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ASX Announcement

Hastings Diversified Utilities Fund (HDF) Total pages: 2

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HDF achieves strong first half result with a positive outlook

- ✓1H net profit rises 59 percent to $27.1 million
- ✓EBITDA before specific items up six percent to $56.2 million
- ✓Free cash flow growth up 13 percent, distributions fully covered by cash
- ✓Current expansion projects fully funded, on time and on budget
- ✓Strong growth prospects supported by burgeoning energy market dynamics
- ✓Positive long term revenue profile

MELBOURNE: HDF today announced a **58.6 percent rise in first half net profit to $27.06 million** and remains well positioned to deliver strong and sustainable returns to securityholders.

Earnings before interest, tax, depreciation and amortisation before specific items increased **6.4 percent to $56.18 million for the half year ended June 30, 2011,** while **free operating cash flow rose 13.2 percent to $38.77 million**. As previously announced, HDF confirms a calendar 2011 distribution of 10 cents per security including five cents per security in the first half, with payments fully covered by free operating cash flow.

HDF Chief Executive Officer Colin Atkin said “This impressive first half result highlights the disciplined approach taken by HDF toward asset management and reinforces our commitment to maximising value for all investors over the medium-to-longer term.”

“The result is all the more significant as it has been achieved following the divestment of South East Water in the UK and the consequential reduction in earnings from that investment. The result underscores the intrinsic value of our gas transmission pipelines across Australia,” Mr Atkin said.

“HDF will actively manage the cash flow provided by these quality pipeline assets and is well placed to take advantage of opportunities in the energy sector over the next few years, with sustainable energy policies favouring gas usage and domestic gas demand forecast to double over the next 15 to 20 years,” he said.

“HDF’s conservative debt structure has reduced long-term risk and increased flexibility in our dealings with capital markets, with current expansion projects all fully funded and no new debt or equity required," Mr Atkin added.

"There are significant growth prospects among each of our key assets, with the outlook for HDF underpinned by its strong position, earnings reliability and identified investment opportunities," he said.

"The current expansion of the South West Queensland Pipeline (SWQP) is on time and on budget to deliver on all new capacity commitments and it along with the Moomba- Adelaide Pipeline System (MAPS) are forecast to require further significant expansion over the next decade to support domestic gas needs, with LNG export market expansion also providing upside potential.

"Meanwhile, the Pilbara Pipeline System (PPS) has significant leverage to further mining and power generation development in the region as it is strategically positioned between the key port centres of Dampier, Cape Lambert and Port Hedland," Mr Atkin said.

"With our cash flow's underpinned by contracts that include over $4 billion of future revenue, funds available for distribution will continue to grow ," he said.

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