

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 2015 – 30 June 2016

Previous Corresponding Period: 1 July 2014 – 30 June 2015

2. Results for announcement to the market

		\$A million	
2.1	Revenues from ordinary activities	\$1,638.2 million, up 29.1%.	
2.2	Profit from ordinary activities after tax	Profit from ordinary activities after tax of \$217.2 million, up 372.9%	
2.3	Net Profit for the period attributable to members	Net profit after tax attributable to DUET stapled securityholders of \$195.8 million, up 307.1%	
2.4	Dividends / Distributions	Amount per security	Franked amount per security
	<i>Current Period:</i>		
	Final dividend / distribution	9.000 cents	-
	Interim dividend / distribution	9.000 cents	-
	<i>Previous Corresponding Period:</i>		
	Final dividend / distribution	8.750 cents	-
	Interim dividend / distribution	8.750 cents	-
2.5	Record date for determining entitlements to the dividend/ distribution	30 June 2016	

Results for announcement to the market (continued)

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

The DUET Group net profit after tax for the year was \$217.2 million (2015: \$45.9 million).

Excluding significant items resulted in a net profit after tax of \$195.2 million for the year to 30 June 2016 (2015: \$77.0 million) as follows:

Full year to 30 June⁽¹⁾	\$ million 2016	\$ million 2015
Revenues from ordinary activities	1,638.2	1,269.3
<i>Less: items not included in Consolidated EBITDA</i>		
<i>Net fair value gains on debt and derivative contracts</i>	(32.9)	(7.2)
<i>Unrealised foreign exchange movements</i>	(0.4)	-
<i>Interest revenue</i>	(16.6)	(9.3)
Revenues from ordinary activities, adjusted	1,588.3	1,252.9
Operating expenses	(651.6)	(506.3)
<i>Add: items not included in Consolidated EBITDA</i>		
<i>Net fair value loss on debt and derivative contracts</i>	-	28.4
<i>Loss on disposal of assets</i>	8.4	8.6
Operating expenses, adjusted	(643.2)	(469.4)
Equity accounted profits	1.7	-
Consolidated EBITDA	946.8	783.5
Net unrealised foreign exchange movements	0.4	-
Net fair value movements on debt and derivative contracts	32.9	(21.2)
Net loss on disposal of assets	(8.4)	(8.6)
Depreciation and amortisation	(394.0)	(276.5)
Consolidated EBIT	577.8	477.2
Net borrowing costs	(364.6)	(412.3)
Net profit before income tax	213.2	64.9
Tax (expense)/benefit	4.0	(19.0)
Net profit after income tax	217.2	45.9
<i>Add/(subtract): significant items</i>		
<i>Tax expense arising on group simplification</i>	-	7.1
<i>Recognition of temporary differences in deferred tax</i>	(35.6)	-
<i>Loss on disposal of assets</i>	8.4	8.6
<i>Expenses relating to the acquisition of EDL and DBP</i>	44.6	3.1
<i>Net unrealised foreign exchange movements</i>	(0.4)	-
<i>Net fair value movements on debt and derivative contracts</i>	(32.9)	21.2
<i>Tax benefit on expenses relating to the acquisition of EDL and DBP</i>	(13.4)	-
<i>Tax benefit on loss of disposal of assets</i>	(2.5)	(2.6)
<i>Tax expense/(benefit) on mark to market derivatives</i>	9.9	(6.4)
Net profit after income tax excluding significant items	195.2	77.0

For further explanation of the results, please refer to the Directors' Reports in the DUET Group Financial Report for the year ended 30 June 2016.

⁽¹⁾ Due to rounding, certain totals presented may not be the exact sum of the individual line items they comprise.

DBP

DBP owns the Dampier to Bunbury Natural Gas Pipeline (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 transported 332,468 TJ of gas during the year (2015: 330,773 TJ).

DBP Development Group

DDG owns and operates the Wheatstone Ashburton West Pipeline which is a gas transmission pipeline that connects the domestic Wheatstone LNG plant to the DBNGP.

DDG also has a 57% interest in an unincorporated joint venture with TransAlta Corporation of Canada which owns and operates a gas transmission pipeline from the DBNGP to Fortescue's Solomon Hub operations in Western Australia's Pilbara region (the "Fortescue River Gas Pipeline").

Energy Developments

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 US, UK 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 year, EDL generated 4,020 GWh of electricity (2015: 4,080 GWh).

United Energy

UE's distribution network covers 1,472 km² 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.

UE distributed 7,823 GWh of electricity (2015: 7,741 GWh).

Multinet Gas

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

During the year, MG distributed 55,727 TJ of gas (2015: 55,958 TJ).

3. Income Statements with notes

Refer to the DUET Group Financial Report for the year ended 30 June 2016.

4. Balance Sheets with notes

Refer to the DUET Group Financial Report for the year ended 30 June 2016.

5. Cash Flow Statements with notes

Refer to the DUET Group Financial Report for the year ended 30 June 2016.

6. Statement of retained earnings showing movements

Refer to the DUET Group Financial Report for the year ended 30 June 2016.
(Statement of Changes in Equity).

7. Net tangible assets per security

	Current period	Previous corresponding period
Net asset backing per stapled security	\$1.40	\$1.34
Net tangible asset backing per stapled security (Consolidated net assets less consolidated intangible assets)	\$0.18	\$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	Energy Developments Limited
8.2 Date control was gained	22 October 2015
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.	\$12.5 million
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	\$57.1 million
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	N/A
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 2016 was \$219.0 million (9.000 cents per stapled security) and was paid on 18 August 2016. The interim distribution for the period ended 31 December 2015 was \$208.9 million (9.00 cents per stapled security) and was paid on 18 February 2016.

10. Details of dividends/distributions reinvestment plan

DUET Group's DRP is suspended.

11. Details of associates and joint venture entities

DUET Group has a 57% interest in the Fortescue River Gas Pipeline, a joint venture it operates with TEC Pilbara Pty Ltd (a subsidiary of TransAlta Corporation, Canada). The pipeline delivers gas to iron ore operations in the Pilbara region.

DUET Group, through its 100% interest in EDL, has a 50% interest in a joint venture with Helector, a Greek renewable energy generation company, at the Ano Liosia site near Athens, Greece. The principal activity is the development and operation of land fill gas projects.

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 to the DUET Group Financial Report for the year ended 30 June 2016.

14. Commentary of Results

	Current period	Previous corresponding period
14.1 Basic earnings per stapled security ⁽¹⁾	8.64¢	3.39¢
	\$A'000	\$A'000
14.2 Returns to securityholders: Distributions	427,885	261,393
Refer to the DUET Group Financial Report for the year ended 30 June 2016. (Directors' Reports and Note B2.1 Distributions Paid and Proposed).		
14.3 Significant features of operating performance:		
	\$'000	\$'000
Revenue	1,604,353	1,261,946
Other income	33,853	7,369
	1,638,206	1,269,315
Equity Accounted Profit	1,744	-
Expenses		
Expenses relating to the acquisition of EDL and DBP	44,551	3,182
Operating expenses	581,449	456,940
Depreciation and amortisation expense	393,953	276,509
Finance costs	27,378	20,238
Interest expense	353,798	401,318
Fair value loss on derivative contracts	-	28,400
Other expenses	25,628	17,796
	1,426,757	1,204,383
Profit before income tax expense	213,193	64,932
Income tax benefit/(expense)	3,985	(19,004)
Profit for the year	217,178	45,928
Profit/(loss) is attributable to:		
DUECo shareholders	(77,168)	(55,956)
DFT unitholders and DIHL/DFL shareholders as non-controlling interests	272,998	104,057
Net profit attributable to stapled securityholders	195,830	48,101
Other non-controlling interests	21,348	(2,173)
Basic earnings per stapled security ⁽¹⁾	8.64 cents	3.39 cents

⁽¹⁾ Basic earnings per stapled security has been calculated in accordance with AASB 133 *Earnings per Share* using 'Net profit 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 2016 is a profit of \$217.2 million (2015: profit of \$45.9 million).

Revenue

The total revenue and other income for the year was \$1,638.2 million (2015: \$1,269.3 million), comprising the following:

- Distribution revenue of \$921.0 million (2015: \$691.6 million).
- Metering revenue of \$83.6 million (2015: \$91.9 million).
- Transportation revenue of \$409.4 million (2015: \$394.1 million).
- Green credit revenue of \$74.8 million (2015: \$nil).
- New connections revenue \$3.4 million (2015: \$2.2 million).
- Other sales revenue of \$32.6 million (2015: \$33.3 million).
- Other revenue of \$79.6 million (2015: \$48.8 million).
- Other income of \$33.9 million (2015: \$7.4 million).

Operating Expenses

Operating expenses of \$581.4 million were incurred during the year (2015: \$456.9 million) and included the following:

- Operating fees of \$396.2 million (2015: \$241.8 million).
- Other operating expenses of \$185.3 million (2015: \$215.1 million).

Depreciation and amortisation expense

- Depreciation of property, plant and equipment was \$306.2 million (2015: \$207.9 million).
- Amortisation of intangible assets was \$87.7 million (2015: \$68.7 million).

Finance costs and Interest expense

Finance costs and interest expense of \$381.2 million (2015: \$421.6 million) were incurred during the year. This includes \$10.8 million (2015: \$14.2 million) of amortised borrowing costs.

Income Tax

A consolidated income tax benefit of \$4.0 million (2015: \$19.0 million expense) was recognised during the year.

Non-controlling Interests

Share of profit of attributable to non-controlling equity interests of \$21.3 million represent the net results of DBP and United Energy attributable to non-controlling interests (2015: \$2.2 million loss).

Earnings per Stapled Security

The basic earnings per stapled security is 8.64 cents (2015: 3.39 cents per stapled security).

- The weighted average number of stapled securities on issue used in the calculation of the earnings per stapled security is 2,265.6 million (2015: 1,417.4 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 \$217.2 million (2015: \$45.9 million) is 9.59c (2015: 3.24c).

FINANCIAL POSITION**Assets**

- At 30 June 2016, total assets of DUET were \$11,105.1 million (2015: \$9,065.8 million).
- Property, plant and equipment of \$7,066.2 million (2015: \$6,003.0 million) included \$6.5 million of land (2015: \$5.8 million), \$28.3 million of land and buildings (2015: \$29.5 million), \$6,709.2 million of plant and equipment (2015: \$5,700.6 million), \$32.3 million of other property, plant and equipment (2015: \$36.8 million) and \$289.9 million of plant and equipment in the course of construction (2015: \$230.3 million).
- Intangible assets of \$2,962.7 million (2015: \$2,033.9 million) comprise \$43.9 million of intellectual property (2015: \$50.3 million), \$1,035.4 million of distribution licences (2015: \$1,035.4 million) and \$1,278.6 million of goodwill (2015: \$789.8 million), \$113.3 million of software assets (2015: \$123.6 million), \$27.0 million of development project costs (2015: \$34.2 million), \$464.3 million of customer contracts (2015: \$nil), and \$0.1 million of employee contracts (2015: \$0.6 million).

Liabilities

- At 30 June 2016, total liabilities of DUET were \$7,693.8 million (2015: \$7,070.2 million). This included interest bearing liabilities of \$6,263.4 million (2015: \$5,730.8 million).

Equity

- At 30 June 2016, total equity of DUET was \$3,411.3 million (2015: \$1,995.6 million).
- Contributed equity is \$4,940.5 million (2015: \$3,061.5 million).
- Reserves are \$(756.3) million (2015: \$(631.8) 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 2016 is \$1.40 (2015: \$1.34).

14.4 Segment results

DUET Group owns and operates energy utility assets in Australia, the US, UK and Europe. The primary basis of segment reporting is individual energy utility assets. (Refer to the DUET Group Financial Report for the year ended 30 June 2016. (Note B2.4)).

14.5 Trends in performance

Refer to 14.3.

14.6 Other factors

Refer to the DUET Group Financial Report for the year ended 30 June 2016. (Directors' Reports)

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 to the DUET Group Financial Report for the year ended 30 June 2016)	<input type="checkbox"/>	The accounts have been subject to review.
<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