

APPENDIX 4E

Preliminary Final Report

Results for announcement to the market

Name of entity: **DUET Group**

1. Details of the reporting period

Current Period: 1 July 2014 – 30 June 2015

Previous Corresponding Period: 1 July 2013 – 30 June 2014

2. Results for announcement to the market

		\$A million	
2.1	Revenues from ordinary activities	\$1,269.3 million, up 1.4%.	
2.2	Profit from ordinary activities after tax	Profit from ordinary activities after tax of \$45.9 million, down 76.2%.	
2.3	Net Profit for the period attributable to members	Net profit after tax attributable to DUET stapled securityholders of \$48.1 million, down 74.7%.	
2.4	Dividends / Distributions	Amount per security	Franked amount per security
	<i>Current Period:</i>		
	Final dividend / distribution	8.750 cents	-
	Interim dividend / distribution	8.750 cents	-
	<i>Previous Corresponding Period:</i>		
	Final dividend / distribution	8.500 cents	-
	Interim dividend / distribution	8.500 cents	-
2.5	Record date for determining entitlements to the dividend/ distribution	30 June 2015	

Results for announcement to the market (continued)

2.6 DUET derives its revenue from operations in gas transmission and distribution and electricity distribution.

The DUET Group net profit after tax for the year was \$45.9 million (2014: \$193.1 million).

Excluding significant items resulted in a net profit after tax of \$77.0 million for the year to 30 June 2015 (2014: \$86.6 million⁽¹⁾) as follows:

Full year to 30 June	\$ million	\$million
	2015	2014
Revenues from ordinary activities	1,269.3	1,251.4
<i>Less: items not included in Consolidated EBITDA</i>		
<i>Unrealised mark to market gains on derivatives</i>	(7.2)	(10.1)
<i>FX gains</i>	-	(0.1)
<i>Interest revenue</i>	(9.3)	(10.3)
Revenues from ordinary activities, adjusted	1,252.8	1,230.9
Operating expenses	(506.3)	(439.1)
<i>Add: items not included in Consolidated EBITDA</i>		
<i>FX losses</i>	-	1.4
<i>Unrealised mark to market losses on derivatives</i>	28.4	2.8
<i>Net loss on disposal of assets⁽¹⁾</i>	8.6	4.6
Operating expenses, adjusted	(469.3)	(430.3)
Consolidated EBITDA⁽¹⁾	783.5	800.6
Net FX losses	-	(1.3)
Net unrealised mark to market (losses)/gains on derivatives	(21.2)	7.3
Net loss on disposal of assets ⁽¹⁾	(8.6)	(4.6)
Depreciation and amortisation	(276.5)	(265.5)
Consolidated EBIT	477.2	536.5
Net borrowing costs	(412.3)	(434.8)
Net profit before income tax	64.9	101.7
Tax (expense)/benefit	(19.0)	91.4
Net profit after income tax	45.9	193.1
<i>Add/(subtract): significant items</i>		
<i>Tax expense/(benefit) arising on group simplification</i>	7.1	(107.5)
<i>Net loss on disposal of assets⁽¹⁾</i>	8.6	4.6
<i>Head office project costs</i>	3.1	1.6
<i>Net FX losses</i>	-	1.3
<i>Net unrealised mark to market losses/(gains) on derivatives</i>	21.2	(7.3)
<i>Tax benefit on loss of disposal of assets⁽¹⁾</i>	(2.5)	(1.4)
<i>Tax (benefit)/expense on mark to market derivatives⁽¹⁾</i>	(6.4)	2.2
Net profit after income tax excluding significant items⁽¹⁾	77.0	86.6

⁽¹⁾ The Appendix 4E published for the previous corresponding period did not include these items. As they are material during the current period, corresponding comparative figures have also been disclosed. The inclusion of these items increased the 2014 reported Consolidated EBITDA from \$796.0 million to \$800.6 million and the NPAT excluding significant items from \$81.2 million to \$86.6 million.

For further explanation of the results, please refer to the accompanying Directors' Report for the year ended 30 June 2015.

Dampier Bunbury Pipeline

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

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

United Energy

United Energy's electricity distribution network covers 1,472 square kilometres of south-east Melbourne and the Mornington Peninsula. The distribution network transports electricity from the high voltage transmission network to residential, commercial and industrial electricity users.

United Energy distributed 7,461 GWh of electricity during the year (2014: 7,752 GWh).

Multinet Gas

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

Multinet distributed 55,676 TJ of gas in the period (2014: 51,855 TJ).

DBP Development Group

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

DDG has a 57% interest in an unincorporated joint venture with TransAlta Corporation of Canada which owns and operates a natural gas pipeline from the DBNGP to Fortescue's Solomon Hub operations in Western Australia's Pilbara region (the Fortescue River Gas Pipeline). The construction of the pipeline reached practical completion in March 2015.

3. Income Statements with notes

Refer to the attached financial statements.

4. Balance Sheets with notes

Refer to the attached financial statements.

5. Cash Flow Statements with notes

Refer to the attached financial statements.

6. Statement of retained earnings showing movements

Refer to the attached financial statements (Note 25: Retained Profits / Accumulated losses).

7. Net tangible assets per security

	Current period	Previous corresponding period
Net asset backing per stapled security	\$1.34	\$1.37
Net tangible asset backing per stapled security (Consolidated net assets less consolidated intangible assets)	\$nil	\$nil

8. Control gained or lost over entities during the period

8.1 Name of entity (or group of entities) over which control was gained	N/A
8.2 Date control was gained	N/A
8.3 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A
8.4 Name of entity (or group of entities) over which control was lost	N/A
8.5 Date control was lost	N/A
8.6 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities while controlled during the whole of the previous corresponding period	N/A

9. Details of Dividends/distributions

The final distribution for the year ended 30 June 2015 was \$130.7 million (8.750 cents per stapled security) and was paid on 20 August 2015. The interim distribution for the period ended 31 December 2014 was \$130.7 million (8.750 cents per stapled security) and was paid on 19 February 2015.

10. Details of dividends/distributions reinvestment plan

A portion of stapled securityholders elected to participate in DUET's Distribution Reinvestment Plan ('DRP') for the distributions paid on 19 August 2014. Of the distributions declared, \$23.3 million was reinvested in DUET stapled securities. DUET's DRP has since been suspended.

11. Details of associates and joint venture entities

DUET Group has no investments in associates.

DUET Group's DDG has a 57% interest in an unincorporated joint venture with TransAlta Corporation of Canada.

12. Accounting standards used by foreign entities

N/A

13. Qualification of audit/review

N/A as there is no audit dispute or qualification. Refer attached financial report for audit report.

14. Commentary of Results

	Current period	Previous corresponding period
14.1 Basic earnings per stapled security ⁽¹⁾	3.39¢	15.16¢
	\$A'000	\$A'000
14.2 Returns to securityholders: Distributions	\$261,393	\$217,176
Refer also attached financial statements (Directors Report and Note 5: Distributions Paid and Proposed).		
14.3 Significant features of operating performance:		
	\$'000	\$'000
Revenue		
Operating revenue	1,261,946	1,241,220
Other	7,369	10,196
	1,269,315	1,251,416
Expenses		
Depreciation and amortisation	276,509	265,546
Finance costs	421,556	445,017
Operating expenses	456,940	418,280
Loss on disposal of non current assets	8,628	4,600
Fair value loss on derivative contracts	28,400	2,829
Foreign exchange losses	6	1,416
Expenses relating to internalisation and group simplification	-	1,622
Other expenses	12,344	10,453
	1,204,383	1,149,763
Net result before tax	64,932	101,653
Income tax (expense)/benefit	(19,004)	91,408
Net result after income tax expense	45,928	193,061
Profit/(loss) is attributable to:		
DUECo shareholders	(55,956)	61,039
DFT unitholders and DIHL and DFL shareholders as non-controlling interests	104,057	129,446
Net result attributable to stapled securityholders	48,101	190,485
Other non-controlling interests	(2,173)	2,576
Basic earnings per stapled security ⁽¹⁾	3.39 cents	15.16 cents

⁽¹⁾ Basic earnings per stapled security has been calculated in accordance with AASB 133 *Earnings per Share* using 'Net result attributable to stapled securityholders'.

FINANCIAL PERFORMANCE

The net profit attributable to securityholders and non-controlling interests for DUET and its consolidated entities for the year ended 30 June 2015 is a profit of \$45.9 million (2014: profit of \$193.1 million).

Revenue

The total revenue for the year was \$1,269.3 million (2014: \$1,251.4 million), comprising the following:

- Distribution revenue of \$691.6 million (2014: \$647.9 million).
- Metering revenue of \$91.9 million (2014: \$87.0 million).
- Transportation revenue of \$394.1 million (2014: \$415.9 million).
- New connections revenue \$2.2 million (2014: \$2.3 million).
- Other sales revenue of \$33.3 million (2014: \$21.8 million).
- Other revenue of \$48.8 million (2014: \$66.3 million).

Operating Expenses

Operating expenses of \$456.9 million were incurred during the year (2014: \$418.3 million) and included the following:

- Operating fees of \$241.8 million (2014: \$233.7 million).
- Other operating expenses of \$215.1 million (2014: \$184.6 million).

Depreciation and amortisation expense

- Depreciation of property, plant and equipment was \$207.9 million (2014: \$201.5 million).
- Amortisation of intangible assets was \$68.7 million (2014: \$64.0 million).

Finance costs

Finance costs of \$421.6 million (2014: \$445.0 million) were incurred during the year. This includes \$14.2 million (2014: \$19.3 million) of amortised borrowing costs.

Income Tax

A consolidated income tax expense of \$19.0 million (2014: benefit of \$91.4 million) was recognised during the year.

Non-controlling Interests

Non-controlling equity interests of \$2.2 million loss represent the net results of DBP and United Energy attributable to non-controlling interests (2014: \$2.6 million profit).

Earnings per Stapled Security

The basic earnings per stapled security is 3.39 cents (2014: 15.16 cents per stapled security).

- The weighted average number of stapled securities on issue used in the calculation of the earnings per stapled security is 1,417.4 million (2014: 1,256.4 million).
- Earnings per stapled security for DUET Group include earnings attributable to stapled securityholders calculated in accordance with *AASB 133 Earnings per Share*. Earnings per stapled security on consolidated profit for the year of \$45.9 million (2014: \$193.1 million) is 3.24 c (2014: 15.37c).

FINANCIAL POSITION**Assets**

- At 30 June 2015, total assets of DUET were \$9,065.8 million (2014: \$8,846.2 million).
- Property, plant and equipment of \$6,003.0 million (2014: \$5,784.6 million) included \$5.8 million of land (2014: \$5.8 million), \$29.5 million of land and buildings (2014: \$30.2 million), \$5,700.6 million of plant and equipment (2014: \$5,469.2 million), \$36.8 million of other property, plant and equipment (2014: \$39.0 million) and \$230.3 million of plant and equipment in the course of construction (2014: \$240.4 million).
- Intangible assets of \$2,033.9 million (2014: \$2,067.8 million) comprise \$50.3 million of intellectual property (2014: \$56.8 million), \$1,035.4 million of distribution licences (2014: \$1,035.4 million) and \$789.8 million of goodwill (2014: \$789.8 million), \$123.6 million of software assets (2014: \$137.4 million), and \$34.2 million of development project costs (2014: \$47.4 million).

Liabilities

- At 30 June 2015, total liabilities of DUET were \$7,070.2 million (2014: \$7,041.2 million). This included interest bearing liabilities of \$5,730.8 million (2014: \$5,667.7 million).

Equity

- At 30 June 2015, total equity of DUET was \$1,995.6 million (2014: \$1,805.0 million).
- Contributed equity is \$3,061.5 million (2014: \$2,650.6 million).
- Reserves are \$(631.8) million (2014: \$(601.3) million), the majority of which are cash flow hedges measured in accordance with IFRS.

Net Asset Backing

- The net asset backing per stapled security at 30 June 2015 is \$1.34 (2014: \$1.37).

14.4 Segment results

DUET Group owns and controls energy utility businesses in Australia with strong competitive positions and predictable cash flows. The primary basis of segment reporting is individual core assets. (Refer attached financial statements (Note 31)).

14.5 Trends in performance

Refer to 14.3.

14.6 Other factors

Refer attached financial statements (Directors Report)

15. Audit / review of accounts upon which this report is based

This report is based on accounts to which one of the following applies (*tick one*):

<input checked="" type="checkbox"/>	The accounts have been audited. (refer attached financial statements)	<input type="checkbox"/>	The accounts have been subject to review. (refer attached financial statements)
<input type="checkbox"/>	The accounts are in the process of being audited or subject to review.	<input type="checkbox"/>	The accounts have <i>not</i> yet been audited or reviewed.

16. Accounts not yet audited or reviewed

N/A (see above)

17. Qualification of audit / review

N/A as no qualification