DUET Group

Financial Report for the half year ended 31 December 2015

Interim Financial Reports

for year the half year ended 31 December 2015

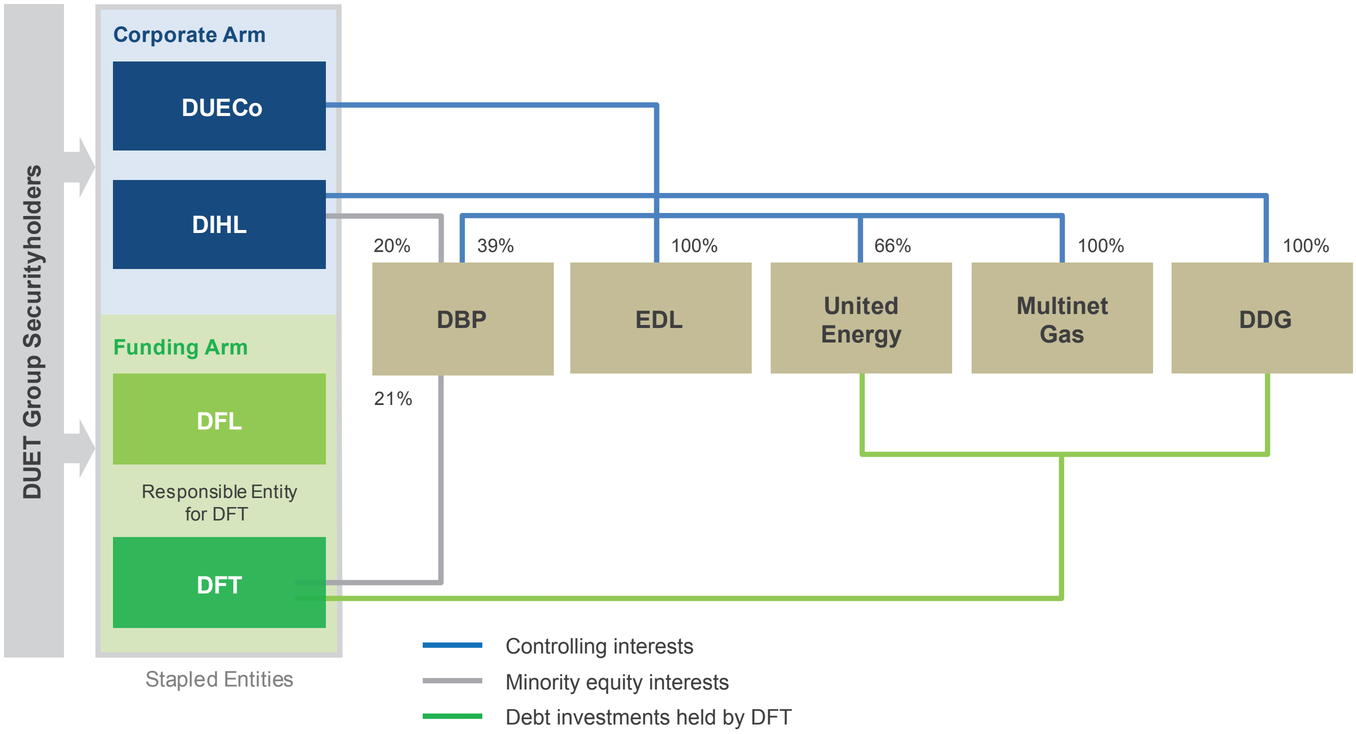
Contents

Explanation of the Interim Financial Report

for year the half year ended 31 December 2015

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

A summarised structure of DUET as at 31 December 2015 is illustrated below:



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

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

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

Interim financial statements for DFT, DIHL Group and DFL for the half year ended 31 December 2015 have also been presented in this report jointly, as permitted by ASIC Class Order 05/642 and 06/441.

In this interim financial report “DUET Group”, the column presented first, serves as a summary of the financial performance and financial position of DUET Group as a whole, while the other columns of this report provide the individual entity interim financial reports of DFT Group, DIHL Group and DFL.

Directors' Reports – DUECo, DFT, DIHL and DFL

for year the half year ended 31 December 2015

DFL acts as responsible entity for DFT.

The directors of DUECo submit the following report for DUECo for the half year ended 31 December 2015.

The directors of DIHL submit the following report for DIHL for the half year ended 31 December 2015.

The directors of DFL submit the following report for DFL and DFT for the half year ended 31 December 2015.

The units of DFT together with the ordinary shares in DUECo, DIHL and DFL are issued as stapled securities in DUET Group.

Principal Activities

DUET Group owns and operates energy utility assets in Australia, the US, UK and Europe.

Directors

The following persons held office as directors of DUECo and DIHL for the half year and up to the date of this report, unless otherwise stated:

- Douglas Halley (Chairman)
- Ron Finlay
- Emma Stein
- Shirley In't Veld
- Jack Hamilton
- Simon Perrott (appointed 1 July 2015)

The following persons held office as directors of DFL for the half year and up to the date of this report, unless otherwise stated:

- Eric Goodwin (Chairman)
- Terri Benson
- Jane Harvey

Distributions and Dividends

An interim distribution for the half year ended 31 December 2015 of 9.000 cents per stapled security (2014: 8.750 cents per stapled security) was announced on 8 December 2015 and paid on 18 February 2016. This consisted of 4.680 cents per unit from DFT and 4.320 cents per share from DUECo. The DUECo dividend was unfranked.

Directors' Reports – DUECo, DFT, DIHL and DFL

for year the half year ended 31 December 2015

Review and Results of Operations

DUET Group's net profit after tax for the period was $108.5 million (2014: net loss after tax of $11.1 million). Excluding significant items resulted in a net profit after tax of $98.9 million (2014: $19.0 million) as follows:

Half year to 31 December	2015 $'000	2014 $'000
Revenues from ordinary activities	**809,739**	616,099
Less: items not included in consolidated EBITDA		
Net fair value gain on debt and derivative contracts	**(47,069)**	–
Unrealised foreign exchange movements	**(1,059)**	–
Interest revenue	**(12,648)**	(4,648)
Revenues from ordinary activities, adjusted	**748,963**	611,451
Operating expenses	**(304,039)**	(269,483)
Add: items not included in consolidated EBITDA		
Net fair value loss on debt and derivative contracts	–	26,059
Loss on disposal of assets	**4,047**	3,623
Operating expenses, adjusted	**(299,992)**	(239,801)
Equity accounted profits	**590**	–
Consolidated EBITDA	**449,561**	371,650
Unrealised foreign exchange movements	**1,059**	–
Net fair value movements on debt and derivative contracts	**47,069**	(26,059)
Loss on disposal of assets	**(4,047)**	(3,623)
Depreciation and amortisation	**(165,335)**	(135,445)
Consolidated EBIT	**328,307**	206,523
Net interest expense	**(207,633)**	(210,448)
Net profit/(loss) before income tax	**120,674**	(3,925)
Tax benefit/(expense)	**(12,152)**	(7,160)
Net profit/(loss) after income tax	**108,522**	(11,085)
Add/(subtract) significant items:		
Tax expense arising on group internalisation	–	7,130
Expenses relating to acquisition of EDL	**30,772**	3,182
Loss on disposal of assets	**4,047**	3,623
Unrealised foreign exchange movements	**(1,059)**	–
Net fair value movements on debt and derivative contracts	**(47,069)**	26,059
Tax benefit on expenses relating to acquisition of EDL	**(9,232)**	(955)
Tax benefit on loss on disposal of assets	**(1,214)**	(1,087)
Tax expense/(benefit) on fair value movements on debt and derivative contracts	**14,121**	(7,818)
Net profit after income tax excluding significant items	**98,888**	19,049
Basic and diluted earnings/(loss) per stapled security attributable to securityholders - cents	**4.13**	(0.06)

Directors' Reports – DUECo, DFT, DIHL and DFL

for year the half year ended 31 December 2015

Review and Results of Operations (continued)

DUET's Management Information Report (MIR) reports proportionate earnings for each energy utility.

Proportionate earnings have been adjusted from the consolidated statutory income statement to provide a view of DUET's results based on the relevant interests that DUET held during the period using the time weighted average beneficial ownership percentage basis of each of its energy utility businesses. It excludes items which are not reflective of recurring cash (or cash-like) inflows and outflows in the ordinary course of business. In determining proportionate earnings, accounting depreciation and amortisation is substituted by Stay-In-Business capital expenditure ("SIB capex"). SIB capex is any capex which cannot be funded by external debt facilities, as set out in the terms of these facilities.

Proportionate earnings for each energy utility per the MIR are as follows:

Half year ended 31 December	DBP		EDL[1]		United Energy		Multinet Gas		DDG	
$'000	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenue	**161,929**	157,557	**216,599**	–	**181,917**	159,137	**108,061**	98,740	**18,187**	786
Operating expenses	**(31,743)**	(33,388)	**(108,487)**	–	**(49,424)**	(54,119)	**(34,978)**	(32,121)	**(2,361)**	(1,044)
EBITDA	**130,186**	124,169	**108,112**	–	**132,493**	105,018	**73,083**	66,619	**15,826**	(258)
Customer contributions (net of margin)	**(3,291)**	(2,082)	**–**	–	**(10,376)**	(5,619)	**(3,708)**	(2,034)	**–**	–
Adjusted EBITDA	**126,895**	122,087	**108,112**	–	**122,117**	99,399	**69,375**	64,585	**15,826**	(258)
Net external interest	**(68,043)**	(76,465)	**(15,867)**	–	**(45,639)**	(45,306)	**(25,045)**	(24,963)	**(94)**	608
Adjusted EBITDA less net external interest	**58,852**	45,622	**92,245**	–	**76,478**	54,093	**44,330**	39,622	**15,732**	350
SIB capex	**(10,300)**	(6,317)	**(20,400)**	–	**(17,114)**	(22,115)	**(3,037)**	(3,593)	**–**	–
Tax paid	**–**	–	**(4,296)**	–	**–**	–	**–**	–	**–**	–
Proportionate earnings	**48,552**	39,305	**67,549**	–	**59,364**	31,978	**41,293**	36,029	**15,732**	350

(1) DUET Group completed the acquisition of 100% of Energy Developments Ltd on 22 October 2015. As EDL did not declare and pay any dividends to its shareholders from its FY2016 earnings in the period 1 July 2015 to 22 October 2015, DUET has presented EDL's interim results for the full six month period to 31 December 2015 adjusted for (i) the removal of acquisition related costs incurred by EDL, and (ii) the uplift of asset values and consequent depreciation and amortisation in line with the acquisition fair values calculated by DUET (excluding goodwill which was not generated by EDL).

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.

During the half year, DBP transported 163,623 TJ of gas (2014: 166,625 TJ).

EDL

EDL is an international provider of safe, clean, low greenhouse gas emissions energy and remote energy solutions.

EDL currently manages an international portfolio of over 900MW of power generation facilities in Australia, the United States, United Kingdom and Europe, utilising a range of fuel sources operating in four main areas: remote energy, natural gas and diesel, landfill gas and waste coal mine gas.

During the half year, EDL generated 2,014 GWh of electricity (2014: 2,046 GWh).

DBP Development Group

DDG owns and operates the Wheatstone Ashburton West Pipeline which connects 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 1,472km^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.

During the half year, UED distributed 4,030 GWh of electricity (2014: 3,887 GWh).

Multinet Gas

Multinet Gas is a Victorian gas distribution company with a network covering eastern and south-eastern suburbs of Melbourne.

During the half year, MGH distributed 32,073 TJ of gas (2014: 30,209 TJ).

Directors' Reports – DUECo, DFT, DIHL and DFL

for year the half year ended 31 December 2015

Review and Results of Operations (continued)

Performance of Other DUET Stapled Entities

The financial performance of the other stapled entities (excluding the parent, DUECo) comprising the DUET Group for the half year ended 31 December 2015 was as follows:

	DFT 1 Jul 15 – 31 Dec 15 $'000	**DIHL Group 1 Jul 15 – 31 Dec 15 $'000**	**DFL 1 Jul 15 – 31 Dec 15 $'000**	DFT 1 Jul 14 – 31 Dec 14 $'000	DIHL Group 1 Jul 14 – 31 Dec 14 $'000	DFL 1 Jul 14 – 31 Dec 14 $'000
Revenue and other income	**121,230**	**31,188**	**271**	71,779	12,054	255
Profit/(loss) after tax for the half year	**115,427**	**15,980**	**132**	32,897	(5,669)	136
Profit/(loss) after tax attributable to securityholders	**115,427**	**15,980**	**132**	32,897	(5,669)	136
Basic earnings/(loss) per stapled security/unit/share	**5.34c**	**0.74c**	**0.01c**	2.45c	(0.42)c	0.01c
Diluted earnings/(loss) per stapled security/unit/share	**5.34c**	**0.74c**	**0.01c**	2.45c	(0.42)c	0.01c

Financial Position and Capital Management

The net assets of the Group increased by $1,562.4 million to $3,557.9 million during the half year. The increase was due to additional equity raised during the period of $1,642.9 million, net of costs and taxes. As at 31 December 2015, the total interest bearing liabilities of the Group was $6,201.4 million and gearing (i.e. net debt / (net debt plus equity)) was 61.1% (30 June 2015: 72.2%).

Acquisition of Energy Developments Limited

On 22 October 2015 DUET completed its acquisition of Energy Developments Limited, by acquiring 100% of the issued share capital. EDL is an international provider of safe, clean, low greenhouse gas emissions energy and remote energy solutions and is a strategic fit with DUET which further diversifies DUET's cash flows, providing a future growth platform.

Events Occurring After Balance Sheet Date

An interim distribution of 9.000 cents per stapled security was paid by DUET on 18 February 2016. This consisted of 4.320 cents per unit from DFT and 4.680 cents per share from DUECo. The DUECo dividend was unfranked.

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 half year:

- DUET Group has not paid any premium in respect to any insurance 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.

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 8.

Application of Class Orders

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 interim financial report. Amounts in the directors' report and interim financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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

Directors' Reports – DUECo, DFT, DIHL and DFL

for year the half year ended 31 December 2015

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

Douglas Halley
Director
DUET Company Limited
Sydney

18 February 2016

Ron Finlay
Director
DUET Company Limited
Sydney

18 February 2016

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

Eric Goodwin
Director
DUET Finance Limited
Sydney

18 February 2016

Jane Harvey
Director
DUET Finance Limited
Sydney

18 February 2016

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

Douglas Halley
Director
DUET Investment Holdings Limited
Sydney

18 February 2016

Ron Finlay
Director
DUET Investment Holdings Limited
Sydney

18 February 2016

Building a better working world

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

As lead auditor for the review of DUET Group for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of DUET Group, DUET Company Limited, DUET Investment Holdings Limited, DUET Finance Limited and DUET Finance Trust and the entities the Group controlled during the financial period.

Ernst & Young

Ernst & Young

Matthew A. Honey
Partner
18 February 2016

Interim Financial Reports

for year the half year ended 31 December 2015

Income Statements

	Note	DUET Group 1 Jul 15 - 31 Dec 15 $'000s	DUET Group 1 Jul 14 - 31 Dec 14 $'000s
Revenue	2	**761,607**	616,099
Other income	2	**48,132**	–
Total revenue and other income	2	**809,739**	616,099
Share of net profit of associates accounted for using the equity method	2	**590**	–
Expenses relating to acquisition of EDL	2	**(30,772)**	(3,182)
Operating expenses	2	**(266,615)**	(235,176)
Depreciation and amortisation expense	2	**(165,335)**	(135,445)
Finance costs	2	**(220,281)**	(215,096)
Other expenses	2	**(6,652)**	(31,125)
Total expenses	2	**(689,655)**	(620,024)
Profit/(loss) before income tax expense		**120,674**	(3,925)
Income tax expense		**(12,152)**	(7,160)
Profit/(loss) for the year		**108,522**	(11,085)
Profit/(loss) is attributable to:			
DUECo shareholders		**(42,152)**	(28,123)
DFT unitholders and DIHL/DFL shareholders as non-controlling interests		**131,539**	27,364
Stapled Securityholders		**89,387**	(759)
Other non-controlling interests		**19,135**	(10,326)
Basic earnings/(loss) per stapled security (cents)		**4.13**	(0.06)
Diluted earnings/(loss) per stapled security (cents)		**4.13**	(0.06)

	Note	DFT 1 Jul 15 - 31 Dec 15 $'000s	DIHL Group 1 Jul 15 - 31 Dec 15 '$'000s	DFL 1 Jul 15 - 31 Dec 15 $'000s	DFT 1 Jul 14 - 31 Dec 14 $'000s	DIHL Group 1 Jul 14 - 31 Dec 14 $'000s	DFL 1 Jul 14 - 31 Dec 14 $'000s
Revenue	2	**121,230**	**31,173**	**271**	71,779	12,051	255
Other income	2	**–**	**15**	**–**	–	3	–
Total revenue and other income	2	**121,230**	**31,188**	**271**	71,779	12,054	255
Share of net profit/(loss) of associates accounted for using the equity method	2	**–**	**4,453**	**–**	(37,800)	1,903	–
Expenses relating to acquisition of EDL	2	**(356)**	**(160)**	**(2)**	(6)	(19)	–
Operating expenses	2	**–**	**(15,879)**	**–**	–	(13,066)	–
Depreciation and amortisation expense	2	**–**	**(4,974)**	**–**	–	(190)	–
Finance costs	2	**(5,159)**	**(6,588)**	**–**	–	(2,917)	–
Other expenses	2	**(288)**	**(1,626)**	**(130)**	(1,076)	(3,146)	(119)
Total expenses	2	**(5,803)**	**(29,227)**	**(132)**	(1,082)	(19,338)	(119)
Profit/(loss) before income tax expense		**115,427**	**6,414**	**139**	32,897	(5,381)	136
Income tax benefit/(expense)		**–**	**9,566**	**(7)**	–	(288)	–
Profit/(loss) for the year		**115,427**	**15,980**	**132**	32,897	(5,669)	136
Profit/(loss) is attributable to:							
DUECo shareholders		**–**	**–**	**–**	–	–	–
DFT unitholders and DIHL/DFL shareholders as non-controlling interests		**115,427**	**15,980**	**132**	32,897	(5,669)	136
Stapled Securityholders		**115,427**	**15,980**	**132**	32,897	(5,669)	136
Other non-controlling interests		**–**	**–**	**–**	–	–	–
Basic earnings/(loss) per share/unit (cents)		**5.34**	**0.74**	**0.01**	2.45	(0.42)	0.01
Diluted earnings/(loss) per share/unit (cents)		**5.34**	**0.74**	**0.01**	2.45	(0.42)	0.01

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

Interim Financial Reports

for year the half year ended 31 December 2015

Statements of Other Comprehensive Income

	DUET Group 1 Jul 15 - 31 Dec 15 $'000s	DUET Group 1 Jul 14 - 31 Dec 14 $'000s
Profit/(loss) after income tax expense for the half year	**108,522**	(11,085)
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 taken to equity	**(47,636)**	(19,487)
Transferred to income statements	**37,952**	1,759
Changes in share of associates reserves, net of tax	**(404)**	–
Total comprehensive income/(expense) for the half year	**98,434**	(28,813)
Total comprehensive income/(expense) for the half year is attributable to:		
DUECo unitholders	**(48,105)**	(56,337)
DFT unitholders and DIHL & DFL shareholders as non-controlling interests	**133,049**	21,684
Stapled Securityholders	**84,944**	(34,653)
Other non-controlling interests	**13,490**	5,840
Total comprehensive income/(expense) for the half year	**98,434**	(28,813)

	DFT 1 Jul 15 - 31 Dec 15 $'000s	DIHL Group 1 Jul 15 - 31 Dec 15 $'000s	DFL 1 Jul 15 - 31 Dec 15 $'000s	DFT 1 Jul 14 - 31 Dec 14 $'000s	DIHL Group 1 Jul 14 - 31 Dec 14 $'000s	DFL 1 Jul 14 - 31 Dec 14 $'000s
Profit/(loss) after income tax expense for the half year	**115,427**	**15,980**	**132**	32,897	(5,669)	136
Other comprehensive income/(expense):						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation differences	**–**	**1,510**	**–**	–	–	–
Changes in share of associates reserves, net of tax	**–**	**–**	**–**	–	(5,680)	–
Total comprehensive income/(expense) for the half year	**115,427**	**17,490**	**132**	32,897	(11,349)	136
Total comprehensive income/(expense) for the half year is attributable to:						
DUECo unitholders	**–**	**–**	**–**	–	–	–
DFT unitholders and DIHL & DFL shareholders as non-controlling interests	**115,427**	**17,490**	**132**	32,897	(11,349)	136
Stapled Securityholders	**115,427**	**17,490**	**132**	32,897	(11,349)	136
Other non-controlling interests	**–**	**–**	**–**	–	–	–
Total comprehensive income/(expense) for the half year	**115,427**	**17,490**	**132**	32,897	(11,349)	136

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

Interim Financial Reports

for year the half year ended 31 December 2015

Balance Sheets

	Note	DUET Group 31 Dec 15 $'000s	DUET Group 30 Jun 15 $'000s
Current assets			
Cash and cash equivalents		**485,823**	320,657
Other financial assets		**1,858**	55,520
Receivables	4	**55,582**	63,516
Inventories		**43,531**	23,764
Other assets	5	**200,451**	109,937
Derivative financial instruments		**21,337**	24,309
Total current assets		**808,582**	597,703
Non-current assets			
Receivables	4	**22,142**	20,053
Investments in associated entities		**20,697**	–
Property, plant and equipment		**7,052,118**	6,002,956
Deferred tax assets		**315,327**	298,316
Intangible assets		**3,040,068**	2,033,899
Derivative financial instruments		**142,952**	112,896
Total non-current assets		**10,593,304**	8,468,120
Total assets		**11,401,886**	9,065,823
Current liabilities			
Distribution payable	3	**208,910**	130,697
Payables		**214,805**	186,951
Interest bearing liabilities		**330,941**	1,090,303
Provisions		**31,320**	30,729
Derivative financial instruments		**64,476**	96,321
Other liabilities	6	**54,687**	47,590
Total current liabilties		**905,139**	1,582,591
Non-current liabilities			
Interest bearing liabilities		**5,870,508**	4,640,484
Deferred tax liabilities		**792,475**	666,787
Derivative financial instruments		**174,884**	126,638
Provisions		**38,588**	32,845
Retirement benefit obligations		**437**	253
Other liabilities	6	**61,914**	20,640
Total non-current liabilties		**6,938,806**	5,487,647
Total liabilities		**7,843,945**	7,070,238
Net assets		**3,557,941**	1,995,585
Equity			
Equity attributable to DUECo shareholders			
Contributed equity	7	**1,464,492**	929,532
Reserves		**(296,824)**	(294,870)
Retained profits/(accumulated losses)	8	**(583,314)**	(440,892)
Unitholders interest		**584,354**	193,770
Equity attributable to DFT, DIHL and DFL Security holders (as non-controlling interest)			
Contributed equity	7	**3,239,908**	2,131,944
Reserves		**(328,671)**	(336,968)
Retained profits/(accumulated losses)	8	**(143,860)**	(159,972)
DFT, DIHL, and DFL security holders interest		**2,767,377**	1,635,004
Other non-controlling interest		**206,210**	166,811
Total equity		**3,557,941**	1,995,585

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

Interim Financial Reports

for year the half year ended 31 December 2015

Balance Sheets (continued)

	Note	DFT 31 Dec 15 $'000s	DIHL Group 31 Dec 15 $'000s	DFL 31 Dec 15 $'000s	DFT 30 Jun 15 $'000s	DIHL Group 30 Jun 15 $'000s	DFL 30 Jun 15 $'000s
Current assets							
Cash and cash equivalents		**2,286**	**20,479**	**5,616**	654	8,217	2,604
Other financial assets		**–**	**–**	**1,320**	–	–	4,071
Receivables	4	**1,854**	**2,588**	**1**	1,428	14,517	3
Other assets	5	**1,442**	**7,768**	**163**	–	4,914	262
Total current assets		**5,582**	**30,835**	**7,100**	2,082	27,648	6,940
Non-current assets							
Receivables	4	**2,607,278**	**216,235**	**3,680**	1,492,842	–	–
Investments in associated entities		**–**	**157,751**	**–**	–	163,044	–
Property, plant and equipment		**–**	**225,660**	**–**	–	227,000	–
Deferred tax assets		**–**	**11,268**	**–**	–	–	–
Intangible assets		**–**	**94**	**–**	–	–	–
Total non-current assets		**2,607,278**	**611,008**	**3,680**	1,492,842	390,044	–
Total assets		**2,612,860**	**641,843**	**10,780**	1,494,924	417,692	6,940
Current liabilities							
Distribution payable	3	**108,640**	**–**	**–**	65,853	–	–
Payables		**10,624**	**14,811**	**29**	10,223	12,345	34
Interest bearing liabilities		**200**	**–**	**–**	–	8,500	–
Provisions		**–**	**308**	**–**	–	629	–
Other liabilities	6	**–**	**5,573**	**–**	–	3,742	–
Total current liabilties		**119,464**	**20,692**	**29**	76,076	25,216	34
Non-current liabilities							
Interest bearing liabilities		**202,736**	**153,712**	**–**	–	180,121	–
Deferred tax liabilities		**–**	**136**	**–**	–	1,854	–
Derivative financial instruments		**–**	**9**	**–**	–	–	–
Provisions		**–**	**1,328**	**–**	–	1,251	–
Total non-current liabilties		**202,736**	**155,185**	**–**	–	183,226	–
Total liabilities		**322,200**	**175,877**	**29**	76,076	208,442	34
Net assets		**2,290,660**	**465,966**	**10,751**	1,418,848	209,250	6,906
Equity							
Equity attributable to DUECo shareholders							
Contributed equity	7	**–**	**–**	**–**	–	–	–
Reserves		**–**	**–**	**–**	–	–	–
Retained profits/accumulated (losses)	8	**–**	**–**	**–**	–	–	–
Unitholders interest		**–**	**–**	**–**	–	–	–
Equity attributable to DFT, DIHL and DFL Security holders (as non-controlling interest)							
Contributed equity	7	**2,643,925**	**585,209**	**10,774**	1,778,900	345,983	7,061
Reserves		**(353,265)**	**24,594**	**–**	(360,052)	23,084	–
Retained profits/accumulated (losses)	8	**–**	**(143,837)**	**(23)**	–	(159,817)	(155)
DFT, DIHL, and DFL security holders interest		**2,290,660**	**465,966**	**10,751**	1,418,848	209,250	6,906
Other non-controlling interest		**–**	**–**	**–**	–	–	–
Total equity		**2,290,660**	**465,966**	**10,751**	1,418,848	209,250	6,906

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

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Statements of Changes in Equity

DUET Group	Attributable to DUECo Unitholders								
	Contributed Equity $'000s	Hedging reserve $'000s	Capital reserve $'000s	Other reserve $'000s	Retained profits $'000s	Total $'000s	DFT, DIHL Group, DFL $'000s	Other NCI $'000s	Total Equity $'000s
Total equity at 1 July 2015	**929,532**	**(13,340)**	**(90,324)**	**(191,206)**	**(440,892)**	**193,770**	**1,635,004**	**166,811**	**1,995,585**
Profit/(loss) for the year	**–**	**–**	**–**	**–**	**(42,152)**	**(42,152)**	**131,539**	**19,135**	**108,522**
Other comprehensive income for the year	**–**	**(5,549)**	**–**	**(404)**	**–**	**(5,953)**	**1,510**	**(5,645)**	**(10,088)**
Total comprehensive income	**–**	**(5,549)**	**–**	**(404)**	**(42,152)**	**(48,105)**	**133,049**	**13,490**	**98,434**
Transactions equity holders in their capacity as equity holders:									
Contributions of equity, net of transaction costs and deferred tax	**534,960**	**–**	**–**	**–**	**–**	**534,960**	**1,107,964**	**–**	**1,642,924**
Distribution paid and provided for to DUET equity holders	**–**	**–**	**–**	**–**	**(100,270)**	**(100,270)**	**(108,640)**	**–**	**(208,910)**
Distribution paid and provided for to NCI	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(22,832)**	**(22,832)**
Contributions of equity by non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**52,740**	**52,740**
Gain/loss on dilution	**–**	**–**	**–**	**3,999**	**–**	**3,999**	**–**	**(3,999)**	**–**
Total equity at 31 December 2015	**1,464,492**	**(18,889)**	**(90,324)**	**(187,611)**	**(583,314)**	**584,354**	**2,767,377**	**206,210**	**3,557,941**

DUET Group	Attributable to DUECo Unitholders								
	Contributed Equity $'000s	Hedging reserve $'000s	Capital reserve $'000s	Other reserve $'000s	Retained profits $'000s	Total $'000s	DFT, DIHL Group, DFL $'000s	Other NCI $'000s	Total Equity $'000s
Total equity at 1 July 2014	793,109	(14,934)	(90,324)	(188,525)	(255,093)	244,233	1,389,345	171,449	1,805,027
Profit/(loss) for the year	–	–	–	–	(28,123)	(28,123)	27,364	(10,326)	(11,085)
Other comprehensive income for the year	–	(28,214)	–	–	–	(28,214)	(5,680)	16,166	(17,728)
Total comprehensive income	–	(28,214)	–	–	(28,123)	(56,337)	21,684	5,840	(28,813)
Transactions equity holders in their capacity as equity holders:									
Contributions of equity, net of transaction costs and deferred tax	136,595	–	–	–	–	136,595	274,499	–	411,094
Distribution paid and provided for to DUET equity holders	–	–	–	–	(65,000)	(65,000)	(95,697)	–	(160,697)
Distribution paid and provided for to NCI	–	–	–	–	–	–	–	(19,663)	(19,663)
Contributions of equity by non-controlling interests	–	–	–	–	–	–	–	7,180	7,180
Total equity at 31 December 2014	929,704	(43,148)	(90,324)	(188,525)	(348,216)	259,491	1,589,831	164,806	2,014,128

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

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Statements of Changes in Equity (continued)

DFT

	Contributed Equity $'000s	Hedging reserve $'000s	Capital reserve $'000s	Other reserve $'000s	Retained profits $'000s	Total $'000s
Total equity at 1 July 2015	**1,778,900**	**(17,774)**	**(378,025)**	**35,747**	**–**	**1,418,848**
Profit/(loss) for the year	**–**	**–**	**–**	**–**	**115,427**	**115,427**
Other comprehensive income for the year	**–**	**–**	**6,787**	**–**	**(6,787)**	**–**
Total comprehensive income	**–**	**–**	**6,787**	**–**	**108,640**	**115,427**
Transactions equity holders in their capacity as equity holders:						
Contributions of equity, net of transaction costs and deferred tax	**865,025**	**–**	**–**	**–**	**–**	**865,025**
Distribution paid and provided for to DUET equity holders	**–**	**–**	**–**	**–**	**(108,640)**	**(108,640)**
Total equity at 31 December 2015	**2,643,925**	**(17,774)**	**(371,238)**	**35,747**	**–**	**2,290,660**

DFT

	Contributed Equity $'000s	Hedging reserve $'000s	Capital reserve $'000s	Other reserve $'000s	Retained profits $'000s	Total $'000s
Total equity at 1 July 2014	1,565,843	(17,774)	(349,848)	35,747	–	1,233,968
Profit/(loss) for the year	–	–	–	–	32,897	32,897
Other comprehensive income for the year	–	–	(32,800)	–	32,800	–
Total comprehensive income	–	–	(32,800)	–	65,697	32,897
Transactions equity holders in their capacity as equity holders:						
Contributions of equity, net of transaction costs and deferred tax	213,089	–	–	–	–	213,089
Distribution paid and provided for to DUET equity holders	–	–	–	–	(65,697)	(65,697)
Total equity at 31 December 2014	1,778,932	(17,774)	(382,648)	35,747	–	1,414,257

DIHL Group

	Contributed Equity $'000s	Hedging reserve $'000s	Capital reserve $'000s	Other reserve $'000s	Retained profits $'000s	Total $'000s
Total equity at 1 July 2015	**345,983**	**(17,006)**	**–**	**40,090**	**(159,817)**	**209,250**
Profit/(loss) for the year	**–**	**–**	**–**	**–**	**15,980**	**15,980**
Other comprehensive income for the year	**–**	**1,510**	**–**	**–**	**–**	**1,510**
Total comprehensive income for the year	**–**	**1,510**	**–**	**–**	**15,980**	**17,490**
Transactions equity holders in their capacity as equity holders:						
Contributions of equity, net of transaction costs and deferred tax	**239,226**	**–**	**–**	**–**	**–**	**239,226**
Total equity at 31 December 2015	**585,209**	**(15,496)**	**–**	**40,090**	**(143,837)**	**465,966**

DIHL Group

	Contributed Equity $'000s	Hedging reserve $'000s	Capital reserve $'000s	Other reserve $'000s	Retained profits $'000s	Total $'000s
Total equity at 1 July 2014	285,495	(15,709)	–	40,090	(160,434)	149,442
Profit/(loss) for the year	–	–	–	–	(5,669)	(5,669)
Other comprehensive income for the year	–	(5,680)	–	–	–	(5,680)
Total comprehensive income for the year	–	(5,680)	–	–	(5,669)	(11,349)
Transactions equity holders in their capacity as equity holders:						
Contributions of equity, net of transaction costs and deferred tax	60,503	–	–	–	–	60,503
Total equity at 31 December 2014	345,998	(21,389)	–	40,090	(166,103)	198,596

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

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Statements of Changes in Equity (continued)

DFL

	Contributed Equity $'000s	**Hedging reserve $'000s**	**Capital reserve $'000s**	**Other reserve $'000s**	**Retained profits $'000s**	**Total $'000s**
Total equity at 1 July 2015	**7,061**	**–**	**–**	**–**	**(155)**	**6,906**
Profit/(loss) for the year	**–**	**–**	**–**	**–**	**132**	**132**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**132**	**132**
Transactions equity holders in their capacity as equity holders:						
Contributions of equity, net of transaction costs and deferred tax	**3,713**	**–**	**–**	**–**	**–**	**3,713**
Total equity at 31 December 2015	**10,774**	**–**	**–**	**–**	**(23)**	**10,751**

DFL

	Contributed Equity $'000s	Hedging reserve $'000s	Capital reserve $'000s	Other reserve $'000s	Retained profits $'000s	Total $'000s
Total equity at 1 July 2014	6,154	–	–	–	(222)	5,932
Profit/(loss) for the year	–	–	–	–	136	136
Other comprehensive income for the year	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	136	136
Transactions equity holders in their capacity as equity holders:						
Contributions of equity, net of transaction costs and deferred tax	907	–	–	–	–	907
Total equity at 31 December 2014	7,061	–	–	–	(86)	6,975

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

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for year the half year ended 31 December 2015

Statements of Cash Flows

	DUET Group 1 Jul 15 - 31 Dec 15 $'000s	DUET Group 1 Jul 14 - 31 Dec 14 $'000s
Cash flows (used in)/from operating activities		
Receipts from customers (including GST)	**829,619**	679,808
Payments to suppliers and employees (including GST)	**(375,107)**	(325,177)
Payments relating to projects and transactions	**(51,182)**	(1,061)
Income tax paid	**(439)**	(1,761)
Other interest received	**7,877**	5,886
Indirect tax net paid	**(7,344)**	(304)
Net cash flows from operating activities	**403,424**	357,391
Cash flows (used in)/from investing activities		
Payment for purchase of short term deposits	**(4,050)**	(206,864)
Proceeds from short term deposits	**59,248**	85,000
Acquisition of subsidiary, net of cash acquired	**(1,311,763)**	–
Payments for purchase of property, plant and equipment	**(164,991)**	(253,825)
Payments for purchase of software and other intangibles	**(18,122)**	(16,695)
Proceeds from sale of non-current assets	**331**	89
Net cash flows used in investing activities	**(1,439,347)**	(392,295)
Cash flows (used in)/from financing activities		
Proceeds from issue of stapled securities, net of costs	**1,639,028**	410,373
Proceeds from securities issued to non-controlling interests	**52,740**	7,180
Proceeds from borrowings from external parties	**1,638,239**	738,500
Repayment of borrowings from external parties	**(1,779,722)**	(985,042)
Proceeds from loan from non-controlling interest	**–**	16,430
Finance costs paid to external parties	**(182,446)**	(210,860)
Finance costs paid to related parties	**(12,953)**	–
Dividends paid to non-controlling interest	**(22,838)**	(19,663)
Distributions paid to DUET securityholders	**(130,700)**	(112,014)
Net cash flow from/(used in) financing activities	**1,201,348**	(155,096)
Net increase/(decrease) in cash and cash equivalents held	**165,425**	(190,000)
Cash and cash equivalents at the beginning of the half year	**320,657**	423,434
Effects of exchange rate changes on cash and cash equivalents	**(259)**	(2)
Cash and cash equivalents at the end of the half year	**485,823**	233,432

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

Interim Financial Reports

for year the half year ended 31 December 2015

Statements of Cash Flows (continued)

	DFT 1 Jul 15 - 31 Dec 15 $'000s	DIHL Group 1 Jul 15 - 31 Dec 15 '$'000s	DFL 1 Jul 15 - 31 Dec 15 $'000s	DFT 1 Jul 14 - 31 Dec 14 $'000s	DIHL Group 1 Jul 14 - 31 Dec 14 $'000s	DFL 1 Jul 14 - 31 Dec 14 $'000s
Cash flows (used in)/from operating activities						
Receipts from customers (including GST)	–	26,217	–	33,499	14,966	–
Payments to suppliers and employees (including GST)	(495)	(17,770)	51	(1,200)	(21,841)	(249)
Payments relating to projects and transactions	(602)	(277)	(2)	–	–	–
Income tax received/(paid)	–	2	(7)	–	–	–
Distribution received from associate	35,846	11,255	–	–	11,136	–
Other interest received/(paid)	5	(15)	84	344	1,436	48
Indirect tax net received/(paid)	9	(389)	(4)	257	(628)	3
Net cash flows (used in)/from operating activities	34,763	19,023	122	32,900	5,069	(198)
Cash flows (used in)/from investing activities						
Payment for purchase of short term deposits	–	–	(4,050)	–	–	–
Proceeds from short term deposits	–	–	2,728	–	15,000	–
Payments for purchase of property, plant and equipment	–	(4,620)	–	–	(113,804)	–
Net cash flows used in investing activities	–	(4,620)	(1,322)	–	(98,804)	–
Cash flows (used in)/from financing activities						
Proceeds from issue of stapled securities, net of costs	–	–	–	–	–	851
Proceeds from borrowings from external parties	–	15,000	–	–	–	–
Repayment of borrowings from external parties	–	(8,500)	–	–	–	–
Repayment of borrowings from related parties	–	–	–	–	(31,467)	–
Loans to related parties	(45,629)	(6,968)	–	(41,712)	–	–
Loans from related parties	–	–	33	–	5,000	51
Finance costs paid to external parties	–	(749)	–	–	–	–
Finance costs received from/(paid to) related parties	78,351	(925)	105	–	(5,085)	–
Distributions paid to DUET securityholders	(65,853)	–	–	(63,200)	(2,692)	–
Net cash flow (used in)/from financing activities	(33,131)	(2,142)	138	(104,912)	(34,244)	902
Net increase/(decrease) in cash and cash equivalents held	1,632	12,261	(1,062)	(72,012)	(127,979)	704
Cash and cash equivalents at the beginning of the half year	654	8,217	6,675	77,010	145,422	5,671
Effects of exchange rate changes on cash and cash equivalents	–	–	–	–	(2)	–
Cash and cash equivalents at the end of the half year	2,286	20,478	5,613	4,998	17,441	6,375

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

Notes to the Financial Statements

for year the half year ended 31 December 2015

1 Basis of Preparation

This interim condensed financial report for the half year ended 31 December 2015 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual reports of the DUET Group for the year ended 30 June 2015 and any public announcements made by DUET since that date.

(a) Basis of preparation

The accounting policies and methods of computation applied in the preparation of this report are the same as those adopted in the most recent full year financial report with the exception of AASB 9 *Financial Instruments* which was adopted from 1 July 2015, without the restatement of prior periods as hedge accounting is applied prospectively. AASB 9 simplifies the classification and recognition of financial instruments and aligns hedge accounting more closely with common risk management practices (refer to Note 1(f) for further information). The impact of adopting any amendments to standards was not material. In addition, owing to the acquisition of EDL, DUET Group has determined an accounting policy for green credits as set out in Note 1(f)(iii).

Historical cost convention

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

Stapled Security

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

This report consists of the consolidated interim financial statements of DUECo, DIHL, DFT and DFL and the entities they control, together acting as DUET Group. DUECo is the parent entity of the Group.

As permitted by ASIC Class Order 06/441, this report consists of the consolidated interim financial statements of DUECo and its controlled entities and the interim condensed financial statements of DIHL, DFT and their subsidiaries and DFL.

(b) Principles of consolidation

The consolidated interim financial statements incorporate the results of the entities, which DUECo, DIHL, DFT and DFL collectively hold a majority interest in, including those deemed to be controlled by DUECo by identifying it as the parent of DUET. The effects of all transactions between entities in DUET Group are eliminated in full. Non-controlling interests in the results and equity are shown separately in the Income Statement and the Balance Sheet respectively. Non-controlling interests are outside interests held directly or indirectly in DUET Group. It also includes the interests of DIHL, DFT and DFL in the DUET Group.

(c) Net current asset deficiency

At 31 December 2015 the DUET Group had a net current liability position of $96.6 million which is primarily due to distributions payable and the following interest bearing term borrowings maturing in the next 12 months:

UED - US PP Notes	$274.4 million
MGH - Working Capital Facility	$42.5 million
DBP - Working Capital Facility	$10.0 million
EDL - Unsecured loan	$3.4 million

Notwithstanding the 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 has 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:

- DUET Group's stapled entities had $364.9 million of cash and short term deposits as at 31 December 2015;
- UED expects to have sufficient cash available to meet the liabilities airising as they fall due as a result of the October 2015 refinancings;
- MGH expects to refinance the capex facility with a new facility in June 2016;
- DBP had a cash balance of $27.4 million as at 31 December 2015;
- EDL had a cash balance of $43.1 million as at 31 December 2015.

DFT has a net current asset deficiency of $113.9 million. Notwithstanding this, the financial report has been prepared on a going concern basis as DFT continues to generate positive cash flows and has sufficient equity in place to enable operations to continue as a going concern. The net current asset deficiency is primarily due to the distribution declared and payable by DUET Group. However, intra-group loans receivable by DFT are available to be partially repaid to fund the distribution.

Notes to the Financial Statements

for year the half year ended 31 December 2015

1 Basis of Preparation (continued)

(d) Comparative figures

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

(e) Rounding of amounts

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 interim financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(f) Change in accounting policy

(i) Changes to classification and measurement of financial assets and financial liabilities

AASB 9 introduced new classification and measurement models for financial instruments. Held to Maturity (HTM) and Available for Sale (AFS) asset categories have been 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 have been classified and measured at fair value. A new asset category measured as Fair Value through Other Comprehensive Income (FVOCI) has been introduced.

Impact of changes

On adoption of AASB 9 financial assets have been classified as subsequently measured at either amortised cost or fair value, depending on the assets’ contractual cash flow characteristics. There were no changes in classification or measurement of financial liabilities. There was no impact on the statement of comprehensive income or the statement of changes in equity on adoption of AASB 9 in relation to classification and measurement of financial assets and financial liabilities.

(ii) Changes to hedge accounting

AASB 9 introduced new hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged, and disclosures. AASB 9 aligns hedge accounting more closely with common risk management practices. Hedge ineffectiveness will continue to be recognised in profit or loss. DUET Group is still required to prepare contemporaneous documentation; however, the information to be documented under AASB 9 differs.

The following summarises the key changes:

- risk components that are separately identifiable and reliably measurable will be eligible as hedged items, including non-financial items;
- effectiveness measurement testing is required only on a prospective basis and new hedge effectiveness criteria includes the existence of an economic relationship between the hedged item and the hedging instrument;
- certain requirements must be met for discontinuing a hedge relationship; and
- hedging of groups of net positions is permitted subject to certain criteria.

The accounting and presentation requirements for hedge accounting remain largely unchanged; however, additional disclosures are required under the new standard.

Hedge relationships

AASB 9 has expanded the range of eligible hedged items, to include aggregated exposures (a combination of exposures), where derivatives may be a hedging instrument as well as part of a hedged item. This has resulted in the de-designation of certain existing hedge relationships and re-designation from 1 July 2015 without any change to the underlying economic objective of the hedging. The above changes did not result in any market transactions.

Foreign currency basis spreads

Under AASB 9, certain costs of hedging, including foreign currency basis spreads, are excluded from the designation of a financial instrument as a hedging instrument, and accounted for as a cost of hedging. The cumulative change in fair value of the foreign currency basis spreads is recognised in the hedge reserve temporarily, and subsequently recognised in the income statement over the life of the hedge relationship.

(iii) Green credits held for sale

Green credits held for sale are recognised at the point of generation at the lower of spot and net realisable value (NRV) where an active market exists without thin trading. Where the market is inactive or thin trades are noted, management uses best estimates based on expert advice to recognise revenue at the point of generation. Green credits that are not expected to be realised within 12 months of the reporting date are recognised as a non-current asset. NRV is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Notes to the Financial Statements

for year the half year ended 31 December 2015

2 Profit for the half year

	DUET Group 1 Jul 15 – 31 Dec 15 $'000	DUET Group 1 Jul 14 – 31 Dec 14 $'000
(i) Revenue		
Sales revenue		
Distribution revenue	**423,567**	338,594
Metering revenue	**48,818**	44,204
Transportation revenue	**208,434**	188,499
New connections revenue	**1,421**	1,166
Other sales revenue	**11,628**	10,854
	693,868	583,317
Other revenue		
Interest revenue	**12,648**	4,648
Customer contributions	**24,312**	13,502
Green credit revenue	**14,584**	–
Miscellaneous revenue	**16,195**	14,632
	67,739	32,782
Total revenue	**761,607**	616,099
(ii) Other income		
Net fair value gain on debt and derivative contracts	**47,069**	–
Net unrealised foreign exchange gains	**1,059**	–
Net realised foreign exchange gains	**4**	–
Total other income	**48,132**	–
Total revenue and other income	**809,739**	616,099
(iii) Share of net profit of associates accounted for using the equity method		
Share of net profit of associates	**590**	–
	590	–
(iv) Expenses		
Expenses relating to acquisition of EDL	**30,772**	3,182
Operating expenses		
Operating fees	**162,897**	133,299
Other operating expenses	**103,718**	101,877
	266,615	235,176
Depreciation and amortisation expense		
Depreciation of property, plant and equipment	**128,593**	101,885
Amortisation of intangible assets	**36,742**	33,560
	165,335	135,445
Finance costs		
Financing costs	**2,103**	4,542
Interest expense	**198,718**	202,228
Amortisation of borrowing costs	**19,460**	8,326
	220,281	215,096
Other expenses		
Net fair value loss on debt and derivative contracts	**–**	26,059
Net loss on disposal of property, plant and equipment	**4,047**	3,623
Other	**2,605**	1,443
	6,652	31,125
Total other operating expenses	**689,655**	620,024

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for year the half year ended 31 December 2015

2 Profit for the half year (continued)

	DFT 1 Jul 15 – 31 Dec 15 $'000	DIHL Group 1 Jul 15 – 31 Dec 15 $'000	DFL 1 Jul 15 – 31 Dec 15 $'000	DFT 1 Jul 14 – 31 Dec 14 $'000	DIHL Group 1 Jul 14 – 31 Dec 14 $'000	DFL 1 Jul 14 – 31 Dec 14 $'000
(i) Revenue						
Sales revenue						
Transportation revenue	–	16,882	–	–	335	–
	–	16,882	–	–	335	–
Revenue from investments						
Interest revenue	119,425	5,101	85	71,444	–	–
	119,425	5,101	85	71,444	–	–
Other revenue						
Interest revenue - external	1,805	379	86	335	354	57
Miscellaneous revenue	–	8,811	100	–	11,362	198
	1,805	9,190	186	335	11,716	255
Total revenue	121,230	31,173	271	71,779	12,051	255
(ii) Other Income						
Other income	–	15	–	–	3	–
	–	15	–	–	3	–
Total revenue and other income	121,230	31,188	271	71,779	12,054	255
(iii) Share of net profit/(losses) of associates accounted for using the equity method						
Share of net profit of associates	–	4,453	–	–	1,903	–
Share of (losses) of associate previously unrecognised	–	–	–	(37,800)	–	–
	–	4,453	–	(37,800)	1,903	–
(iv) Expenses						
Expenses relating to acquisition of EDL	356	160	2	6	19	–
Operating expenses						
Operating fees	–	11,052	–	–	10,915	–
Other operating expenses	–	4,827	–	–	2,151	–
	–	15,879	–	–	13,066	–
Depreciation and amortisation expense						
Depreciation of property, plant and equipment	–	4,955	–	–	179	–
Amortisation of intangible assets	–	19	–	–	11	–
	–	4,974	–	–	190	–
Finance costs						
Financing costs	–	5	–	–	59	–
Interest expense	4,922	6,476	–	–	2,858	–
Amortisation of borrowing costs	237	107	–	–	–	–
	5,159	6,588	–	–	2,917	–
Other expenses						
Trustee fees paid	110	–	–	198	–	–
Other	178	1,626	130	878	3,146	119
	288	1,626	130	1,076	3,146	119
Total other operating expenses	5,803	29,227	132	1,082	19,338	119

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for year the half year ended 31 December 2015

3 Distributions Paid and Proposed

	DUET Group 1 Jul 15 – 31 Dec 15 $'000	DUET Group 1 Jul 14 – 31 Dec 14 $'000
Final distribution paid for the year ended 30 June	**130,697**	112,014
Interim distribution proposed for the half year ended 31 December	**208,910**	130,697
	Cents per stapled security	Cents per stapled security
Final distribution paid for the year ended 30 June	**8.750**	8.500
Interim distribution proposed for the half year ended 31 December	**9.000**	8.750

	DFT 1 Jul 15 – 31 Dec 15 $'000	DIHL Group 1 Jul 15 – 31 Dec 15 $'000	DFL 1 Jul 15 – 31 Dec 15 $'000	DFT 1 Jul 14 – 31 Dec 14 $'000	DIHL Group 1 Jul 14 – 31 Dec 14 $'000	DFL 1 Jul 14 – 31 Dec 14 $'000
Final distribution paid for the year ended 30 June	**65,853**	**–**	**–**	99,214	3,400	–
Interim distribution proposed for the half year ended 31 December	**108,640**	**–**	**–**	65,697	–	–
	Cents per unit	**Cents per share**	**Cents per share**	Cents per unit	Cents per share	Cents per share
Final distribution paid for the year ended 30 June	**4.409**	**–**	**–**	7.529	0.258	–
Interim distribution proposed for the half year ended 31 December	**4.680**	**–**	**–**	4.398	–	–

4 Receivables

	DUET Group 31 Dec 15 $'000	DUET Group 30 Jun 15 $'000
Current		
Trade receivables	**46,095**	59,917
Provision for impairment of receivables	**(3,411)**	(2,199)
GST receivable	**1,134**	44
Interest receivable - other parties	**4,472**	3,719
Income tax receivable	**2,626**	–
Other debtors	**4,666**	2,035
	55,582	63,516
Non-current		
Other receivables	**22,142**	20,053
	22,142	20,053

	DFT 31 Dec 15 $'000	DIHL Group 31 Dec 15 $'000	DFL 31 Dec 15 $'000	DFT 30 Jun 15 $'000	DIHL Group 30 Jun 15 $'000	DFL 30 Jun 15 $'000
Current						
Trade receivables	**–**	**2,128**	**–**	–	3,349	–
GST receivable	**381**	**299**	**1**	10	29	3
Interest receivable - other parties	**2**	**30**	**–**	–	–	–
Other receivables - related parties	**1,471**	**65**	**–**	1,418	11,086	–
Other debtors	**–**	**66**	**–**	–	53	–
	1,854	**2,588**	**1**	1,428	14,517	3
Non-current						
Redeemable preference shares – associated entity	**427,699**	**–**	**–**	427,699	–	–
Shareholder loans – associated entities	**2,179,579**	**216,235**	**3,680**	1,065,143	–	–
	2,607,278	**216,235**	**3,680**	1,492,842	–	–

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for year the half year ended 31 December 2015

5 Other Assets

	DUET Group 31 Dec 15 $'000	DUET Group 30 Jun 15 $'000
Current		
Accrued revenue	**144,598**	89,591
Prepaid expenses	**21,866**	16,444
Green credits	**30,109**	–
Other assets	**3,878**	3,902
	200,451	109,937

	DFT 31 Dec 15 $'000	**DIHL Group 31 Dec 15 $'000**	**DFL 31 Dec 15 $'000**	DFT 30 Jun 15 $'000	DIHL Group 30 Jun 15 $'000	DFL 30 Jun 15 $'000
Current						
Accrued revenue	**–**	**6,436**	**–**	–	3,563	–
Prepaid expenses	**1,442**	**191**	**163**	–	210	262
Other assets	**–**	**1,141**	**–**	–	1,141	–
	1,442	**7,768**	**163**	–	4,914	262

6 Other liabilities

	DUET Group 31 Dec 15 $'000	DUET Group 30 Jun 15 $'000
Current		
Unearned revenue	**49,944**	45,321
Current tax liabilities	**1,274**	2,269
Other current liabilities	**3,469**	–
	54,687	47,590
Non–current		
Unearned revenue	**46,122**	20,640
Other non-current liabilties	**15,792**	–
	61,194	20,640

	DFT 31 Dec 15 $'000	**DIHL Group 31 Dec 15 $'000**	**DFL 31 Dec 15 $'000**	DFT 30 Jun 15 $'000	DIHL Group 30 Jun 15 $'000	DFL 30 Jun 15 $'000
Current						
Unearned revenue	**–**	**5,573**	**–**	–	3,742	–
	–	**5,573**	**–**	–	3,742	–

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for year the half year ended 31 December 2015

7 Contributed Equity

(a) Ordinary Equity

	DUET Group 1 Jul 15 – 31 Dec 15 $'000	DUET Group 1 Jul 14 – 31 Dec 14 $'000
On issue at the beginning of the period	**3,061,476**	2,650,601
Equity issued during the period, net of costs and deferred tax	**1,642,924**	387,810
DRP during the period	**–**	23,284
On issue at the end of the period	**4,704,400**	3,061,695

	DFT 1 Jul 15 – 31 Dec 15 $'000	**DIHL 1 Jul 15 – 31 Dec 15 $'000**	**DFL 1 Jul 15 – 31 Dec 15 $'000**	DFT 1 Jul 14 – 31 Dec 14 $'000	DIHL 1 Jul 14 – 31 Dec 14 $'000	DFL 1 Jul 14 – 31 Dec 14 $'000
On issue at the beginning of the period	**1,778,900**	**345,983**	**7,061**	1,565,843	285,495	6,154
Equity issued during the period, net of costs and deferred tax	**865,025**	**239,226**	**3,713**	200,992	57,060	856
DRP during the period	**–**	**–**	**–**	12,097	3,443	51
On issue at the end of the period	**2,643,925**	**585,209**	**10,774**	1,778,932	345,998	7,061

	1 Jul 15 – 31 Dec 15 Number of stapled securities '000				1 Jul 14 – 31 Dec 14 Number of stapled securities '000			
	DUET Group	**DFT**	**DIHL**	**DFL**	DUET Group	DFT	DIHL	DFL
On issue at the beginning of the period	**1,493,679**	**1,493,679**	**1,493,679**	**1,493,679**	1,317,809	1,317,809	1,317,809	1,317,809
Equity issued during the period	**827,538**	**827,538**	**827,538**	**827,538**	165,960	165,960	165,960	165,960
DRP during the period	**–**	**–**	**–**	**–**	9,910	9,910	9,910	9,910
On issue at the end of the period	**2,321,217**	**2,321,217**	**2,321,217**	**2,321,217**	1,493,679	1,493,679	1,493,679	1,493,679

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

Each fully paid stapled security confers the right to vote at meetings of securityholders, subject to any voting restrictions imposed on a securityholder under the *Corporations Act 2001* and the ASX Listing Rules. On a show of hands, every securityholder present in person or by proxy has one vote. On a poll, every securityholder 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 DIHL, DUECo and DFL.

8 Retained Profits / (Accumulated Losses)

Accumulated losses attributable to DUECo shareholders:

	1 Jul 15 – 31 Dec 15 $'000	1 Jul 14 – 31 Dec 14 $'000
Balance at the beginning of the period	**(440,892)**	(255,093)
Loss attributable to securityholders	**(42,152)**	(28,123)
Distribution provided for or paid	**(100,270)**	(65,000)
Balance at the end of the period	**(583,314)**	(348,216)

Accumulated losses attributable to DFT, DIHL and DFL security holders:

	DFT 1 Jul 15 – 31 Dec 15 $'000	**DIHL 1 Jul 15 – 31 Dec 15 $'000**	**DFL 1 Jul 15 – 31 Dec 15 $'000**	DFT 1 Jul 14 – 31 Dec 14 $'000	DIHL 1 Jul 14 – 31 Dec 14 $'000	DFL 1 Jul 14 – 31 Dec 14 $'000
Balance at the beginning of the period	**–**	**(159,817)**	**(155)**	–	(160,434)	(222)
Profit/(Loss) attributable to securityholders	**115,427**	**15,980**	**132**	32,897	(5,669)	136
Distribution provided for or paid	**(108,640)**	**–**	**–**	(65,697)	–	–
Transfer (to)/from Capital Reserve	**(6,787)**	**–**	**–**	32,800	–	–
Balance at the end of the period	**–**	**(143,837)**	**(23)**	–	(166,103)	(86)

Notes to the Financial Statements

for year the half year ended 31 December 2015

9. Segment Information

The Directors of the responsible entity of DFT and the Directors of DIHL and DUECo have determined the operating segments based on the reports reviewed by the chief operating decision maker, being the Boards of DUECo, DIHL and DFL.

The Boards consider the business from the aspect of each of DUET's energy utilities and have identified five operating segments during the year. The segments are DBP, United Energy, Multinet Gas, EDL and DDG.

EDL is a new operating segment being reported as a result of DUET's acquisition of EDL.

The operating segments note discloses performance by each energy utility. The information is presented as DUET's proportionate share of the earnings before interest, tax, depreciation and amortisation ("EBITDA") as detailed in the DUET Group's Management Information Report. There is no inter-segment revenue.

	DBP $'000	EDL[2] $'000	United Energy $'000	Multinet Gas $'000	DDG $'000	Total $'000
DUET Group for the 6 months to 31 December 2015						
Total segment revenues	**161,929**	**216,599**	**181,917**	**108,061**	**18,187**	**686,693**
Total segment expenses	**(31,743)**	**(108,487)**	**(49,424)**	**(34,978)**	**(2,361)**	**(226,993)**
Proportionate EBITDA (excluding Head Office)[1]	**130,186**	**108,112**	**132,493**	**73,083**	**15,826**	**459,700**
DUET Group for the 6 months to 31 December 2014						
Total segment revenues	156,309	–	159,137	98,740	784	414,970
Total segment expenses	(33,123)	–	(54,119)	(32,121)	(1,042)	(120,405)
Proportionate EBITDA (excluding Head Office)[1]	123,186	–	105,018	66,619	(258)	294,565

(1) Excludes changes in the fair value of derivatives and net foreign exchange gains/losses.

(2) DUET Group completed the acquisition of 100% of Energy Developments Ltd on 22 October 2015. As EDL did not declare and pay any dividends to its shareholders from its FY2016 earnings in the period 1 July 2015 to 22 October 2015, DUET has presented EDL's interim results for the full six month period to 31 December 2015 adjusted for (i) the removal of acquisition related costs incurred by EDL, and (ii) the uplift of asset values and consequent depreciation and amortisation in line with the acquisition fair values calculated by DUET (excluding goodwill which was not generated by EDL).

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

	DBP $'000	EDL $'000	United Energy $'000	Multinet Gas $'000	DDG $'000	Head Office $'000	Total $'000
DUET Group for the 6 months to 31 December 2015							
Proportionate EBITDA (excl. Head Office)	**130,186**	**108,112**	**132,493**	**73,083**	**15,826**	**–**	**459,700**
Additional EBITDA from controlled assets[1]	**30,174**	**–**	**68,395**	**–**	**–**	**–**	**98,569**
EDL pre-acquisition EBITDA	**–**	**(71,079)**	**–**	**–**	**–**	**–**	**(71,079)**
Project expenses	**–**	**–**	**–**	**–**	**(2,794)**	**–**	**(2,794)**
Expenses relating to the acquisition of EDL	**–**	**–**	**–**	**–**	**–**	**(30,772)**	**(30,772)**
Head office expenses	**–**	**–**	**–**	**–**	**–**	**(4,653)**	**(4,653)**
Equity accounted profits	**–**	**590**	**–**	**–**	**–**	**–**	**590**
Consolidated EBITDA							**449,561**
Controlled Assets							
Interest income	**129**	**207**	**471**	**149**	**103**	**–**	**1,059**
Net gain/(loss) on disposal of assets	**101**	**–**	**(2,535)**	**(1,613)**	**–**	**–**	**(4,047)**
Net fair value gain on debt and derivative contracts	**2,213**	**1,726**	**41,993**	**1,137**	**–**	**–**	**47,069**
Net unrealised foreign exchange gains/(losses)	**52**	**872**	**135**	**(1)**	**1**	**–**	**1,059**
Depreciation and amortisation	**(36,995)**	**(28,407)**	**(71,246)**	**(23,712)**	**(4,926)**	**–**	**(165,286)**
Finance costs	**(93,628)**	**(18,355)**	**(82,597)**	**(25,265)**	**(322)**	**–**	**(220,167)**
Head Office							
Interest income	**–**	**–**	**–**	**–**	**–**	**11,589**	**11,589**
Finance costs	**–**	**–**	**–**	**–**	**–**	**(114)**	**(114)**
Depreciation and amortisation	**–**	**–**	**–**	**–**	**–**	**(49)**	**(49)**
Profit before income tax expense							**120,674**

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

Notes to the Financial Statements

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9. Segment Information (continued)

	DBP $'000	United Energy $'000	Multinet Gas $'000	DDG $'000	Head Office $'000	Total $'000
DUET Group for the 6 months to 31 December 2014						
Proportionate EBITDA (excl. Head Office)	123,186	105,018	66,619	(258)	–	294,565
Additional EBITDA from controlled assets[1]	29,752	53,681	–	–	–	83,433
Expenses relating to the acquisition of EDL	–	–	–	–	(3,182)	(3,182)
Head office expenses	–	–	–	–	(3,166)	(3,166)
Consolidated EBITDA						371,650
Controlled Assets						
Interest income	192	1,082	260	30	–	1,564
Net gain/(loss) on disposal of assets	76	(1,185)	(2,514)	–	–	(3,623)
Net fair value gain on debt and derivative contracts	5,435	(31,080)	(417)	3	–	(26,059)
Depreciation and amortisation	(37,828)	(73,499)	(23,928)	(152)	–	(135,407)
Finance costs	(107,965)	(81,515)	(25,501)	(58)	(57)	(215,096)
Head Office						
Interest income	–	–	–	–	3,084	3,084
Depreciation and amortisation	–	–	–	–	(38)	(38)
Loss before income tax expense						(3,925)

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

DFT

Proportionate EBITDA for each of DBP, United Energy and Multinet Gas is set out on page 25.

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 Group for the 6 months to 31 December 2015					
Proportionate EBITDA	**130,186**	**132,493**	**73,083**	**–**	**335,762**
Exclude non–controlled assets[1]	**(130,186)**	**(132,493)**	**(73,083)**	**–**	**(335,762)**
DFT expenses	**–**	**–**	**–**	**(644)**	**(644)**
Consolidated EBITDA					**(644)**
Interest income	**–**	**–**	**–**	**121,230**	**121,230**
Finance costs	**–**	**–**	**–**	**(5,159)**	**(5,159)**
Profit before income tax expense					**115,427**

	DBP $'000	United Energy $'000	Multinet Gas $'000	DFT $'000	Total $'000
DFT Group for the 6 months to 31 December 2014					
Proportionate EBITDA	123,186	105,018	66,619	–	294,823
Exclude non–controlled assets[1]	(123,186)	(105,018)	(66,619)	–	(294,823)
DFT expenses	–	–	–	(1,082)	(1,082)
Equity accounted loss	–	–	–	(37,800)	(37,800)
Consolidated EBITDA					(38,882)
Interest income	–	–	–	71,779	71,779
Profit before income tax expense					32,897

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

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for year the half year ended 31 December 2015

9 Segment Information (continued)

DIHL Group

Proportionate EBITDA for each of DBP and DDG is set on page 25.

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

	DBP $'000	DDG $'000	DIHL $'000	Total $'000
DIHL Group for the 6 months to 31 December 2015				
Proportionate EBITDA	**130,186**	**15,826**	**–**	**146,012**
Exclude non–controlled assets[1]	**(130,186)**	**–**	**–**	**(130,186)**
Project expenses	**–**	**(2,794)**	**–**	**(2,794)**
DIHL expenses	**–**	**–**	**(4,989)**	**(4,989)**
Equity accounted profit	**–**	**–**	**4,453**	**4,453**
Consolidated EBITDA				**12,496**
Interest income	**–**	**103**	**5,377**	**5,480**
Depreciation and amortisation	**–**	**(4,926)**	**(48)**	**(4,974)**
Finance costs	**–**	**(6,207)**	**(381)**	**(6,588)**
Loss before income tax expense				**6,414**

	DBP $'000	DDG $'000	DIHL $'000	Total $'000
DIHL Group for the 6 months to 31 December 2014				
Proportionate EBITDA	123,186	(258)	–	122,928
Exclude non–controlled assets[1]	(123,186)	–	–	(123,186)
DIHL expenses	–	–	(4,270)	(4,270)
Equity accounted profit	–	–	1,903	1,903
Net fair value loss on debt and derivative contracts	–	(3)	–	(3)
Consolidated EBITDA				(2,628)
Interest income	–	31	323	354
Depreciation and amortisation	–	(152)	(38)	(190)
Finance costs	–	(58)	(2,859)	(2,917)
Loss before income tax expense				(5,381)

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

DFL

The chief operating decision maker of DFL, being its Board of Directors, has determined that DFL is one operating segment. The Board reviews DFL's operations based on financial information as presented in this report.

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10 Financial Instruments

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by DUET Group:

DUET Group	Loans and receivables 31 Dec 15 $'000	Fair value profit or loss 31 Dec 15 $'000	Fair value other comprehensive income 31 Dec 15 $'000	Loans and receivables 30 Jun 15 $'000	Fair value profit or loss 30 Jun 15 $'000	Fair value other comprehensive income 30 Jun 15 $'000
Financial assets:						
Receivables	**55,582**	**–**	**–**	63,516	–	–
Derivative financial instruments	**–**	**13,238**	**8,099**	–	5,710	18,599
Total current	**55,582**	**13,238**	**8,099**	63,516	5,710	18,599
Receivables	**22,142**	**–**	**–**	20,053	–	–
Derivative financial instruments	**–**	**7,548**	**135,404**	–	8,159	104,737
Total non-current	**22,142**	**7,548**	**135,404**	20,053	8,159	104,737
Total	**77,724**	**20,786**	**143,503**	83,569	13,869	123,336
Financial liabilities						
Payables	**214,805**	**–**	**–**	186,951	–	–
Interest bearing liabilities	**185,549**	**145,392**	**–**	1,090,303	–	–
Derivative financial instruments	**–**	**4,169**	**60,307**	–	9,544	86,777
Total current	**400,354**	**149,561**	**60,307**	1,277,254	9,544	86,777
Interest bearing liabilities	**5,870,508**	**–**	**–**	3,930,505	709,979	–
Derivative financial instruments	**–**	**21,278**	**153,606**	–	12,070	114,568
Total non-current	**5,870,508**	**21,278**	**153,606**	3,930,505	722,049	114,568
Total	**6,270,862**	**170,839**	**213,913**	5,207,759	731,593	201,345

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

Fair values

Set out below is a comparison of the carrying amounts and fair values of financial instruments:

DUET Group	Carrying amount 31 Dec 15 $'000	Fair value 31 Dec 15 $'000	Carrying amount 30 Jun 15 $'000	Fair value 30 Jun 15 $'000
Financial assets:				
Derivative financial instruments	**21,337**	**21,337**	24,309	24,309
Total current	**21,337**	**21,337**	24,309	24,309
Derivative financial instruments	**142,952**	**142,952**	112,896	112,896
Total non-current	**142,952**	**142,952**	112,896	112,896
Total	**164,289**	**164,289**	137,205	137,205
Financial liabilities				
Interest bearing liabilities	**330,941**	**335,260**	1,090,303	1,101,438
Derivative financial instruments	**64,476**	**64,476**	96,321	96,321
Total current	**395,417**	**399,736**	1,186,624	1,197,759
Interest bearing liabilities	**5,870,508**	**6,196,838**	4,640,484	4,890,084
Derivative financial instruments	**174,884**	**174,884**	126,638	126,638
Total non-current	**6,045,392**	**6,371,722**	4,767,122	5,016,722
Total	**6,440,809**	**6,771,458**	5,953,746	6,214,481

Notes to the Financial Statements

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10 Financial Instruments (continued)

The carrying value of all current receivable and payable balances approximates their fair values.

DFT has non-current receivables with a carrying amount of $2,607.3 million (30 June 2015: $1,492.8 million) and a fair value of $3,329.0 million (30 June 2015: $1,493 million).

DIHL has non-current receivables with a carrying amount of $216.2 million (30 June 2015: $nil) which approximates its fair value. All inputs to short term receivables and payables are identified as Level 3 on the fair value heirarchy.

The fair value of interest bearing liabilities is calculated as the present value of expected future cash fllows. The inputs to this calculation are identified as Level 2 on the fair value heirarchy.

DIHL Group has interest bearing liabilities with a carrying amount of $153.7 million (30 June 2015: $188.6 million) which approximates its fair value.

DFL has non-current receivables with a carrying amount of $3.7 million (30 June 2015: $nil) which approximates its fair value.

Valuation techniques for derivative financial instruments

Inputs to derivative financial instruments are identified as Level 2 on the fair value heirarchy.

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.

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).

Notes to the Financial Statements

for year the half year ended 31 December 2015

10 Financial Instruments (continued)

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.

Re-financing

During the half year, DUET Group re-financed an aggregate of $1,241 million, which included $279 million in UED, $317 million in EDL and $645 million in DBP. Since 1 July 2015, interest bearing liabilities as set out in Note 1(c) have become current due to the maturity of the debt falling within the 12 months of balance sheet date. DUET Group has commitments in place to refinance the external facilities.

11 Business Combinations

(a) Summary of acquisition

On 22 October 2015 DUET completed its acquisition of Energy Developments Limited (EDL), by acquiring 100% of the issued share capital. EDL is an international provider of safe, clean, low greenhouse gas emissions energy and remote energy solutions and is a strategic fit with DUET which further diversifies DUET's cash flows, providing a future growth platform.

Details of the purchase consideration, the provisional net assets acquired and provisional goodwill are as follows:

	DUET Group 31 Dec 15 $'000
Purchase consideration	
Cash paid (total consideration)[1]	**1,561,829**

The provisional fair values of assets and liabilities recognised as a result of the acquisition are as follows:

	DUET Group 31 Dec 15 $'000
Cash	**57,110**
Receivables	**60,654**
Inventories	**19,871**
Equity accounted investments	**21,009**
Property, plant and equipment	**999,400**
Intangible assets	**514,800**
Deferred tax assets	**68,373**
Other assets	**35,411**
Payables	**(85,454)**
Deferred tax liabilities	**(175,541)**
Interest bearing liabilities	**(568,684)**
Other liabilities	**(86,661)**
Retirement benefit obligations	**(1,782)**
Net identifiable assets acquired	**858,506**
Add: Goodwill	**510,368**
Net assets acquired[1]	**1,368,874**

(1) At the date of acquisition, DUET made an additional equity injection of $193.0 million in EDL, used to de-gear the business and settle liabilities, resulting in total cash paid of $1,561.8 million.

Goodwill is attributable to the workforce and the high profitability of the acquired business.

Notes to the Financial Statements

for year the half year ended 31 December 2015

11 Business Combinations (continued)

(i) Acquired receivables

The fair value of acquired trade receivables is $60.6 million. The gross contractual amount for trade receivables due is $60.6 million, all of which is expected to be collectable.

(ii) Revenue and profit contribution

The acquired business contributed revenues of $78.3 million and a net loss after tax of $4.2 million to the Group for the period from 22 October 2015 to 31 December 2015.

If the acquisition had occurred on 1 July 2015, consolidated pro-forma revenue and loss for the half year ended 31 December 2015 would have been $216.6 million and $19.6 million respectively. These amounts have been calculated using the subsidiary's results and adjusting them for:

- Differences in the accounting policies between the group and the subsidiary, and
- The additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 July 2015, together with the consequential tax effects.

(iii) Acquisition related costs

Acquisition-related costs of $30.8 million (30 June 2015: $3.2 million) that were not directly attributable to the issue of shares are included in 'Expenses relating to acquisition of EDL' in the Income Statement (refer Note 2) and in operating cash flows in the Statement of Cash Flows.

(iv) Fair values measured on a provisional basis

Due to the timing of the completion of the acquisition, the Group has not yet completed its final assessment of the fair value of the assets and liabilities acquired. If new information is obtained within one year of the acquisition date about facts and circumstances that existed at the acquisition date that require adjustments to the above amounts, or any other provisions to be recognised, then the accounting for the acquisition will be revised.

(b) Purchase consideration – cash outflow

	DUET Group 31 Dec 15 $'000
Cash consideration[1]	**1,561,829**
Less: Balances acquired	
– Cash	**(57,110)**
– Funds used by EDL to de-gear the business and settle liabilities	**(192,955)**
Net outflow of cash – investing activities	**1,311,764**

[1] At the date of acquisition, DUET made an additional equity injection of $193.0 million in EDL, used to de-gear the business and settle liabilities, resulting in total cash paid of $1,561.8 million.

12 Contingent Liabilities

The Group had no material contingent liabilities at 31 December 2015.

13 Events Occurring After Balance Sheet Date

An interim distribution of 9.000 cents per stapled security was paid by DUET on 18 February 2016. This consisted of 4.680 cents per unit from DFT and 4.320 cents per share from DUECo. The DUECo dividend was unfranked.

Statement by the Directors of DUECo

for year the half year ended 31 December 2015

In the opinion of the Directors of DUET Company Limited (DUECo), the consolidated interim financial report for DUECo and its controlled entities (DUET Group) set out on pages 9 to 31 are in accordance with the *Corporations Act 2001*, including:

- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting*, and the *Corporations Regulations 2001*; and
- giving a true and fair view of DUET Group's financial position as at 31 December 2015 and its performance for the half year ended on that date.

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

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

Douglas Halley
Director
Sydney

18 February 2016

Ron Finlay
Director
Sydney

18 February 2016

Statement by the Directors of the Responsible Entity of DFT

for year the half year ended 31 December 2015

In the opinion of the Directors of DUET Finance Limited, as the Responsible Entity for DUET Finance Trust (DFT), the interim financial report set out on pages 9 to 31 are in accordance with the *Corporations Act 2001*, including:

- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting*, and the *Corporations Regulations 2001*; and
- giving a true and fair view of DFT's financial position as at 31 December 2015 and its performance for the half year ended on that date.

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

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

Eric Goodwin
Director
Sydney

18 February 2016

Jane Harvey
Director
Sydney

18 February 2016

Statement by the Directors of DIHL

for year the half year ended 31 December 2015

In the opinion of the Directors of DUET Investment Holdings Limited (DIHL), the interim financial report for DIHL and its controlled entities (DIHL Group) set out on pages 9 to 31 are in accordance with the *Corporations Act 2001*, including:

- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting*, and the *Corporations Regulations 2001*; and
- giving a true and fair view of DIHL's financial position as at 31 December 2015 and its performance for the half year ended on that date.

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

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

Douglas Halley
Director
Sydney

18 February 2016

Ron Finlay
Director
Sydney

18 February 2016

Statement by the Directors of DFL

for year the half year ended 31 December 2015

In the opinion of the Directors of DUET Finance Limited (DFL), the interim financial report set out on pages 9 to 31 are in accordance with the *Corporations Act 2001*, including:

- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting*, and the *Corporations Regulations 2001*; and
- giving a true and fair view of DFL's financial position as at 31 December 2015 and its performance for the half year ended on that date.

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

Eric Goodwin
Director
Sydney

18 February 2016

Jane Harvey
Director
Sydney

18 February 2016

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To the shareholders of DUET Company Limited, DUET Investment Holdings Limited and DUET Finance Limited and the unitholders of DUET Finance Trust

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of the stapled entity DUET Group comprising DUET Company Limited, DUET Investment Holdings Limited, DUET Finance Limited (together "the companies") and DUET Finance Trust ("the trust") and the entities they controlled during the half year, which comprises the balance sheets as at 31 December 2015, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the half year ended on that date, other selected explanatory notes and the directors' declarations of the companies, and DUET Finance Limited on behalf of the trust, and the entities they controlled at the half year end or from time to time during the half year.

Directors' Responsibility for the Interim Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001*, and for the trust, the Trust Deed, including: giving a true and fair view of the consolidated entity's, the trust's and the companies' financial position as at 31 December 2015 and their performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of DUET Group and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Building a better working world

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of DUET Group, DUET Investment Holdings Limited, DUET Finance Limited and DUET Finance Trust is not in accordance with the *Corporations Act 2001*, and for the trust, the Trust Deed, including:

(a) Giving a true and fair view of the consolidated entities' and trust's financial positions as at 31 December 2015 and of their performance for the half year ended on that date; and

(b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

Matthew A. Honey
Partner
Melbourne
18 February 2016

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DUET GROUP

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