no investments in associates.

Investments accounted for using the equity method

	DUET Group 30 Jun 15 $'000	**DFT 30 Jun 15 $'000**	**DIHL Group 30 Jun 15 $'000**	DUET Group 30 Jun 14 $'000	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000
Movements in carrying amounts						
Carrying amount at the beginning of the year	**–**	**–**	**145,779**	–	145,911	176,501
Share of associates' net profits/(losses)	**–**	**–**	**5,680**	–	2,539	8,105
Dividends received from associates	**–**	**–**	**(23,118)**	–	–	(22,971)
Acquisition	**–**	**–**	**36,000**	–	–	–
Disposal	**–**	**–**	**–**	–	(146,358)	(24,452)
Reserve movements	**–**	**–**	**(1,297)**	–	(2,092)	8,596
Carrying amount of investment in associates at the end of the year	**–**	**–**	**163,044**	–	–	145,779
Results attributable to associates						
Profits/(losses) before income tax	**–**	**–**	**41,440**	–	–	48,900
Income tax expense	**–**	**–**	**(13,025)**	–	–	(15,820)
Profits/(losses) after income tax	**–**	**–**	**28,415**	–	–	33,080
Summary of performance and financial positions of associates						
The aggregate profits, assets and liabilities of associates are:						
– Revenues	**–**	**–**	**417,156**	–	–	453,201
Profits/(losses) from ordinary activities after income tax expense	**–**	**–**	**28,415**	–	–	33,080
Other Comprehensive Income	**–**	**–**	**(6,498)**	–	–	48,080
Total Comprehensive Income	**–**	**–**	**21,917**	–	–	81,160
– Current assets as at 30 June	**–**	**–**	**68,597**	–	–	64,583
– Non-current assets as at 30 June	**–**	**–**	**3,588,575**	–	–	3,635,332
– Assets as at 30 June	**–**	**–**	**3,657,172**	–	–	3,699,915
– Current liabilities as at 30 June	**–**	**–**	**(703,345)**	–	–	(205,988)
– Non-current liabilities as at 30 June	**–**	**–**	**(2,278,390)**	–	–	(2,888,986)
– Liabilities as at 30 June	**–**	**–**	**(2,981,735)**	–	–	(3,094,974)

Notes to the Financial Statements

for year ended 30 June 2015

11 Investments in Associates (continued)

Shares of associates' contingencies

As at 30 June 2015, DFT, and DIHL Group associates have no material contingent liabilities other than as outlined in Note 35.

Investments in associates – equity method discontinued

	DUET Group 30 Jun 15 $'000	DFT 30 Jun 15 $'000	DIHL Group 30 Jun 15 $'000	DUET Group 30 Jun 14 $'000	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000
Movements in carrying amounts						
Carrying amount at the beginning of the year	–	–	–	–	–	–
Investment in associate	–	37,800	–	–	–	–
Share of associates' net losses brought to account	–	(37,800)	–	–	–	–
Carrying amount of investment in associates at the end of the year	–	–	–	–	–	–
Results attributable to associates						
(Loss) before income tax	–	(22,684)	–	–	(22,853)	–
Income tax expense	–	–	–	–	–	–
(Loss)/profit after income tax	–	(22,684)	–	–	(22,853)	–
Summary of performance and financial positions of associates						
The aggregate profits, assets and liabilities of associates are:						
– Revenues	–	820	–	–	639	–
Profit/(loss) from ordinary activities after income tax expense	–	(64,810)	–	–	(65,293)	–
– Assets as at 30 June	–	826,264	–	–	1,190,664	–
– Liabilities as at 30 June	–	(554,611)	–	–	(604,492)	–

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.

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for year ended 30 June 2015

12 Property, Plant and Equipment

	DUET Group 30 Jun 15 $'000	DUET Group 30 Jun 14 $'000
Freehold land – at cost	**5,834**	5,834
Land and buildings – at cost	**38,371**	37,798
Less: Accumulated depreciation	**(8,906)**	(7,599)
	29,465	30,199
Plant and equipment – at cost	**7,578,580**	7,356,620
Less: Accumulated depreciation	**(1,878,016)**	(1,887,411)
	5,700,564	5,469,209
Motor vehicles – at cost	**31,670**	32,246
Less: Accumulated depreciation	**(16,897)**	(15,307)
	14,773	16,939
Office equipment and software – at cost	**52,224**	48,060
Less: Accumulated depreciation	**(40,750)**	(34,694)
	11,474	13,366
Fixtures and fittings – at cost	**21,033**	17,604
Less: Accumulated depreciation	**(10,505)**	(8,933)
	10,528	8,671
Plant and equipment in the course of construction – at cost*	**230,318**	240,353
Total property, plant & equipment – at cost	**7,958,030**	7,738,515
Less: Total accumulated depreciation	**(1,955,074)**	(1,953,944)
	6,002,956	5,784,571

* Includes capitalised borrowing costs

	DFT 30 Jun 15 $'000	**DIHL Group 30 Jun 15 $'000**	**DFL 30 Jun 15 $'000**	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000
Land – at cost	**–**	**239**	**–**	–	239	–
Buildings – at cost	**–**	**–**	**–**	–	–	–
Less: Accumulated depreciation	**–**	**–**	**–**	–	–	–
	–	**–**	**–**	–	–	–
Plant and equipment – at cost	**–**	**217,275**	**–**	–	3,207	–
Less: Accumulated depreciation	**–**	**(3,212)**	**–**	–	(452)	–
	–	**214,063**	**–**	–	2,755	–
Fixtures and fittings – at cost	**–**	**959**	**–**	–	767	–
Less: Accumulated depreciation	**–**	**(150)**	**–**	–	(65)	–
	–	**809**	**–**	–	702	–
Plant and equipment in the course of construction – at cost	**–**	**11,889**	**–**	–	78,519	–
Total property, plant & equipment – at cost	**–**	**230,362**	**–**	–	82,732	–
Less: Total accumulated depreciation	**–**	**(3,362)**	**–**	–	(517)	–
	–	**227,000**	**–**	–	82,215	–

Notes to the Financial Statements

for year ended 30 June 2015

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 2015

	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 2014	**30,199**	**5,834**	**5,469,209**	**16,939**	**13,366**	**8,671**	**240,353**	**5,784,571**
Additions	**332**	**–**	**169,194**	**1,825**	**2,073**	**1,475**	**272,349**	**447,248**
Revision of decommissioning asset (Note 18)	**–**	**–**	**(11,331)**	**–**	**–**	**–**	**–**	**(11,331)**
Disposals	**–**	**–**	**(10,331)**	**(30)**	**–**	**–**	**–**	**(10,361)**
Transfers	**241**	**–**	**278,558**	**(689)**	**2,996**	**1,961**	**(282,384)**	**683**
Depreciation expense (Note 2)	**(1,307)**	**–**	**(194,735)**	**(3,272)**	**(6,961)**	**(1,579)**	**–**	**(207,854)**
Carrying amount at 30 June 2015	**29,465**	**5,834**	**5,700,564**	**14,773**	**11,474**	**10,528**	**230,318**	**6,002,956**

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

Borrowing costs capitalised to property, plant and equipment

During the year ended 30 June 2015 interest of $nil (2014: $3.2 million) 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.

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13 Deferred Tax Assets

	DUET Group 30 Jun 15 $'000	DUET Group 30 Jun 14 $'000
The balance comprises temporary difference attributable to:		
Doubtful debts	**660**	705
Meter replacement	**725**	265
Other employee entitlements	**7,493**	6,114
Property, plant & equipment	**142,980**	140,188
Intangibles	**4,398**	3,917
Accrued revenue	**7,195**	9,114
Environmental provision	**1,355**	1,355
Other provisions	**12,613**	11,154
Decommissioning Provision	**8,169**	11,769
Other	**2,358**	2,348
Equity raising costs	**3,927**	307
Cash flow hedges and hedged interest bearing liabilities	**82,795**	50,936
Deferred tax asset not recognised	**(41,012)**	(39,939)
Tax losses *	**198,010**	188,303
	431,666	386,536
Cash flow hedges recognised directly in equity	**18,201**	27,090
Equity raising costs recognised directly in equity	**1,059**	–
Defined benefit reserve recognised directly in equity	**611**	(183)
	451,537	413,443
Set – off deferred tax liabilities pursuant to set off provisions (Note 20)	**(153,221)**	(148,688)
Net deferred tax assets	**298,316**	264,755

* 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 15 $'000	DUET Group 30 Jun 14 $'000
Movements:		
Opening balance at 1 July	**264,755**	94,325
Credited/(charged) to the Income Statement	**41,498**	120,403
Acquisition of subsidiaries	**–**	52,678
Credited/(charged) to equity	**(7,937)**	(2,651)
Closing balance 30 June	**298,316**	264,755
Deferred tax assets to be recovered after more than 12 months	**298,316**	264,755
Deferred tax assets to be recovered within 12 months	**–**	–
	298,316	264,755

The deferred tax asset has largely arisen from the tax base reset as a result of Group restructuring in prior years. This has been assessed as recoverable based on tax forecasts, which are consistent with the cash flow forecasts used in Note 14 to assess the carrying value of goodwill.

	DFT 30 Jun 15 $'000	DIHL Group 30 Jun 15 $'000	DFL 30 Jun 15 $'000	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000
The balance comprises temporary difference attributable to:						
Amounts recognised in profit or loss						
Other provisions	**–**	**59**	**–**	–	694	–
Decommissioning Provision	**–**	**376**	**–**	–	974	–
Deferred income	**–**	**1,099**	**–**	–	–	–
	–	**1,534**	**–**	–	1,668	–
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)	**–**	**(1,534)**	**–**	–	(1,086)	–
Net deferred tax assets	**–**	**–**	**–**	–	582	–

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13 Deferred Tax Assets (continued)

	DFT 30 Jun 15 $'000	DIHL Group 30 Jun 15 $'000	DFL 30 Jun 15 $'000	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000
Movements:						
Opening balance at 1 July	–	582	–	–	46	7
Credited/(charged) to Income Statement	–	(582)	–	–	(46)	(7)
Acquisition of subsidiaries	–	–	–	–	582	–
Credited/(charged) to equity	–	–	–	–	–	–
Closing balance 30 June	–	–	–	–	582	–
Deferred tax assets to be recovered after more than 12 months	–	–	–	–	582	–
Deferred tax assets to be recovered within 12 months	–	–	–	–	–	–
	–	–	–	–	582	–

14 Intangible Assets

	DUET Group 30 Jun 15 $'000	DUET Group 30 Jun 14 $'000
Intellectual property at cost	127,340	127,340
Less: accumulated amortisation	(76,991)	(70,554)
	50,349	56,786
Software	386,663	353,628
Less: accumulated amortisation	(263,054)	(216,219)
	123,609	137,409
Distribution Licences	1,035,377	1,035,377
Employee contract asset	2,376	2,376
Less: accumulated amortisation	(1,782)	(1,307)
	594	1,069
Development Project Costs	97,696	95,500
Less: accumulated amortisation	(63,506)	(48,124)
	34,190	47,376
Goodwill	789,780	789,780
Total	2,033,899	2,067,797

DUET Group - 30 June 2015	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 2014	56,786	137,409	1,035,377	1,069	47,376	789,780	2,067,797
Additions	–	30,596	–	–	5,378	–	35,974
Transfers	–	2,439	–	–	(3,182)	–	(743)
Amortisation charge	(6,437)	(46,835)	–	(475)	(15,382)	–	(69,129)
Carrying amount at 30 June 2015	50,349	123,609	1,035,377	594	34,190	789,780	2,033,899

DUET Group - 30 June 2014	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	(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

Notes to the Financial Statements

for year ended 30 June 2015

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.

2015	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**

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

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 Group has used the fair value less cost of disposal value calculations for all CGUs.

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 on the basis that the cashflows of the CGUs are based on long term regulated and contracted revenue.

Key assumptions used for fair value less costs of disposal calculations

A range of assumptions are used in fair value less cost of disposal calculations. The revenue forecasts in relation to regulated CGUs such as UEDH and MGH, are based on approved regulatory determinations and guidelines and long term growth estimates and for contracted businesses (DBP and DDG) based on relevant contracts. Costs are determined using a detailed bottom up planning process.

The cash flows were discounted using a post-tax weighted average cost of capital discount rate of 4.9% to 5.9%. The rate used for each business depends on a number of factors including but not limited to its nature of operations and risk profile.

Terminal values were calculated using regulated asset base (RAB) multiples at the end of the forecast period. The values imply a long term growth rate of 0.4% to 1.9% which takes into account inflation expectations and customer demand forecasts.

Impact of possible changes in key assumptions

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

The assumptions and the measurement in its entirety 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.

Notes to the Financial Statements

for year ended 30 June 2015

15 Distribution Payable

	DUET Group 30 Jun 15 $'000	DUET Group 30 Jun 14 $'000
Carrying amount at beginning of year	**112,014**	96,468
Provided for during the year	**261,393**	217,176
Paid during the year	**(242,710)**	(201,630)
Balance at 30 June	**130,697**	112,014

DUECo and DFL each have franking credits available for subsequent reporting periods (based on a tax rate of 30%) of $0.9 million and $0.6 million respectively (2014: $0.4 million and $0.6 million respectively). These amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

DFT has no franking credits as it is a flow-through trust.

DIHL has no franking credits.

	DFT 30 Jun 15 $'000	**DIHL Group 30 Jun 15 $'000**	**DFL 30 Jun 15 $'000**	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000
Carrying amount at beginning of year	**99,214**	**3,400**	**–**	48,837	–	–
Provided for during the year	**131,550**	**–**	**–**	194,146	7,030	–
Paid during the year	**(164,911)**	**(3,400)**	**–**	(143,769)	(3,630)	–
Balance at 30 June	**65,853**	**–**	**–**	99,214	3,400	–

16 Payables

	DUET Group 30 Jun 15 $'000	DUET Group 30 Jun 14 $'000
Trade creditors	**11,825**	20,078
Interest payable	**66,784**	86,278
Goods received	**8,967**	2,898
GST payable	**8,862**	6,422
Operating and maintenance agreement costs	**24,784**	38,875
Accrued expenses and other payables	**65,729**	86,995
Balance at 30 June	**186,951**	241,546

	DFT 30 Jun 15 $'000	**DIHL Group 30 Jun 15 $'000**	**DFL 30 Jun 15 $'000**	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000
Trade creditors	**–**	**3,852**	**–**	–	1,893	–
GST payable	**–**	**456**	**–**	–	27	–
Accrued expenses and other payables	**10,223**	**8,037**	**34**	2,359	22,804	3
Balance at 30 June	**10,223**	**12,345**	**34**	2,359	24,724	3

The carrying amount of payables reflects fair value.

Notes to the Financial Statements

for year ended 30 June 2015

17 Interest Bearing Liabilities

	DUET Group 30 Jun 15 $'000	DUET Group 30 Jun 14 $'000
Current		
Secured		
Bank Loan	**10,000**	75,000
	10,000	75,000
Unsecured		
Bank loans	**13,500**	–
Guaranteed notes	**1,066,315**	573,759
	1,079,815	573,759
Finance lease liabilities	**911**	–
Capitalised borrowing transaction costs	**(423)**	(299)
Total current interest bearing liabilities	**1,090,303**	648,460
Non-current		
Secured		
Bank loans	**791,000**	1,015,072
Guaranteed notes	**1,025,000**	1,465,500
	1,816,000	2,480,572
Unsecured		
Bank loans	**1,154,000**	992,423
Guaranteed notes	**1,479,425**	1,384,410
Redeemable preference shares	**201,180**	178,569
Other	**218**	–
	2,834,823	2,555,402
Finance lease liability	**18,183**	19,095
Capitalised borrowing transaction costs	**(28,522)**	(35,867)
Total non current interest bearing liabilities	**4,640,484**	5,019,202
Total interest bearing liabilities	**5,730,787**	5,667,662

	DFT 30 Jun 15 $'000	DIHL Group 30 Jun 15 $'000	DFL 30 Jun 15 $'000	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000
Current						
Unsecured						
Bank loans	**–**	**8,500**	**–**	–	–	–
Borrowings from related parties	**–**	**–**	**–**	–	94,737	18
Total current interest bearing liabilities	**–**	**8,500**	**–**	–	94,737	18
Non-current						
Unsecured						
Borrowings from related parties	**–**	**180,421**	**–**	–	118,561	–
Capitalised borrowing transaction costs	**–**	**(300)**	**–**	–	(906)	–
Total non current interest bearing liabilities	**–**	**180,121**	**–**	–	117,655	–
Total interest bearing liabilities	**–**	**188,621**	**–**	–	212,392	18

Notes to the Financial Statements

for year ended 30 June 2015

17 Interest Bearing Liabilities (continued)

Financing Arrangements

At balance date, Group entities (including the parent) had access to the following undrawn lines of credit:

	Undrawn balance 30 Jun 15 $'000	Undrawn balance 30 Jun 14 $'000
DUECo		
Related party loan – DFT	**96,811**	76,728
Related party loan – DIHL	**60,000**	60,000
	156,811	136,728
DDG		
Related party loan – DFT	**–**	7,000
Working capital facility	**1,500**	–
	1,500	7,000
DIHL		
Related party loan – DFT	**39,666**	16,318
Related party loan – DUECo	**48,272**	21,937
	87,938	38,255
DBP		
Syndicated bank facilities	**20,000**	35,000
Working capital facility	**10,000**	20,000
	30,000	55,000
United Energy		
Bank loans – working capital facility and AIMRO Capex	**50,000**	25,000
Westpac facility	**–**	125,000
Revolving Syndicated Facility Tranche B	**–**	305,000
Tranche A capex facility	**53,500**	125,000
	103,500	580,000
Multinet Gas		
Senior Corporate Facility	**280,000**	132,577
Capital expenditure facility	**44,500**	75,000
Bank loans – working capital facility	**15,735**	20,000
	340,235	227,577

The following summarises the significant financing events in each of the Group's businesses, which occurred during the year.

Guaranteed notes

Multinet Gas

The following summarises new facilities entered into during the period.

- In February 2015, US$105.0 million (A$137.2 million) 7 year fixed rate US Private Placement loan, which matures in February 2022.
- In February 2015, $47.5 million fixed rate 7 year US Private Placement loan notes, which mature in February 2022.
- In June 2015, $20.0 million floating rate notes, which mature in June 2020.
- In June 2015, $210.0 million fixed rate notes, which mature in June 2020.

Bank Loans

United Energy

The following summarises new facilities drawn down on during the period.

- $77.0 million revolving syndicated facility, which matures in May 2019.
- $150.0 million Tranche A working capital facility, which matures in May 2017.
- $305.0 million Tranche B revolving syndicated facility, which matures in May 2019.
- In February 2015, $120.0 million revolving syndicated facility totalling used to refinance old facilities, which matures in February 2020.

DDG

- DDG entered into a working capital bank loan with a limit of $10.0 million.

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for year ended 30 June 2015

17 Interest Bearing Liabilities (continued)

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 paid interest of between 6.6% and 7.0% per annum. At 30 June 2015, the amounts payable to associated entities by DUECo (directly and indirectly) is $148.6 million (2014: $57.7 million) and by DIHL $52.1 million (2014: $94.7 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	2015		2014	
	Carrying amount $'000	**Fair value $'000**	Carrying amount $'000	Fair value $'000
Non traded financial liabilities				
Bank loans and other	**1,968,718**	**2,014,062**	2,082,495	2,086,243
Guaranteed notes	**3,570,740**	**3,620,193**	3,423,669	3,506,747
Redeemable preference shares	**201,180**	**367,119**	178,587	320,636
	5,740,638	**6,001,374**	5,684,751	5,913,626

DFT	2015		2014	
	Carrying amount $'000	**Fair value $'000**	Carrying amount $'000	Fair value $'000
Non traded financial liabilities				
Borrowings from associated entities	**–**	**–**	–	–
	–	**–**	–	–

DIHL Group	2015		2014	
	Carrying amount $'000	**Fair value $'000**	Carrying amount $'000	Fair value $'000
Non traded financial liabilities				
Interest bearing liabilities	**8,500**	**8,500**	–	–
Borrowings from associated entities	**180,121**	**180,121**	212,392	214,662
	188,621	**188,621**	212,392	214,662

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

Assets pledged as security

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

	DUET Group 30 Jun 15 $'000	DUET Group 30 Jun 14 $'000
Current		
Cash and cash equivalents	**24,068**	120,878
Receivables	**21,308**	3,363
Inventories	**17,125**	17,776
Other	**18,276**	31,119
Total current assets pledged as security	**80,777**	173,136
Non-current		
Property, plant and equipment	**3,122,415**	3,024,948
Intangible asset	**669,703**	671,337
Other	**20,053**	20,559
Total non current assets pledged as security	**3,812,171**	3,716,844

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.

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17 Interest Bearing Liabilities (continued)

	DFT 30 Jun 15 $'000	DIHL Group 30 Jun 15 $'000	DFL 30 Jun 15 $'000	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000
Current						
Cash and cash equivalents	–	6,680	–	–	92,485	–
Receivables	–	3,349	–	–	1,261	–
Other	–	4,704	–	–	17,726	–
Total current assets pledged as security	–	14,733	–	–	111,472	–
Non-current						
Property, plant and equipment	–	226,192	–	–	81,512	–
Total non current assets pledged as security	–	226,192	–	–	81,512	–

18 Provisions

	DUET Group 30 Jun 15 $'000	DUET Group 30 Jun 14 $'000
Current		
Annual leave	8,067	6,530
Long service leave	7,052	5,130
Environmental provision	390	399
AMI Rebate provision	453	1,343
Unaccounted for gas	9,122	6,594
Other employee benefits	5,645	5,702
	30,729	25,698
Non-current		
Environmental provision	4,128	4,130
Decommissioning provision	27,231	39,229
Long service leave	1,486	930
	32,845	44,289

	DFT 30 Jun 15 $'000	DIHL Group 30 Jun 15 $'000	DFL 30 Jun 15 $'000	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000
Current						
Other	–	629	–	–	532	–
	–	629	–	–	532	–
Non-current						
Decommissioning provision	–	1,251	–	–	3,248	–
	–	1,251	–	–	3,248	–

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 was revised during the year subsequent to a comprehensive review and resulted in a $12.0 million decrease in the provision which was applied against property, plant and equipment. The total cost (based on satisfying the minimum obligation) has been estimated at $50.9 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 Gas 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 2015, 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 which is owed to retailers in excess of an allowable benchmark.

AMI Rebate provision

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

Notes to the Financial Statements

for year ended 30 June 2015

18 Provisions (continued)

Movements in provisions

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

Year ended 30 June 2015

	AMI Rebate Provision $'000	Decomm-issioning Provision $'000	Environ-mental provision $'000	Other Employee Benefits $'000	Unaccounted for gas Provision $'000	Total $'000
Current consolidated						
Carrying amount at 1 July 2014	**1,343**	**–**	**399**	**17,362**	**6,594**	**25,698**
Additional provisions recognised/(released)	**(890)**	**–**	**–**	**13,651**	**2,528**	**15,289**
Payments/other sacrifices of economic benefits	**–**	**–**	**(9)**	**(10,249)**	**–**	**(10,258)**
Carrying amount at 30 June 2015	**453**	**–**	**390**	**20,764**	**9,122**	**30,729**
Non-current consolidated						
Carrying amount at 1 July 2014	**–**	**39,229**	**4,130**	**930**	**–**	**44,289**
Additional provisions recognised/(released)*	**–**	**(11,998)**	**–**	**556**	**–**	**(11,442)**
Payments/other sacrifices of economic benefits	**–**	**–**	**(2)**	**–**	**–**	**(2)**
Carrying amount at 30 June 2015	**–**	**27,231**	**4,128**	**1,486**	**–**	**32,845**

Year ended 30 June 2014

	AMI Rebate Provision $'000	Decomm-issioning Provision $'000	Environmental 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 amount at 1 July 2013	–	31,431	4,130	659	–	–	36,220
Additional provisions recognised*	–	7,798	–	271	–	–	8,069
Carrying amount at 30 June 2014	–	39,229	4,130	930	–	–	44,289

* The decommissioning provision includes additions of $1.3 million (2014: $1.3 million) due to unwinding of the present value discount.

19 Other Liabilities

	DUET Group 30 Jun 15 $'000	DUET Group 30 Jun 14 $'000
Current		
Unearned revenue	**45,321**	36,712
Current tax liabilities	**2,269**	2,844
Total current	**47,590**	39,556
Non-Current		
Unearned revenue	**20,640**	21,058
Total non current	**20,640**	21,058

	DFT 30 Jun 15 $'000	DIHL Group 30 Jun 15 $'000	DFL 30 Jun 15 $'000	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000
Current						
Unearned revenue	**–**	**3,742**	**–**	–	76	–
Current tax liabilities	**–**	**–**	**–**	–	–	–
Total current	**–**	**3,742**	**–**	–	76	–

Notes to the Financial Statements

for year ended 30 June 2015

20 Deferred Tax Liabilities

	DUET Group 30 Jun 15 $'000	DUET Group 30 Jun 14 $'000
The balance comprises temporary difference attributable to:		
Borrowing costs	**789**	1,202
Property, Plant and equipment	**562,814**	535,753
Intellectual property	**5,777**	6,102
Intangibles	**7,698**	8,883
Licence	**172,578**	172,578
Cash flow hedges and hedged interest bearing liabilities	**64,384**	35,437
Other	**5,968**	6,020
	820,008	765,975
Cash flow hedges recognised directly in equity	**–**	(6,529)
	820,008	759,446
Set – off deferred tax liabilities pursuant to set off provisions (Note 13)	**(153,221)**	(148,688)
Net deferred tax liabilities	**666,787**	610,758
Movements:		
Opening Balance at 1 July	**610,758**	517,546
Charged /(credited) to the Income Statement (Note 3)	**58,813**	34,936
Acquisition of subsidiaries	**–**	44,197
Charged /(credited) to equity	**(2,784)**	14,079
Closing balance 30 June	**666,787**	610,758
Deferred tax liabilities to be recovered after more than 12 months	**666,787**	610,758
	666,787	610,758

	DFT 30 Jun 15 $'000	DIHL Group 30 Jun 15 $'000	DFL 30 Jun 15 $'000	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000
The balance comprises temporary difference attributable to:						
Amounts recognised in profit or loss						
Property, Plant and equipment	**–**	**366**	**–**	–	799	–
Construction work in progress	**–**	**3,022**	**–**	–	1,154	–
	–	**3,388**	**–**	–	1,953	–
Cash flow hedges recognised directly in equity	**–**	**–**	**–**	–	–	–
	–	**3,388**	**–**	–	1,953	–
Set – off deferred tax liabilities pursuant to set off provisions (Note 14)	**–**	**(1,534)**	**–**	–	(1,086)	–
Net deferred tax liabilities	**–**	**1,854**	**–**	–	867	–
Movements:						
Opening Balance at 1 July	**–**	**867**	**–**	–	–	50
Charged /(credited) to the Income Statement (Note 3)	**–**	**987**	**–**	–	867	(50)
Closing balance 30 June	**–**	**1,854**	**–**	–	867	–
Deferred tax liabilities to be recovered after more than 12 months	**–**	**1,854**	**–**	–	867	–
	–	**1,854**	**–**	–	867	–

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21 Retirement Benefit Obligations

UE & Multinet Pty Ltd ("UEM"), an entity established as the employment vehicle for all United Energy and Multinet Gas employees, has responsibility for a defined benefit plan ("Plan") for certain employees.

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 below.

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 2015.

Actuarial Assumptions

	30 Jun 15	30 Jun 14
Discount rate	**4.1% pa**	3.8% pa
Salary increase rate	**4.0% pa**	4.0% pa
Contributions tax rate	**15.0%**	15.0%

Discount rate for employee benefits

The approach to setting the discount rate as at 30 June 2015 has changed. In prior years, the discount rate was based on the yields on Commonwealth government bonds. As at 30 June 2015, a corporate bond yield has been used.

The table below shows a comparison of the net defined benefit liability recognised at 30 June 2015 using a discount rate based on corporate bond yields (4.1% pa for a bond with a duration of 8 years) and the net liability that would have been recognised had a discount rate based on government yields been used (3.0% pa for a bond with a duration of 8 years).

	30 Jun 15 $'000s
Net defined benefit liability (using corporate bond yield of 4.1% pa)	**253**
Net defined benefit liability (using government bond yield of 3.0% pa)	**4,319**
Difference	**(4,066)**

The effect of using a discount rate based on corporate bond yields is to reduce the net liability at 30 June 2015 by $4.1 million.

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the significant assumptions is outlined in the following table.

		Sensitivity to discount rate		**Sensitivity to salary increase rate**	
		-0.5% pa	**+0.5% pa**	**-0.5% pa**	**+0.5% pa**
Discount rate	**4.1% pa**	**3.6% pa**	**4.6% pa**	**4.1% pa**	**4.1% pa**
Salary increase rate	**4.0% pa**	**4.0% pa**	**4.0% pa**	**3.5% pa**	**4.5% pa**
Defined benefit obligation ($'000s)	**32,553**	**34,401**	**30,834**	**31,075**	**34,109**

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

(b) Balance sheet amounts

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

	DUET Group 30 Jun 15 $'000	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
Defined benefit obligation	**32,553**	20,676	17,455	13,359	–	–
Fair value of defined benefit plan assets	**32,300**	18,227	14,631	9,081	–	–
Net liability	**253**	2,449	2,824	4,278	–	–

Notes to the Financial Statements

for year ended 30 June 2015

21 Retirement Benefit Obligations (continued)

(c) Profit and Loss impact

Financial Period ending	30 Jun 15 $'000	30 Jun 14 $'000
Current service cost	**1,116**	577
Past service cost	**2,356**	–
Net interest	**141**	76
Defined benefit cost	**3,613**	653

(d) Fair value of plan assets

Asset category As at 30 June 2015	Total $'000	Quoted prices in active markets $'000	No quoted prices in active markets $'000
Investment Funds	**32,300**	**–**	**32,300**
As at 30 June 2014			
Investment Funds	18,227	–	18,227

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

As at	30 Jun 15	30 Jun 14
Australian Equity	**30%**	31%
International Equity	**25%**	24%
Fixed Income	**11%**	11%
Property	**9%**	9%
Growth Alternatives	**9%**	8%
Defensive Alternatives	**10%**	10%
Cash	**6%**	7%

(e) Reconciliation of the fair value of plan assets

Financial Period ending	30 Jun 15 $'000	30 Jun 14 $'000
Fair value of plan assets at beginning of the year	**18,227**	14,631
(+) Interest income	**1,153**	481
(+) Actual return on plan assets less interest income	**2,301**	1,326
(+) Company contributions	**762**	417
(+) Contributions by plan participants	**364**	185
(-) Benefits paid	**(2,880)**	–
(-) Taxes, premiums & expenses paid	**(274)**	(159)
(+) Transfers in	**12,647**	1,346
Fair value of plan assets at end of the year	**32,300**	18,227

(f) Reconciliation of the defined benefit obligation

Financial Period ending	30 Jun 15 $'000	30 Jun 14 $'000
Present value of defined benefit obligations at beginning of the year	**20,676**	17,455
(+) Current service cost	**1,116**	577
(+) Past service cost	**2,356**	–
(+) Interest expense	**1,294**	557
(+) Contributions by plan participants	**364**	185
(+) Actuarial (gains)/losses arising from changes in demographic assumptions	**–**	61
(+) Actuarial (gains)/losses arising from changes in financial assumptions	**(1,093)**	(979)
(+) Actuarial (gains)/losses arising from experience	**(1,653)**	1,633
(-) Benefits paid	**(2,880)**	–
(-) Taxes, premiums & expenses paid	**(274)**	(159)
(+) Transfers in	**12,647**	1,346
Present value of defined benefit obligations at end of the year	**32,553**	20,676

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21 Retirement Benefit Obligations (continued)

(g) Other comprehensive income

Financial Period ending	30 Jun 15 $'000	30 Jun 14 $'000
Actuarial (gains)/losses	**(2,746)**	715
(-) Actual return on plan assets less interest income	**(2,301)**	(1,326)
Total remeasurements recognised in other comprehensive income	**(5,047)**	(611)

22 Contributed Equity

(a) Ordinary Equity

	DUET Group 30 Jun 15 $'000	DUET Group 30 Jun 14 $'000
On issue at the beginning of the year	**2,650,601**	2,350,015
Equity issued during the period, net of costs and deferred tax	**387,592**	238,624
DRP during the period	**23,283**	61,962
On issue at the end of the year	**3,061,476**	2,650,601

	DFT 30 Jun 15 $'000	DIHL 30 Jun 15 $'000	DFL 30 Jun 15 $'000	DFT 30 Jun 14 $'000	DIHL 30 Jun 14 $'000	DFL 30 Jun 14 $'000
On issue at the beginning of the year	**1,565,843**	**285,495**	**6,154**	1,051,517	248,034	5,486
Equity issued as part of restructure	**–**	**–**	**–**	351,482	–	–
Equity issued during the period, net of costs and deferred tax	**200,960**	**57,045**	**856**	129,537	28,155	536
DRP during the period	**12,097**	**3,443**	**51**	33,307	9,306	132
On issue at the end of the year	**1,778,900**	**345,983**	**7,061**	1,565,843	285,495	6,154

	1 Jul 14 – 30 Jun 15 Number of stapled securities '000				1 Jul 13 – 30 Jun 14 Number of stapled securities '000			
	DUET Group	DFT	DIHL	DFL	DUET Group	DFT	DIHL	DFL
On issue at the beginning 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
DRP on 19 August 2014	**9,910**	**9,910**	**9,910**	**9,910**	–	–	–	–
Shares issued - 8 December 2014	**113,076**	**113,076**	**113,076**	**113,076**	–	–	–	–
Shares issued - 23 December 2014	**52,884**	**52,884**	**52,884**	**52,884**	–	–	–	–
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	**1,493,679**	**1,493,679**	**1,493,679**	**1,493,679**	1,317,809	1,317,809	1,317,809	1,317,809

(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.

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23 Other Non-Controlling Interest

Non-Controlling Interest Classified as Equity

	DUET Group 30 Jun 15 $'000	DUET Group 30 Jun 14 $'000
Interest in:		
Share Capital	**355,826**	336,897
Retained losses	**(170,264)**	(135,429)
Reserves	**(18,751)**	(30,019)
Total	**166,811**	171,449

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 15 $'000	DUET Group 30 Jun 14 $'000
Balance at 1 July	**(255,093)**	(300,132)
Profit/(Loss) attributable to security holders	**(55,956)**	61,039
Distribution provided for or paid	**(129,843)**	(16,000)
Balance at the end of the year	**(440,892)**	(255,093)

	DFT 30 Jun 15 $'000	DIHL Group 30 Jun 15 $'000	DFL 30 Jun 15 $'000	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000
Balance at 1 July	**–**	**(160,434)**	**(222)**	–	(155,799)	101
Profit/(Loss) attributable to security holders	**103,373**	**617**	**67**	127,374	2,395	(323)
Distribution provided for or paid	**(131,550)**	**–**	**–**	(194,146)	(7,030)	–
Transfer from Capital Reserve	**28,177**	**–**	**–**	66,772	–	–
Balance at the end of the year	**–**	**(159,817)**	**(155)**	–	(160,434)	(222)

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for year ended 30 June 2015

26 Investments in Controlled Entities

The Group's principal subsidiaries at 30 June 2015 are set our below. Unless otherwise stated, they have share capital/capital consisting solely of ordinary shares/units that are held directly by the Group. All subsidiaries have a 30 June year end and are incorporated within Australia.

Name of entity	**Equity holding* 30 Jun 15 %**	Equity holding* 30 Jun 14 %
Multinet Group Holdings Pty Ltd	**100.0**	100.0
United Energy Distribution Pty Ltd	**66.0**	66.0
United Energy Distribution Holdings Pty Ltd	**66.0**	66.0
UE & Multinet Pty Ltd	**83.0**	83.0
DUET Dampier Bunbury Pty Ltd	**100.0**	100.0
DBNGP Trust	**81.4**	80.5
DBNGP Holdings Pty Ltd	**81.4**	80.5
DBNGP WA Pipeline Trust	**81.4**	80.5
DBP Development Group Pty Ltd	**100.0**	100.0
DBP Development Group Trust	**100.0**	100.0
DDG Fortescue River Pty Ltd	**100.0**	100.0
DDG Operations Pty Ltd	**100.0**	100.0
DUET1 Trust	**100.0**	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.

DFL has no subsidiaries.

27 Earnings per Security

(a) Basic earnings per stapled security

	DUET Group 30 Jun 15	DUET Group 30 Jun 14
Basic earnings per stapled security	**3.39c**	15.16c
Earnings used in calculation of basic earnings per stapled security ($'000)	**48,101**	190,485
Weighted average number of stapled securities used in calculating basic earnings per stapled security ('000)	**1,417,426**	1,256,610

	DFT 30 Jun 15	**DIHL Group 30 Jun 15**	**DFL 30 Jun 15**	DFT 30 Jun 14	DIHL Group 30 Jun 14	DFL 30 Jun 14
Basic earnings per stapled security	**7.29c**	**0.04c**	**0.00c**	10.14c	0.19c	(0.03)c
Earnings used in calculation of basic earnings per stapled security ($'000)	**103,373**	**617**	**67**	127,374	2,395	(322)
Weighted average number of stapled securities used in calculating basic earnings per stapled security ('000)	**1,417,426**	**1,417,426**	**1,417,426**	1,256,610	1,256,610	1,256,610

No diluted impact in 30 June 2015 or 30 June 2014.

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

	DUET Group 30 Jun 15 '000	DUET Group 30 Jun 14 '000
Weighted average number of stapled securities used as the denominator in calculating basic earnings per stapled security	**1,417,426**	1,256,610

	DFT 30 Jun 15 '000	**DIHL Group 30 Jun 15 '000**	**DFL 30 Jun 15 '000**	DFT 30 Jun 14 '000	DIHL Group 30 Jun 14 '000	DFL 30 Jun 14 '000
Weighted average number of stapled securities used as the denominator in calculating basic earnings per stapled security	**1,417,426**	**1,417,426**	**1,417,426**	1,256,610	1,256,610	1,256,610

Notes to the Financial Statements

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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 15 $'000	DUET Group 30 Jun 14 $'000
Net result from ordinary activities after income tax	**45,928**	193,061
Depreciation and amortisation	**276,509**	265,546
Net loss/(profit) on sale of non-current assets	**8,552**	4,600
Customer contributions – in kind	**(3,428)**	(5,890)
Borrowing costs paid	**421,556**	445,017
Foreign exchange	**(103)**	1,350
Other	**375**	–
Change in assets and liabilities:		
Decrease/(increase) in receivable	**(14,065)**	37,398
(Increase)/decrease in deferred tax asset	**(33,561)**	(177,314)
Decrease/(increase) in other operating assets	**32,703**	(3,903)
Increase/(decrease) in payables and accrual	**(46,978)**	8,103
(Decrease)/Increase in deferred tax liability	**56,029**	92,328
Increase/(Decrease) in other provisions	**(10,026)**	583
(Decrease)/increase in derivative financial instruments	**21,216**	(29,621)
Net cash inflow from operating activities	**754,707**	831,258

	DFT 30 Jun 15 $'000	DIHL Group 30 Jun 15 $'000	DFL 30 Jun 15 $'000	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000
Net result from ordinary activities after income tax	**103,371**	**618**	**67**	127,374	2,395	(322)
Depreciation and amortisation	**–**	**2,849**	**–**	–	343	–
Deferred borrowing costs	**–**	**10,947**	**–**	–	–	–
Net loss/(profit) on sale of associates	**–**	**–**	**–**	505	–	–
Borrowing costs paid	**–**	**9,253**	**–**	1,174	6,223	–
Foreign exchange	**–**	**(59)**	**–**	–	–	–
Other	**176**	**1,804**	**–**	4,389	(12,907)	207
Share of associates losses/(profits) not received as dividends	**37,800**	**17,436**	**–**	2,539	8,098	–
Change in assets and liabilities:						
Decrease/(increase) in receivable	**(5)**	**(1,349)**	**(3)**	(60,579)	(1,565)	279
(Increase)/decrease in deferred tax asset	**–**	**582**	**–**	–	(536)	7
Decrease/(increase) in other operating assets	**–**	**(1,924)**	**20**	861	(25,329)	43
Increase/(decrease) in payables and accrual	**6,479**	**(12,379)**	**14**	46,260	13,236	(466)
(Decrease)/Increase in deferred tax liability	**–**	**987**	**–**	–	867	–
Increase/(Decrease) in other provisions	**–**	**(1,900)**	**–**	–	558	(65)
Net cash inflow from operating activities	**147,821**	**26,865**	**98**	122,523	(8,617)	(317)

(ii) Reconciliation of Cash Assets

	DUET Group 30 Jun 15 $'000	DUET Group 30 Jun 14 $'000
Cash at bank	**141,128**	242,125
Cash on deposit	**179,529**	181,309
Cash assets	**320,657**	423,434

	DFT 30 Jun 15 $'000	DIHL Group 30 Jun 15 $'000	DFL 30 Jun 15 $'000	DFT 30 Jun 14 $'000	DIHL Group 30 Jun 14 $'000	DFL 30 Jun 14 $'000
Cash at bank	**654**	**8,217**	**2,604**	10,490	95,515	5,671
Cash on deposit	**–**	**–**	**–**	66,520	49,907	–
Cash assets	**654**	**8,217**	**2,604**	77,010	145,422	5,671

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28 Cash Flow Information (continued)

(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 9,910,121 (2014: 29,650,244) new securities were issued under the DRP. The proceeds raised from the issue of these securities was $23,352,812 (2014: $61,985,823) 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 (as parent of DUET Group)

	DUECo 30 Jun 15 $'000	DUECo 30 Jun 14 $'000
Current assets	**317,279**	64,177
Total assets	**1,042,107**	840,326
Current liabilities	**120,457**	69,182
Total liabilities	**205,110**	69,182
Net assets	**836,997**	771,144
Contributed equity	**929,532**	793,111
Retained earnings	**(170,535)**	(21,967)
Capital reserve	**–**	–
Other reserves	**78,000**	–
Total equity	**836,997**	771,144
Profit/(loss)	**59,279**	(5,967)
Total comprehensive income/(loss)	**59,279**	(5,967)

DUECo has no guarantees in relation to the debts of any of its subsidiaries as at 30 June 2015.

DUECo has no contingent liabilities as at 30 June 2015.

DUECo has subsequent to 30 June 2015 provided a guarantee for the purchase price of a subsidiary company's proposed acquisition of ASX-listed Energy Developments Limited. For further information refer to Note 35.

(b) DIHL (as parent of DIHL Group)

	DIHL 30 Jun 15 $'000	DIHL 30 Jun 14 $'000
Current assets	**12,915**	53,438
Total assets	**266,233**	250,657
Current liabilities	**7,333**	101,168
Total liabilities	**52,695**	101,168
Net assets	**213,538**	149,489
Contributed equity	**345,983**	285,495
Retained earnings	**(174,563)**	(179,724)
Capital reserve	**–**	–
Other reserves	**42,118**	43,718
Total equity	**213,538**	149,489
Profit/(loss) of DIHL	**5,160**	(857)
Total comprehensive income/(loss) of DIHL	**5,160**	(857)

DIHL has no contingent liabilities as at 30 June 2015.

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

Notes to the Financial Statements

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30 Related Party Disclosures

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 these reports, are as follows:

Non-Executive Directors during the financial year ended 30 June 2015	
Douglas Halley	Independent Chairman of DUECo and DIHL
Ron Finlay	Independent Director
Shirley In't Veld	Independent Director
Emma Stein	Independent Director
Jack Hamilton	Independent Director
Simon Perrott	Independent Director (appointed 1 July 2015)
John Roberts	Non-Executive Director (resigned 30 June 2015)
Duncan Sutherland	Independent Director (resigned 20 November 2014)
Michael Lee	Independent Director (resigned 1 September 2014)
Eric Goodwin	Independent Chairman of DFL
Jane Harvey	Independent Director
Terri Benson	Independent Director

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 KMPs is set out below:

	Year ended 30 Jun 15 $	Year ended 30 Jun 14 $
Short term employment benefits	**3,668,686**	2,474,739
Post employment benefits	**143,550**	158,175
Total	**3,812,236**	2,632,914

(b) Custodians

Under the terms of the custody agreement with Perpetual Trustee Co Ltd, fees paid or payable to the custodian by the Group were $170,891 (2014: $236,013 paid or payable to Trust Company Ltd & Perpetual Trustee Co Ltd).

Notes to the Financial Statements

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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").

	DBP $'000	United Energy $'000	Multinet Gas $'000	DDG $'000	Total $'000
DUET Group for the 12 months to 30 June 2015					
Total segment revenues	**321,537**	**336,430**	**184,128**	**12,680**	**854,775**
Total segment expenses	**(66,648)**	**(98,743)**	**(61,937)**	**(3,411)**	**(230,739)**
Proportionate EBITDA	**254,889**	**237,687**	**122,191**	**9,269**	**624,036**
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
Total proportionate segment assets					
30 June 2015	**2,978,073**	**2,121,747**	**1,610,898**	**240,925**	**6,951,643**
30 June 2014	2,987,313	2,065,955	1,567,895	193,789	6,814,952
Total proportionate segment liabilities					
30 June 2015	**2,428,059**	**2,039,408**	**1,334,095**	**155,186**	**5,956,748**
30 June 2014	2,498,884	1,960,061	1,286,075	143,509	5,888,529

	DBP $'000	United Energy $'000	Multinet Gas $'000	DDG $'000	Corporate $'000	Total $'000
DUET Group for the 12 months to 30 June 2015						
Proportionate EBITDA (excluding Head Office expenses)	**254,890**	**237,687**	**122,191**	**9,268**	**–**	**624,036**
Additional EBITDA from controlled assets[1]	**59,548**	**118,694**	**–**	**–**	**–**	**178,242**
Net gain/(loss) on disposal of assets	**76**	**(2,842)**	**(5,786)**	**–**	**–**	**(8,552)**
Head office expenses	**–**	**–**	**–**	**–**	**(13,451)**	**(13,451)**
Project related expenses	**–**	**–**	**–**	**–**	**(5,440)**	**(5,440)**
Net foreign exchange gain/(loss)	**40**	**63**	**–**	**–**	**–**	**103**
Changes in fair value of derivatives	**7,184**	**(28,206)**	**(194)**	**–**	**–**	**(21,216)**
Consolidated EBITDA						**753,722**
Controlled Assets						
– Interest income	**291**	**1,441**	**480**	**106**	**–**	**2,318**
– Depreciation and amortisation	**(75,653)**	**(149,952)**	**(48,055)**	**(2,759)**	**–**	**(276,419)**
– Finance costs	**(204,980)**	**(162,406)**	**(49,832)**	**(4,325)**	**–**	**(421,543)**
Corporate						
– Interest income	**–**	**–**	**–**	**–**	**6,957**	**6,957**
– Depreciation & amortisation	**–**	**–**	**–**	**–**	**(90)**	**(90)**
– Finance costs	**–**	**–**	**–**	**–**	**(13)**	**(13)**
Profit before income tax expense						**64,932**

1 To consolidate 100% of controlled asset EBITDA.

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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)
Changes in fair value of derivatives	10,130	(2,829)	–	–	–	7,301
Internalisation and group structure simplification related expenses	–	–	–	–	(1,622)	(1,622)
Consolidated EBITDA						803,307
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)
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.

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

	30 Jun 15 $'000	30 Jun 14 $'000
Segment Revenue	**854,775**	849,495
Other Revenue	**9,690**	10,259
Cost of sales adjustment	**24,709**	–
Inter-segment revenue adjustment	**(11,669)**	(4,426)
Carbon tax adjustment	**608**	7,167
TUOS adjustment	**135,373**	119,901
Revenue attributable to non-controlling interest	**248,460**	258,824
Total revenue from continuing operations	**1,261,946**	1,241,220

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

	30 Jun 15 $'000	30 Jun 14 $'000
Total proportionate segment assets	**6,951,643**	6,814,952
Balance of controlled entity assets	**1,736,743**	1,767,130
Cash and cash equivalents	**334,978**	226,636
Other assets	**670**	977
Receivables	**13,274**	1,811
Intangible assets	**706**	1,069
Deferred tax assets	**27,113**	32,969
Property, plant and equipment	**696**	703
Total assets	**9,065,823**	8,846,247

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31 Segment Information (continued)

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

	30 Jun 15 $'000	30 Jun 14 $'000
Total proportionate segment liabilities	**5,956,748**	5,888,529
Balance of controlled entity liabilities	**950,353**	1,029,477
Distribution payable	**130,696**	112,014
Deferred tax liability	**747**	737
Payables	**31,694**	10,463
Total liabilities	**7,070,238**	7,041,220

DFT

Proportionate EBITDA for each of DBP, United Energy, Multinet Gas and DDG is set out on page 93.

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 2015					
Proportionate EBITDA	**254,890**	**237,687**	**122,191**	**–**	**614,768**
Exclude non-controlled assets[1]	**(254,890)**	**(237,687)**	**(122,191)**	**–**	**(614,768)**
Corporate income	**–**	**–**	**–**	**–**	**–**
Corporate expenses	**–**	**–**	**–**	**(7,239)**	**(7,239)**
Equity accounted profits[1]	**–**	**–**	**–**	**(37,800)**	**(37,800)**
Consolidated EBITDA					**(45,039)**
Interest income	**–**	**–**	**–**	**148,413**	**148,413**
Finance costs	**–**	**–**	**–**	**(1)**	**(1)**
Profit before income tax expense					**103,373**

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 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
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)
Profit before income tax expense					125,796

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 93.

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

	DBP $'000	DDG $'000	DIHL Group $'000	Total $'000
DIHL Group for the 12 months to 30 June 2015				
Proportionate EBITDA	**254,890**	**9,268**	–	**264,158**
Exclude non-controlled assets[1]	**(254,890)**	–	–	**(254,890)**
Corporate income	–	–	**10,629**	**10,629**
Corporate expenses	–	–	**(11,729)**	**(11,729)**
Equity accounted profits[1]	–	–	**5,683**	**5,683**
Consolidated EBITDA				**13,851**
Interest income	–	**106**	**330**	**436**
Finance costs	–	**(4,326)**	**(4,927)**	**(9,253)**
Depreciation & amortisation	–	**(2,759)**	**(90)**	**(2,849)**
Profit before income tax expense				**2,185**

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

	Multinet Gas $'000	DBP $'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).

DFL

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

Notes to the Financial Statements

for year ended 30 June 2015

32 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(k). 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 Group's 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.

Refer to Note 10(d).

(e) Investments in Associates

DUET has determined that its 57% investment in FRGP is a joint operation, because both parties have joint control of the arrangement, including rights to the gross assets and liabilities of the joint venture, and joint control has been contractually agreed (all activities require unanimous consent of both parties).

33 Commitments for Expenditure

	DUET Group 30 Jun 15 $'000	DUET Group 30 Jun 14 $'000
Capital commitments		
Commitments for the acquisition of major capital assets not shown as a liability		
Within one year	**22,821**	142,638
	22,821	142,638
Lease commitments		
Commitments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**4,742**	3,998
Later than one year but not later than 5 years	**10,856**	11,353
Later than 5 years	**6,030**	8,032
	21,628	23,383
Commitments in relation to finance leases are payable as follows:		
Within one year	**1,913**	1,878
Later than one year but not later than 5 years	**8,018**	7,870
Less future finance charges	**24,014**	26,075
Later than 5 years	**(14,850)**	(15,849)
	19,095	19,974

Notes to the Financial Statements

for year ended 30 June 2015

34 Contingent Liabilities

The Group had no material contingent liabilities at 30 June 2015.

35 Events Occurring After Balance Sheet Date

Proposal to acquire ASX-listed Energy Developments Limited

On 20 July 2015, DUET Group announced that it had entered into a scheme implementation deed with ASX-listed Energy Developments Limited (EDL, ASX:ENE) under which it is proposed that DUET will acquire 100% of EDL's shares on issue by way of a scheme of arrangement for $8.00 per share payable in cash.

Financial close is expected in October 2015 and will be subject to EDL shareholder approval, court approval and other necessary approvals and conditions precedent.

To fund the proposed acquisition of EDL, DUET Group completed a $1.67 billion equity raising via a cornerstone placement ($550 million) and a fully underwritten accelerated non-renounceable 1 for 2.69 pro rata entitlement offer ($1,122 million) both at a price of $2.02 per stapled security.

A total of 685,709,456 new stapled securities were issued on 3 August 2015 and a total of 141,828,803 new stapled securities were issued on 17 August 2015 both at a price of $2.02 per stapled security.

Refer to the DUET Group website for further information.

DUET Funding Arm financing

As part of the proposed acquisition of ASX-listed Energy Developments Limited DFT (the DUET Funding Arm) increased an existing loan facility with DUECo to $1.3 billion on 30 July 2015 on principally the same terms. The new loan facility was partly drawn down on 31 July 2015 and again on 14 August 2015. The undrawn amount on the existing loan facility at 20 August 2015 was $140.0 million.

DFT financed the increase in the existing loan facility with DUECo primarily using funds received as part of the equity raising described above. In addition to these funds DFT entered into a new $210 million loan facility with DIHL on 30 July 2015. The commercial terms of the new facility are consistent with existing facilities in place within the Group. The undrawn amount on the new loan facility at 20 August 2015 was $14.3 million.

Final distribution

A final distribution of 8.750 cents per stapled security announced on 11 June 2015 (2014: 8.500 cents per stapled security) was paid on 20 August 2015. This consisted of 4.409 cents per unit from DFT and 4.341 cents per share from DUECo (2014: 7.529 cents per unit from DFT, 0.713 cents per share from DUECo and 0.258 cents per share from DIHL). The DUECo dividend was unfranked.

Financial Report

for year ended 30 June 2015

Statement by the Directors of DUECo

In the opinion of the Directors of DUET Company Limited (DUECo), the consolidated Financial Statements for DUECo and its controlled entities (DUET Group) set out on pages 34 to 98 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 2015 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 2015.

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

Douglas Halley
Director
Sydney
20 August 2015

Ron Finlay
Director
Sydney
20 August 2015

Financial Report

for year ended 30 June 2015

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 34 to 98 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 2015 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 2015.

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

Jane Harvey
Director
Sydney

20 August 2015

Eric Goodwin
Director
Sydney

20 August 2015

Financial Report

for year ended 30 June 2015

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 34 to 98 are in accordance with the *Corporations Act 2001*, including:

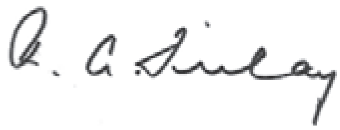
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
- are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board;
- giving a true and fair view of DIHL Group's financial position as at 30 June 2015 and 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 2015.

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

Douglas Halley
Director
Sydney
20 August 2015



Ron Finlay
Director
Sydney
20 August 2015

Financial Report

for year ended 30 June 2015

Statement by the Directors of DFL

In the opinion of the Directors of DUET Finance Limited (DFL), the Financial Statements set out on pages 34 to 98 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 2015 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 2015.

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

Jane Harvey
Director
Sydney

20 August 2015

Eric Goodwin
Director
Sydney

20 August 2015

Building a better working world

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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 2015, 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 2015.

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.

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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 company, the trust and consolidated entities (DUET Group and DIHL Group) financial positions as at 30 June 2015 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 2015. 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 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Matthew A. Honey
Partner
Melbourne
20 August 2015

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Corporate Directory

DUET Entities

DUET Company Limited
(ABN 93 163 100 061) (DUECo)

DUET Investment Holdings Limited
(ABN 22 120 456 573) (DIHL)

DUET Finance Limited
(ABN 15 108 014 062) (AFSL 269287) (DFL)

in its personal capacity and
as responsible entity of
DUET Finance Trust (ARSN 109 363 135)

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