



Management Information Report

For the half year ended 31 December 2014

DUET Group Management Information Report

for the half year ended 31 December 2014

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At 31 December 2014 the DUET Group comprised DUET Company Limited (DUETCo) (ABN 93 163 100 061), DUET Finance Limited (DFL) (ABN 15 108 014 062) (AFSL 269287) in its personal capacity and as Responsible Entity for DUET Finance Trust (DFT) (ARSN 109 363 135) (ABN 85 482 841 876), DUET Investment Holdings Limited (DIHL) (ABN 22 120 456 573) and the entities they controlled. In combination DUETCo, DFT, DFL and DIHL referred to as "DUET" or "DUET Group". DUET may refer to any entity of the DUET Group or all of them or any combination thereof. This report is not an offer or invitation for subscription or purchase of or a recommendation of securities. It does not take into account the investment objectives, financial situation and particular needs of the investor. Before making an investment in DUET, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

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Introduction

This Management Information Report ("MIR") contains financial information of the DUET Group ("DUET") for the half year ended 31 December 2014.

DUET's boards have reviewed and approved the MIR and endorse its release as a supplement to the Financial Report for the half year ended 31 December 2014 ("Half Year Financial Report").

Ernst & Young ("EY") was engaged to perform a review of the non-IFRS financial information as presented in the MIR in accordance with the Basis of Preparation described below. EY conducted its review in accordance with standards on Review Engagements 2405 *Review of Historical Financial Information Other than a Financial Report*, as promulgated by the Auditing and Assurance Standards Board. Based on the review, EY has not become aware of any matter that makes them believe the non-IFRS financial information of DUET as presented in the MIR for the half year ended 31 December 2014 is not prepared, in all material respects, in accordance with the Basis of Preparation.

Basis of Preparation

This MIR has been prepared in accordance with the basis of preparation as described here. Figures within the MIR are initially derived from the DUET Half Year Financial Report, which has been prepared in accordance with International Financial Reporting Standards ("IFRS"). Departures from that basis are described as follows:

- **Unconsolidated Cash Flows:** Unconsolidated cash flows have been adjusted from the consolidated statutory cash flow statement. The purpose of unconsolidated cash flows is to provide a view of the net cash flows received by DUET's stapled entities from which investments and distributions are made. In addition, term deposits are shown as cash and cash equivalents.
- **Energy Utility Management Accounts:** Non-financial information are based on the management reports for each energy utility and is not derived from IFRS information.
- **Proportionate Earnings:** 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 year 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.
- **Proportionate Gearing:** Proportionate gearing is proportionate net external debt divided by proportionate regulatory asset base ("RAB"). RAB is used for United Energy, Multinet Gas and DBP, based on management calculations. As DDG assets are not regulated, total statutory non-current assets are used as a proxy for RAB. Net external debt has been adjusted to remove the impact of fair value and foreign currency adjustments, capitalised borrowing costs, finance lease liabilities, debt balances payable to non-controlling interests and cash on hand (defined as cash and cash equivalents and term deposits). The distribution declared and payable by DUET has been included in debt. Net external debt and RAB has been adjusted on a proportionate basis at the relevant DUET ownership percentage of each of its energy utility businesses at period end.
- **Rounding and currency:** Due to rounding, certain totals or percentages presented in this MIR may not be the exact sum of the individual line items they comprise. All figures are in Australian dollars, unless otherwise stated.

The information contained within this MIR does not, and cannot be expected, to provide as full an understanding of the financial performance, financial position and cash flows of DUET as in the Half Year Financial Report. This MIR should be read in conjunction with the Half Year Financial Report, which can be found on DUET's website at www.duet.net.au.

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Unconsolidated Cash Flows

Unconsolidated Cash Flows represent the aggregation of the cash flows attributable to DUET's stapled entities.

	1 Jul 14 - 31 Dec 14 \$'000
<i>Cash flows from energy utilities</i>	
DBP	44,543
United Energy	39,748
Multinet Gas	35,049
DBP Development Group (DDG)	5,140
Cash flows from energy utilities	124,480
<i>Cash flows from operating activities</i>	
Other income received	242
Head Office operating expenses paid (inclusive of GST)	(6,820)
Income tax paid by DUECo	(1,761)
Cash flows from operating activities	(8,339)
Net cash inflows from energy utilities and operations (A)	116,141
<i>Cash flows from investing activities</i>	
Head Office project costs	(1,061)
Investment in energy utilities	(232,000)
Cash flows from investing activities	(233,061)
<i>Cash flows from financing activities</i>	
Head Office bank interest income (B)	2,986
Equity raising proceeds (net of transaction costs)	410,373
DUET Funding Arm loans to energy utilities	(36,894)
Distributions paid to DUET Group stapled security holders	(112,014)
Cash flows from financing activities	264,451
Net increase/(decrease) in cash assets held	147,531
Cash assets at the beginning of the period	225,630
Less: Restricted Cash	(5,152)
Cash assets at the end of the period ⁽¹⁾	368,009
Cash available for distribution (A+B)	119,127
Weighted average DUET Group stapled securities on issue ('000's)	1,342,416
Cash available for distribution per stapled security - cents	8.87
Half year distribution declared and payable per stapled security - cents	8.75
Half year distribution coverage	101%

⁽¹⁾Includes term deposits of \$206.9 million.

Refer to Appendix 1 for Consolidated Cash Flow Statement.

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Energy Utility Management Accounts

DBP

	6 mths to 31-Dec-14	6 mths to 31- Dec-13 (pcp)	Change on pcp
DBP Financial Summary	\$m	\$m	%
Transport Revenue	188.2	210.2	(10.5)
Total Revenue ⁽¹⁾	194.1	218.0	(11.0)
Opex ⁽¹⁾	(41.1)	(40.5)	(1.4)
EBITDA ⁽¹⁾	152.9	177.4	(13.8)
EBITDA margin	78.8%	81.4%	(2.6)
RAB	3,612.6	3,605.4	0.2
Gearing	65.6%	69.4%	3.8
Total Capex ⁽²⁾	10.8	8.0	(34.9)

	6 mths to 31-Dec-14	6 mths to 31- Dec-13 (pcp)	Change on pcp
DBP Income Statement	\$m	\$m	%
Total Revenue	194.1	218.0	(11.0)
Transport Revenue	188.2	210.2	(10.5)
Other Revenue	5.9	7.8	(24.0)
Shipper-funded Projects	3.0	0.4	nmf
Other Income	3.0	7.4	(60.2)
Unrealised FX Gains	0.0	-	nmf
Operating Expenses	(41.1)	(40.6)	(1.3)
External Operating Fees	(1.5)	(2.7)	44.4
Employee Expenses	(13.7)	(13.9)	1.4
Unrealised Foreign Exchange Loss	(0.0)	(0.0)	-
Fuel Gas	(10.6)	(6.0)	(76.6)
Other Operating Expenses	(15.4)	(18.0)	14.5
Depreciation, Amortisation & Abandonments	(37.8)	(39.1)	3.5
Depreciation	(36.9)	(38.3)	3.5
Amortisation	(0.9)	(0.9)	-
Abandonments	0.1	0.1	-
Net Borrowing Costs	(102.4)	(113.1)	9.4
Interest Income	0.2	0.2	-
Senior Interest Expense	(89.4)	(108.3)	17.4
Interest Rate Hedge Unrealised Fair Value Movements	5.4	6.1	(11.2)
Blend and Extend Hedge Non-Cash Interest Expense	(10.1)	(2.3)	(349.8)
Decommissioning Interest Charge	(0.8)	(0.7)	(15.0)
Amortisation of Borrowing Costs	(3.3)	(7.5)	56.0
Debt Retirement Costs	(2.7)	-	nmf
Other Financing Costs	(1.7)	(0.6)	(233.0)
Income Tax (Expense) / Benefit	(3.3)	(8.0)	58.5
Net Profit After Tax	9.5	17.2	(44.6)

⁽¹⁾ Total Revenue, Opex and EBITDA exclude any unrealised foreign exchange gains and losses.

⁽²⁾ Excludes the decommissioning provision.

nmf: not meaningful

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	6 mths to 31-Dec-14	6 mths to 31- Dec-13 (pcp)	Change on Pcp
	\$m	\$m	%
DBP Cash Flow Statement			
Cash Flows from Operating Activities	155.6	188.8	(17.6)
Cash Receipts	210.2	250.4	(16.1)
Cash Payments	(54.6)	(61.6)	11.5
Cash Flows from Investing Activities	(12.2)	(12.9)	4.9
Purchase of PP&E and Intangibles	(12.3)	(13.0)	5.2
Proceeds from Sale of Non-Current Assets	0.1	0.1	-
Cash Flows from Financing Activities	(149.3)	(163.8)	8.8
Movement in Borrowings	(138.0)	5.0	nmf
Movement in Equity	151.2	5.7	nmf
Other Interest & Borrowing Costs	(107.2)	(115.0)	6.8
Distributions	(55.4)	(59.5)	(7.0)
Net Cash Movement	(5.9)	12.1	nmf
Opening Cash	28.4	16.7	nmf
Closing Cash	22.5	28.8	nmf

	As at 31-Dec-14	As at 30-Jun-14 (pcp)	Change on pcp
	\$m	(\$m)	%
DBP Balance Sheet			
Current Assets	59.8	64.6	(7.4)
Cash	22.5	28.4	(20.9)
Accounts Receivable	3.8	2.1	80.2
Derivative Financial Instruments	2.0	-	nmf
Inventories and Other Assets	31.5	34.1	(7.7)
Non-Current Assets	3,634.2	3,635.3	(0.0)
Plant, Property and Equipment	2,940.4	2,943.4	(0.1)
Intangibles	670.5	671.3	(0.1)
Derivative Financial Instruments	20.3	20.6	(1.1)
Other	3.0	-	nmf
Current Liabilities	689.1	206.0	nmf
Payables	44.8	55.0	18.7
Deferred Revenue	21.9	25.0	12.3
External Debt	565.5	50.0	nmf
Finance Lease Liability	0.9	0.9	-
Derivative Financial Instruments	48.5	67.8	28.5
Provisions	7.5	7.3	(3.2)
Non-Current Liabilities	2,321.5	2,889.0	19.6
External Debt	1,827.2	2,480.6	26.3
Capitalised Borrowing Costs	(16.0)	(20.1)	(20.3)
Finance Lease Liability	18.6	19.1	2.3
Deferred Tax Liabilities	316.6	324.8	2.5
Derivative Financial Instruments	116.0	48.4	(139.5)
Provisions	59.1	36.2	(63.4)
Net Assets	683.4	604.9	13.0
Equity	683.4	604.9	13.0
Contributed Equity	1,324.4	1,173.3	12.9
Reserves	(95.9)	(69.0)	(39.0)
Retained Profits / (Loss)	(545.2)	(499.4)	(9.2)

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	6 months to 31-Dec-14	6 months to 31-Dec-13 (pcp)	Change on pcp
DBP Throughput	TJ	TJ	%
Full Haul	118,061	125,012	(5.6)
Part Haul	22,485	22,474	0.1
Back Haul	26,079	23,504	11.0
Total	166,625	170,990	(2.6)

	6 months to 31-Dec-14	6 months to 31-Dec-13 (pcp)	Change on pcp
DBP Contracted Capacity	TJ/day	TJ/day	%
Full Haul	763	820	(6.9)
Part Haul	264	269	(2.2)
Back Haul	191	137	39.2
Total	1,218	1,227	(0.7)

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United Energy

	6 months to 31-Dec-14	6 months to 31-Dec-13 (pcp)	Change on pcp
UED Financial Summary	\$m	\$m	%
Distribution Revenue ⁽¹⁾	178.8	164.7	8.5
Total Revenue ⁽¹⁾	241.1	227.2	6.1
Opex ⁽¹⁾	(81.9)	(74.2)	(10.4)
EBITDA ⁽²⁾	159.2	153.0	4.0
EBITDA margin	66.0%	67.3%	(1.3)
RAB	2,223.0	2,096.4	6.0
Gearing	91.2%	92.2%	1.0
Total Capex	125.6	145.1	13.5

	6 months to 31-Dec-14	6 months to 31-Dec-13 (pcp)	Change on pcp
UED Income Statement	\$m	\$m	%
Gross Total Revenue	306.8	285.6	7.5
Gross Distribution Revenue	244.5	223.1	9.6
DUOS Revenue	178.8	164.7	8.5
Residential	88.3	77.5	14.0
Business	42.1	41.2	2.2
Industrial	48.4	46.1	4.9
TUOS, TFIT and PFIT Pass-through Revenue	65.7	58.3	12.7
Other Revenue	62.4	62.5	(0.2)
Metering revenue	43.3	44.7	(3.1)
Chargeable Works	8.5	7.0	22.0
Other Income	10.5	10.8	(2.6)
Operating Expenses	(147.7)	(133.2)	(10.8)
TUOS, TFIT and PFIT Pass-through Costs	(65.7)	(58.3)	(12.7)
External Operating Fees	(47.7)	(51.0)	6.4
Employee Expenses	(13.6)	(9.7)	(40.6)
Unrealised Foreign Exchange Loss	-	(0.7)	100.0
Other Operating Expenses	(20.6)	(13.6)	(52.2)
Depreciation, Amortisation & Abandonments	(74.7)	(77.6)	3.7
Depreciation	(48.4)	(51.3)	5.6
Amortisation	(25.1)	(23.3)	(7.5)
Abandonments	(1.2)	(2.9)	59.8
Net Borrowing Costs	(134.5)	(106.3)	(26.5)
Interest Income	1.1	3.9	(72.3)
Senior Interest Expense	(66.6)	(64.5)	(3.2)
RPS Interest	(34.7)	(34.2)	(1.3)
Interest Rate Hedge Unrealised Fair Value Movements	(31.1)	(8.6)	(261.3)
Amortisation of Borrowing Costs	(1.6)	(1.6)	(2.3)
Other Financing Costs	(1.5)	(1.3)	(22.0)
Income Tax (Expense) / Benefit	15.0	9.5	58.3
Net Profit / (Loss) After Tax	(35.0)	(22.1)	(58.3)

⁽¹⁾ Distribution Revenue, Total Revenue and Opex exclude TUOS, TFIT and PFIT Pass-throughs and any unrealised foreign exchange gains and losses.

⁽²⁾ EBITDA excludes any unrealised foreign exchange gains and losses.

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	6 months to 31-Dec-14	6 months to 31-Dec-13 (pcp)	Change on pcp
	\$m	\$m	%
UED Cash Flow Statement			
Cash Flows from Operating Activities	120.3	160.0	(24.8)
Cash Receipts	322.9	349.8	(7.7)
Cash Payments	(202.6)	(189.8)	6.8
Cash Flows from Investing Activities	(37.1)	(144.2)	74.3
Purchase of PP&E and Intangibles	(107.2)	(144.3)	25.7
Proceeds from Sale of Non-Current Assets	0.1	0.1	(41.1)
Investment in Term Deposit	70.0	-	nmf
Cash Flows from Financing Activities	(122.8)	(67.8)	80.9
Movement in Related Party Loan	48.3	-	nmf
Movement in Borrowings	(43.5)	53.0	nmf
Interest Paid - Senior	(67.3)	(63.9)	(5.4)
Interest Paid - RPS	(34.2)	(34.2)	0.0
Distributions	(26.0)	(22.8)	14.2
Net Cash Movement	(39.6)	(52.0)	23.9
Opening Cash	61.8	256.8	nmf
Closing Cash	22.2	204.8	nmf

	As at 31-Dec-14	As at 30-Jun-14 (pcp)	Change on pcp
	\$m	\$m	%
UED Balance Sheet			
Current Assets	131.0	215.1	(39.1)
Cash	22.2	61.8	(64.1)
Term Deposit	-	70.0	(100.0)
Accounts Receivable	25.5	13.0	96.1
Derivative Financial Instruments	7.9	2.9	nmf
Other Assets	75.5	67.4	11.9
Non-Current Assets	3,023.3	2,915.1	3.7
Plant, Property and Equipment	2,003.5	1,942.7	3.1
Deferred Tax Assets	117.2	112.9	3.8
Intangibles	827.1	837.1	(1.2)
Derivative Financial Instruments	75.3	15.4	nmf
Other Assets	-	7.0	nmf
Current Liabilities	215.4	773.1	72.1
Payables	107.2	122.9	12.7
Deferred Revenue	21.2	9.9	(114.1)
Derivative Financial Instruments	32.5	33.0	1.5
External Debt	-	602.0	100.0
Capitalised Borrowing Costs	-	(0.3)	(100.0)
US\$ Debt / Fair Value Adjustment	-	(3.3)	(100.0)
Related Party Loan	48.3	-	nmf
Current Tax Liabilities	0.0	-	nmf
Provisions	6.1	8.9	31.1
Non-Current Liabilities	2,809.2	2,196.7	(27.9)
External Debt	2,049.2	1,490.6	(37.5)
Capitalised Borrowing Costs	(9.5)	(11.1)	14.9
US\$ Debt / Fair Value Adjustment	33.4	(61.9)	nmf
Redeemable Preference Shares	525.3	525.3	-
Deferred Tax Liabilities	167.8	165.5	(1.4)
Derivative Financial Instruments	40.2	85.4	53.0
Other Liabilities	2.9	2.9	-
Net Assets	129.6	160.4	(19.2)
Equity	129.6	160.4	(19.2)
Contributed Equity	306.1	306.1	-
Reserves	(18.6)	(48.8)	61.9
Retained Profits / (Loss)	(157.9)	(96.9)	(63.0)

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	6 months to 31-Dec-14	Mix	6 months to 31-Dec-13 (pcp)	Mix	Change on pcp
UED Load (GWh)	GWh	%	GWh	%	%
Small Tariff	1,386	36	1,427	36	(2.8)
Medium Tariff	701	18	720	18	(2.6)
Large Tariff	1,799	46	1,796	46	0.2
Total	3,887	100	3,943	100	(1.4)

	As at 31- Dec-14	Mix	As at 31- Dec-13 (pcp)	Mix
UED Connections		%		%
Small (residential and unmetered)	600,918	91	597,075	91
Medium Size Business	56,202	9	56,132	8
Commercial and Industrial	3,301	0	3,309	1
Total	660,421	100	656,516	100

	12 months to 31-Dec-14	12 months to 31-Dec-13 (pcp)	Change on pcp
UED Demand			%
Maximum Demand (MW)	2,066	1,982	4.2

	12 months to 31-Dec-14	12 months to 31-Dec-13 (pcp)	Change on pcp
Unplanned SAIDI (minutes)			minutes
Actual	78.0	73.8	4.2
Regulatory Maximum Target	59.2	59.2	-

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Multinet Gas

	6 months to 31-Dec-14	6 months to 31-Dec-13 (pcp)	Change on pcp
MGH Financial Summary	\$m	\$m	%
Distribution Revenue	94.1	93.1	1.0
Total Revenue ⁽¹⁾	98.7	98.9	(0.2)
Opex ⁽¹⁾	(32.1)	(28.2)	(13.7)
EBITDA ⁽²⁾	66.6	70.7	(5.8)
EBITDA margin	67.5%	71.5%	(4.0)
RAB	1,135.4	1,111.6	2.1
Gearing	79.8%	85.1%	5.3
Total Capex	30.8	25.0	(23.3)

	6 months to 31-Dec-14	6 months to 31-Dec-13 (pcp)	Change on pcp
MGH Income Statement	\$m	\$m	%
Gross Total Revenue	98.7	103.3	(4.4)
Distribution Revenue	94.1	93.1	1.0
Tariff V (Variable)	73.7	73.2	0.7
Fixed charges	19.5	19.2	1.9
Other Distribution Revenue (Tariff D and Tariff L)	0.8	0.7	15.7
Other Revenue	4.6	10.1	(54.2)
Chargeable Works	2.0	3.1	(34.5)
Carbon Tax Pass-through Revenue	-	4.3	(100.0)
Metering Revenue	0.9	1.0	(13.8)
Other Revenue	1.7	1.7	-
Operating Expenses	(32.1)	(32.6)	1.4
External Operating Fees	(20.0)	(18.9)	(5.6)
Employee Expenses	(4.9)	(4.7)	(5.3)
Carbon Tax Pass-through Costs	-	(4.3)	100.0
Other Operating Expenses	(7.2)	(4.6)	(55.7)
Depreciation, Amortisation & Abandonments	(26.4)	(23.9)	(10.8)
Depreciation	(16.4)	(16.0)	(2.0)
Amortisation	(7.6)	(7.3)	(4.2)
Abandonments	(2.5)	(0.6)	(351.8)
Net Borrowing Costs	(31.5)	(31.7)	0.9
Interest Income	0.3	0.2	21.2
Senior Interest Expense	(24.3)	(24.1)	(0.8)
DUET Funding Arm Loan Interest Expense	(5.8)	(5.8)	-
Interest Rate Hedge Unrealised Fair Value Movements	(0.4)	1.2	nmf
Amortisation of Borrowing Costs	(0.7)	(2.7)	72.8
Debt Retirement Costs	(0.3)	-	nmf
Other Financing Costs	(0.2)	(0.6)	63.8
Income Tax (Expense) / Benefit	(8.8)	106.2	108.3
Net Profit / (Loss) After Tax	(0.1)	121.3	nmf

⁽¹⁾ Total Revenue and Opex exclude Carbon Tax Pass-throughs and any unrealised foreign exchange gains and losses.

⁽²⁾ EBITDA excludes any unrealised foreign exchange gains and losses.

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	6 months to 31-Dec-14	6 months to 31-Dec-13 (pcp)	Change on pcp
MGH Cash Flow Statement	\$m	\$m	%
Cash Flows from Operating Activities	89.1	85.5	4.1
Cash Receipts	133.9	123.1	8.8
Cash Payments	(44.8)	(37.6)	(19.2)
Income Tax Refund / (Payment)	(0.0)	-	nmf
Cash Flows from Investing Activities	(37.3)	(25.3)	(47.2)
Purchase of PP&E and Intangibles	(37.3)	(25.9)	(44.1)
Proceeds from Non-Current Assets	-	0.6	(100.0)
Cash Flows from Financing Activities	(59.9)	(32.5)	(84.0)
Movement in Borrowings	(65.0)	2.5	nmf
Movement in Equity	65.0	39.2	(65.6)
Interest Paid - Senior	(24.8)	(28.4)	12.7
Interest Paid – DUET Funding Arm Loan	(5.8)	(5.8)	-
Distributions	(29.2)	(40.0)	(26.9)
CPI Revenue Swaps	-	(0.0)	100.0
Net Cash Movement	(8.1)	27.7	nmf
Opening Cash	14.1	3.6	nmf
Closing Cash	6.0	31.2	nmf

	As at 31-Dec-14	As at 30-Jun-14 (pcp)	Change on Pcp
MGH Balance Sheet	\$m	\$m	%
Current Assets	33.3	62.0	(46.3)
Cash	6.0	14.1	(57.3)
Accounts Receivable	22.0	45.1	(51.2)
Derivative Financial Instruments	0.3	-	nmf
Other Assets	4.9	2.8	77.7
Non-Current Assets	1,523.4	1,505.9	1.2
Plant and Property	833.8	823.6	1.2
Intangibles	528.2	534.1	(1.1)
Derivative Financial Instruments	7.2	-	nmf
Deferred Tax Asset	124.6	118.9	4.8
Other Non-Current Assets	29.5	29.4	0.6
Current Liabilities	286.6	56.6	nmf
Payables	31.3	37.4	16.3
Deferred Revenue	1.9	1.2	(64.5)
Derivative Financial Instruments	14.5	8.9	(62.3)
External Debt	229.7	-	nmf
US\$ Debt / Fair Value Adjustment	0.1	-	nmf
Provisions	9.1	9.1	(0.3)
Non-Current Liabilities	973.6	1,229.5	20.8
External Debt	682.4	977.1	30.2
Capitalised Borrowing Costs	(3.7)	(4.7)	20.6
US\$ Debt / Fair Value Adjustment	6.7	(29.0)	nmf
DUET Funding Arm Loan	112.2	112.2	-
Deferred Tax Liabilities	124.6	118.9	(4.8)
Derivative Financial Instruments	29.3	32.6	10.2
Other Liabilities	22.1	22.3	0.9
Net Assets	296.4	281.8	5.2
Equity	296.4	281.8	5.2
Contributed Equity	408.1	343.1	18.9
Reserves	(30.3)	(9.3)	nmf
Retained Profits / (Loss)	(81.3)	(52.0)	(56.5)

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	6 months to 31-Dec-14	Mix %	6 months to 31-Dec-13 (pcp) TJ	Mix %	Change on pcp %
MGH Gas Volumes	TJ				
Tariff V	24,273	80	24,450	81	(0.7)
Tariff D	5,936	20	5,841	19	1.6
Total	30,209	100	30,291	100	(0.3)

	As at 31-Dec-14	Mix %	As at 31-Dec-13 (pcp)	Mix %
MGH Connections				
Tariff V Residential	670,964	98	666,240	98
Tariff V Business	16,202	2	16,227	2
Tariff D	265	0	266	0
Total	687,431	100	682,733	100

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DBP Development Group

	6 months to 31-Dec-14	6 months to 31-Dec-13 (pcp)
DDG Financial Summary	\$m	\$m
Transport Revenue	0.3	0.3
Total Revenue ⁽¹⁾	0.8	1.7
Opex ⁽¹⁾	(1.0)	(1.6)
EBITDA ⁽¹⁾	(0.3)	0.1
Total Capex	109.4	13.5

	6 months to 31-Dec-14	6 months to 31-Dec-13 (pcp)
DDG Income Statement	\$m	\$m
Total Revenue	0.8	1.7
Transport Revenue	0.3	0.3
Unrealised FX Gain	0.0	-
Other Revenue	0.4	1.4
Operating Expenses	(1.0)	(1.6)
Employee Expenses	(0.7)	(1.0)
Unrealised FX Loss	-	(0.0)
External Operating Fees	(0.3)	(0.6)
Depreciation	(0.2)	(0.2)
Depreciation	(0.2)	(0.2)
Net Borrowing Costs	(0.0)	(0.2)
Interest Income	0.0	0.0
Finance charges	-	(0.1)
Decommissioning interest charge	(0.1)	(0.1)
Income Tax (Expense) / Benefit	0.1	0.0
Net Profit After Tax	(0.3)	(0.2)

	6 months to 31-Dec-14	6 months to 31-Dec-13 (pcp)
DDG Cash Flow Statement	\$m	\$m
Cash Flows from Operating Activities	(5.5)	(0.6)
Cash Receipts	15.0	1.2
Interest Income	0.8	-
Cash Payments	(16.2)	(1.8)
Interest paid to DUET Funding Arm	(5.1)	-
Cash Flows from Investing Activities	(98.8)	(74.1)
Purchase of PP&E	(113.8)	(14.1)
Investment into Term Deposit	15.0	(60.0)
Cash Flows from Financing Activities	28.0	97.4
Movement in Equity	23.0	48.0
Movement in DUET Funding Arm Loan	5.0	50.0
Borrowing costs to DUET Funding Arm	-	(0.6)
Net Cash Movement	(76.3)	22.8
Opening Cash	92.6	0.1
Closing Cash	16.2	22.9

⁽¹⁾ Total Revenue, Opex and EBITDA exclude any unrealised foreign exchange gains and losses.

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	As at 31-Dec-14	As at 30-Jun-14
		(pcp)
DDG Balance Sheet	\$m	\$m
Current Assets	27.2	111.5
Cash	16.2	92.5
Term Deposit	-	15.0
Accounts Receivable	9.7	1.3
Inventories and Other Assets	1.3	2.7
Non-Current Assets	200.4	81.5
Plant, Property and Equipment	200.4	81.5
Current Liabilities	28.4	21.5
Payables & Other Liabilities	28.4	21.5
Non-Current Liabilities	126.3	121.2
DUET Funding Arm Loan	123.0	117.1
Capitalised Borrowing Costs	(0.8)	-
Deferred Tax Liabilities	0.6	0.9
Provisions	3.5	3.2
Net Assets	73.0	50.3
Equity	73.0	50.3
Contributed Equity	72.2	49.2
Retained Profits / (Loss)	0.8	1.1

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Proportionate Earnings

\$m	DBP		
	1H15	1H14 (Pro forma)	Change
T&D Revenue	151.6	169.3	(10.5%)
Total Revenue	156.3	175.6	(11.0%)
Less: Operating Expenses	(33.1)	(32.7)	(1.4%)
EBITDA	123.2	142.9	(13.8%)
EBITDA margin	78.8%	81.4%	(2.6%)
Less: Customer Contributions (net of margin)	(2.1)	(0.2)	(728.1%)
Adjusted EBITDA	121.1	142.7	(15.0%)
Less: Net External Interest Expense	(75.9)	(93.6)	18.9%
Adjusted EBITDA less Net External Interest Expense	45.3	49.1	(7.8%)
Less: NRD	(2.6)	(1.8)	(47.9%)
Proportionate Earnings	42.6	47.3	(9.9%)
\$m	United Energy		
	1H15	1H14 (Pro forma)	Change
T&D Revenue	118.0	108.7	8.5%
Total Revenue	159.1	150.0	6.1%
Less: Operating Expenses	(54.1)	(49.0)	(10.5%)
EBITDA	105.0	101.0	4.0%
EBITDA margin	66.0%	67.3%	(1.3%)
Less: Customer Contributions (net of margin)	(5.6)	(4.6)	(22.0%)
Adjusted EBITDA	99.4	96.4	3.1%
Less: Net External Interest Expense	(45.3)	(41.9)	(8.2%)
Adjusted EBITDA less Net External Interest Expense	54.1	54.5	(0.7%)
Less: NRD	(32.3)	(31.9)	(1.2%)
Proportionate Earnings	21.8	22.6	(3.4%)
\$m	Multinet Gas		
	1H15	1H14 (Pro forma)	Change
T&D Revenue	94.1	93.1	1.0%
Total Revenue	98.7	98.9	(0.2%)
Less: Operating Expenses	(32.1)	(28.2)	(13.7%)
EBITDA	66.6	70.7	(5.8%)
EBITDA margin	67.5%	71.5%	(4.0%)
Less: Customer Contributions (net of margin)	(2.0)	(3.1)	34.5%
Adjusted EBITDA	64.6	67.6	(4.5%)
Less: Net External Interest Expense	(25.0)	(27.2)	8.2%
Adjusted EBITDA less Net External Interest Expense	39.6	40.4	(2.0%)
Less: NRD	(12.5)	(8.4)	(50.2%)
Proportionate Earnings	27.1	32.1	(15.6%)
\$m	DDG		
	1H15	1H14	Change
T&D Revenue	0.3	0.3	3.1%
Total Revenue	0.8	1.7	(54.7%)
Less: Operating Expenses	(1.0)	(1.6)	33.9%
EBITDA	(0.3)	0.2	n/m
Adjusted EBITDA	(0.3)	0.2	n/m
Less: Net External Interest Expense	0.6	0.0	n/m
Adjusted EBITDA less Net External Interest Expense	0.3	0.2	128.6%
Proportionate Earnings	0.3	0.2	128.6%
\$m	Head Office		
	1H15	1H14	Change
Total Revenue	-	-	n/a
Less: Operating Expenses	(5.6)	(5.1)	(8.7%)
Adjusted EBITDA	(5.6)	(5.1)	(8.7%)
Less: Net External Interest Income	2.9	1.2	144.7%
Adjusted EBITDA less Net External Interest Expense	(2.6)	(3.9)	32.7%
Income tax paid by DUECo	(1.8)	-	n/m
Proportionate Earnings	(4.4)	(3.9)	(12.1%)
\$m	DUET Group Total		
	1H15	1H14 (Pro forma)	Change
T&D Revenue	364.0	371.5	(2.0%)
Total Revenue	415.0	426.2	(2.6%)
Less: Operating Expenses	(126.0)	(116.6)	(8.1%)
EBITDA	289.1	309.6	(6.7%)
EBITDA margin	69.6%	72.6%	(3.0%)
Less: Customer Contributions (net of margin)	(9.7)	(8.0)	(22.1%)
Adjusted EBITDA	279.3	301.6	(7.4%)
Less: Net External Interest Expense	(142.6)	(161.4)	11.7%
Adjusted EBITDA less Net External Interest Expense	136.7	140.2	(2.5%)
Less: NRD	(47.5)	(42.0)	(12.9%)
Income tax paid by DUECo	(1.8)	-	n/m
Proportionate Earnings (\$m)⁽¹⁾	87.5	98.2	(10.9%)

⁽¹⁾Each of DDG's WAWP and FRGP pipeline projects are expected to make their first full-year earnings contribution to DUET Group in FY16.

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Proportionate earnings provides a view of DUET's results based on (i) the time weighted-average beneficial ownership interest during the period in its energy utilities' results as opposed to consolidating 100% of those results; (ii) adjusted accounting treatment of certain revenue and expenses detailed in the table below; and (iii) the exclusion of intercompany dividend and interest income and expenses. Accordingly, proportionate earnings may be considered as a proxy for the Group's operating earnings after each of DUET's regulated energy utilities have maintained the value of their regulated asset bases (RAB) in nominal terms. Proportionate earnings include pro forma results for the prior period which adjusts for the impact of changes in ownership interests, period of ownership and foreign currencies.

Time weighted-average beneficial ownership interest %	DBP ⁽¹⁾	United Energy	Multinet Gas	DDG
6 months ended 31 December 2013	80.9	66.0	100.0	100.0
Movement	(0.4)	—	—	—
6 months ended 31 December 2014	80.5	66.0	100.0	100.0

⁽¹⁾ DUET's equity interest and related rights to distributions are expected to reduce to 80% as the minority shareholder meets future equity calls.

Net regulatory depreciation (NRD) is calculated as regulatory depreciation net of the CPI uplift on RAB. A long-term CPI of 2.7% has been used to calculate NRD, which is the 20-year average of the "All Groups CPI" for the weighted average of 8 capital cities, not seasonally adjusted (Source: ABS). NRD for the prior period has been updated for changes in regulatory depreciation and CPI.

Key differences between the Half Year Financial Report and proportionate earnings

Category	Description	Half Year Financial Report	Proportionate Earnings
Revenue	Fair-value gain on derivatives	Included	Excluded
	Unrealised FX gains	Included	Excluded
	Net gains on disposal	Included	Excluded
	Pass-through revenue	Included (offset below)	Excluded
	Customer contributions	Included	Excluded (net of margin)
Operating Expenses	Fair-value loss on derivatives	Included	Excluded
	Unrealised FX losses	Included	Excluded
	Net losses on disposal	Included	Excluded
	Pass-through costs	Included (offset above)	Excluded
	Head Office project costs	Included (unless Capitalised)	Excluded
Interest Expense	Hedge break costs	Included	Excluded
	Interest on decommissioning charge	Included	Excluded
	Capitalised interest income	Excluded (capitalised)	Included
	Amortised borrowing costs	Included	Included
	Debt retirement costs	Included	Excluded
	Blend and extend non-cash hedge costs	Included	Excluded
Depreciation and amortisation	Accounting or Regulatory depreciation and Accounting Amortisation	Accounting Depreciation and Amortisation	Net Regulatory Depreciation
Income Tax Expense	Income Tax expense and benefit	Included	Cash Basis

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Group Debt and Proportionate Gearing

External Debt Maturities (facility limits at 31 December 2014, \$m, 100% share)

Calendar Year	2015	2016	2017	2018	2019	2020	2021	2022
DBP	586	-	540	550	632	125	-	-
United Energy	-	329	817	645	382	-	-	-
Multinet Gas	230	215	300	280	-	-	-	171
Total	815	544	1,657	1,475	1,014	125	-	171

Proportionate Gearing

	As at 31 December 2014 \$m	As at 30 June 2014 \$m
Proportionate Net External Debt	4,174.6	4,163.1
Less: Head Office cash ⁽¹⁾	(373.2)	(225.5)
Add: DUET Group distribution payable	130.7	112.2
Adjusted Proportionate Net External Debt	3,932.1	4,049.6
Proportionate RAB	5,770.6	5,530.3
Proportionate Gearing (%)	68.1%	73.2%

⁽¹⁾Includes Restricted Cash which is primarily cash held by DUET's Head Office under DUET's AFSL licence requirement.

Proportionate Net External Debt

This is the aggregation of DUET's period-end beneficial ownership interest in the net external debt of each utility.

As at 31 Dec 2014 \$m	DBP	United Energy	Multinet Gas	DDG	Total
External debt	1,965.3	1,352.7	912.1	-	4,230.1
Less: Cash ⁽¹⁾	(18.5)	(14.9)	(6.0)	(16.2)	(55.5)
Proportionate Net External Debt	1,946.8	1,337.8	906.1	(16.2)	4,174.6

⁽¹⁾UED's 31 December 2014 cash balance includes UE & Multinet Pty Limited's (UEM) proportionate cash balance of \$0.2m (2013: \$0.9m).

Period-end beneficial ownership interest %

	DBP ⁽¹⁾	United Energy	Multinet Gas	DDG
As at 30 Jun 14	80.5	66.0	100.0	100.0
Movement	1.7	-	-	-
As at 31 Dec 14	82.1	66.0	100.0	100.0

⁽¹⁾DUET's equity interest and related rights to distributions are expected to reduce to 80% as the minority shareholder meets future equity calls.

Proportionate RAB

This is the aggregation of DUET's beneficial ownership interest in the Regulated Asset Base (RAB) of each energy utility. Non-current assets are used as a proxy for RAB for DDG. The RAB is based on management's calculations for intra-regulatory period.

As at 31 Dec 2014 \$m	DBP	United Energy	Multinet Gas	DDG	Total
Proportionate RAB	2,967.5	1,467.2	1,135.4	200.4	5,770.6

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Appendix 1: Consolidated Cash Flow Statement

This consolidated cash flow statement has been extracted from DUET's Half Year Financial Report, which is available on DUET's website at www.duet.net.au.

Cash and cash equivalents at the end of the period has been amended to include term deposits.

As required by Australian Accounting Standards and International Financial Reporting Standards ("the standards") as issued by the International Accounting Standards Board ("the Standards"), this consolidated cash flow statement includes the consolidated cash flows not only of DUET's Head Office but also 100% of the cash flows of its majority controlled businesses being DBP, United Energy, Multinet Gas and DDG.

	DUET Group 1 Jul 14 - 31 Dec 14 \$'000
Receipts from customers (including GST)	679,808
Payments to suppliers and employees (including GST)	(325,177)
Payments relating to Head Office projects	(1,061)
Income tax (paid)/received	(1,761)
Other interest received	5,886
Indirect tax net (paid) /received	(304)
Net cash flows from operating activities	357,391
Payments for purchase of property, plant and equipment	(253,825)
Payments for purchase of software and other intangibles	(16,695)
Proceeds from term deposits	85,000
Proceeds from sale of non-current assets	89
Net cash flows (used in)/from investing activities	(185,431)
Proceeds from issue of stapled securities, net of costs	410,373
Proceeds from securities issued to non-controlling interests	7,180
Proceeds from borrowings from external parties	738,500
Repayment of borrowings from external parties	(985,042)
Finance costs paid	(210,860)
Proceeds from loan from non controlling interest	16,430
Dividends paid to non-controlling interest	(19,663)
Distributions paid to DUET securityholders	(112,014)
Net cash flow from/(used in) financing activities	(155,096)
Net increase/(decrease) in cash and cash equivalents held	16,864
Cash and cash equivalents at the beginning of the period	423,434
Effects of exchange rate changes on cash and cash equivalents	(2)
Cash and cash equivalents at the end of the period	440,296 ⁽¹⁾

⁽¹⁾ Includes term deposits of \$206.9 million as at 31 December 2014.

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Appendix 2: Reconciliation of Cash Flows

A reconciliation of the Statement of Cash Flows per the DUET Group Half Year Financial Report to Unconsolidated Cash Flows on page 4 of this MIR is as follows:

	DUET Group 1 Jul 14 - 31 Dec 14 \$'000
Net cash flows from operating activities per Half Year Financial Report	357,391
<i>Less:</i>	
United Energy	(120,273)
Multinet Gas	(89,069)
DBP	(155,630)
DDG	440
UEM	439
Other	-
Head Office – other interest and director fees received	(2,698)
<i>Add:</i>	
Head Office project expenses paid	1,061
Net cash flows from operating activities per MIR	(8,339)
Net cash flows from investing activities per Half Year Financial Report (excluding term deposits)	(185,431)
<i>Add:</i>	
United Energy	37,101
Multinet Gas	37,309
DBP	12,218
DDG	98,803
<i>Less:</i>	
Head Office project expenses paid	(1,061)
Investments in energy utilities by DUET (inter-company elimination)	(232,000)
Net cash flows from investing activities per MIR	(233,061)
Net cash flows from financing activities per Half Year Financial Report	(155,096)
<i>Add:</i>	
United Energy	122,755
Multinet Gas	59,864
DBP	149,339
DDG	(22,915)
Bank interest received by Head Office	2,986
Related party transactions (inter-company elimination)	107,518
Net cash flows from financing activities per MIR	264,451

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Appendix 3: Consolidated Income Statement

This consolidated income statement has been extracted from DUET's Half Year Financial Report, which is available on the DUET website at www.duet.net.au.

The consolidated income statement has been prepared in accordance with the Standards.

As required by the Standards, this consolidated income statement includes:

- the consolidation of 100% of the statutory result of DBP, United Energy, Multinet Gas and DDG; and
- the change in the fair value (mark-to-market) of derivatives that reflects the movement in the termination value of those instruments during the period.

	DUET Group 1 Jul 14 - 31 Dec 14
	\$'000
Revenue	616,099
Other Income	93
Total Revenue and other income	616,192
Operating expenses	(235,176)
Other expenses	(8,248)
Depreciation and amortisation expense	(135,445)
Finance costs	(241,248)
Total expenses	(620,117)
Profit/(loss) before income tax expense	(3,925)
Income tax benefit/(expense)	(7,160)
Profit/(loss) for the half year	(11,085)
Profit/(loss) is attributable to:	
DUECo shareholders	(28,123)
DFT unitholders and DIHL/DFL shareholders as non-controlling interests	27,364
Stapled Securityholders	(759)
Other non-controlling interests	(10,326)
Profit/(loss) for the half year	(11,085)
Earnings attributable to security holders:	
Basic earnings/(loss) per stapled security/share/unit	(0.06)c
Diluted earnings/(loss) per stapled security/share/unit	(0.06)c

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Appendix 4: Reconciliation of Proportionate EBITDA to Consolidated NPBT

A reconciliation of Proportionate EBITDA per page 16 of the MIR to profit before income tax expense per DUET's Half Year Financial Report is provided below:

	DBP	United Energy	Multinet Gas	DDG	Head Office	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
DUET Group for the 6 months to 31 Dec 14						
Proportionate EBITDA	123,186	105,018	66,619	(258)	(5,557)	288,988
Additional EBITDA from controlled assets ⁽¹⁾	29,752	53,684	-	-	-	83,433
Net gain/(loss) on disposal of assets	76	(1,185)	(2,514)	-	-	(3,623)
Changes in fair value of derivatives	37	51	3	2	-	93
Head Office project expenses	-	-	-	-	(771)	(771)
Consolidated EBITDA						368,120
Controlled Assets						
Interest income	192	1,082	260	30	-	1,564
Depreciation and amortisation	(37,828)	(73,499)	(23,928)	(152)		(135,407)
Finance costs	(102,566)	(112,646)	(25,921)	(58)	(57)	(241,248)
Head Office						
Interest income					3,084	3,084
Depreciation & amortisation					(38)	(38)
Loss before income tax expense						(3,925)

⁽¹⁾To consolidate 100% of controlled EBITDA.

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Appendix 5: Reconciliation of Debt

A reconciliation of the Interest Bearing Liabilities per the Half Year Financial Report to the Adjusted Proportionate Net External Debt shown on page 18 of this MIR is provided as follows:

	DUET Group 31 Dec 14 \$'000
Interest Bearing Liabilities per Half Year Financial Report	5,578,699
<i>Add:</i>	
United Energy – US\$ Debt / Fair Value Adjustment	(33,403)
Multinet Gas – US\$ Debt / Fair Value Adjustment	(6,776)
DBP – capitalised borrowing costs	15,990
United Energy – capitalised borrowing costs	9,489
Multinet Gas – capitalised borrowing costs	3,696
Head Office – distribution declared and payable	130,697
<i>Less:</i>	
Cash on hand (including term deposits)	(440,296)
DBP – finance lease liability	(18,648)
United Energy – minority share of RPS not eliminated on consolidation	(195,017)
DUET Group Net External Debt	5,044,431
<i>Less:</i>	
DBP – minority share of Net External Debt	(423,402)
United Energy – minority share of Net External Debt	(688,908)
Adjusted Proportionate Net External Debt per MIR	3,932,121