



# **Management Information Report**

For the year ended 30 June 2016

## Table of Contents

<b>Introduction.....</b>	<b>3</b>
<b>Performance Summary .....</b>	<b>4</b>
<b>Proportionate Earnings .....</b>	<b>5</b>
<b>Operating Statistics .....</b>	<b>6</b>
<b>Management Accounts .....</b>	<b>9</b>
<b>Unconsolidated Cash Flows .....</b>	<b>11</b>
<b>Debt, Credit Ratings and Gearing.....</b>	<b>12</b>
<b>Appendix .....</b>	<b>13</b>

At 30 June 2016 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.

© DUET Group  
Reproduction of any part of the DUET Group Management Information Report is not permitted without the prior written permission of the DUET Group.

# Introduction

This Management Information Report (“MIR”) contains financial information of the DUET Group (“DUET”) for the year ended 30 June 2016. DUET’s boards have reviewed and approved the MIR and endorse its release as a supplement to the Financial Report for the year ended 30 June 2016 (“full year Financial Report”). Ernst & Young (“EY”) was engaged to perform an audit of the non-IFRS financial information as presented in the MIR in accordance with the Basis of Preparation described below. EY conducted its audit in accordance with Australian Auditing Standards. As a result of the audit, it is EY’s opinion that the non-IFRS financial information of DUET as presented in the MIR for the year ended 30 June 2016 is 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 full year Financial Report, which has been prepared in accordance with International Financial Reporting Standards (“IFRS”). Departures from that basis are described below.

- **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. In determining proportionate earnings, accounting depreciation and amortisation is substituted by SIB Capex.
- **Operating Statistics:** Non-financial information for each energy utility is not derived from IFRS information.
- **Energy Developments (“EDL”) acquisition:** DUECo completed its acquisition of 100% of EDL 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 Group has presented EDL’s full year results in this MIR 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 acquisition:** DIHL completed its acquisition of a 20% interest in DBP from Alcoa of Australia on 6 April 2016. As a result, DUET’s aggregate ownership interest in DBP increased from 80% to 100%.
- **Pro forma FY15 results:** To provide an appropriate year-on-year comparison, each of the FY15 results for EDL (extracted from EDL’s FY15 financial report) and DBP have been included assuming, for EDL, 100% ownership by DUET for all of FY15 (excluding the uplift of asset values and consequent depreciation and amortisation) and, for DBP, the same time-weighted average beneficial ownership interest as for FY16 for proportionate earnings.
- **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 and head office project costs are shown as an investing cash flow, rather than an operating cash flow.
- **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 full year Financial Report. This MIR should be read in conjunction with the full year Financial Report, which can be found on DUET’s website at [www.duet.net.au](http://www.duet.net.au).

Abbreviations and acronyms used in the MIR are:

- “nmf” which means “not meaningful” (mainly in respect of percentage changes);
- “%  $\Delta$ ” which means “percentage change”;
- “na” which means “not applicable”;
- “cpss” which means “cents per stapled security”;
- “WANOS” which means “weighted average number of DUET Group stapled securities on issue”;
- “SIB Capex” which means “Stay-In-Business Capex” (refer to page 13);
- “RAB” which means “regulated asset base” and is based on Management’s calculations intra-regulatory period;
- “SAIDI” which means “System Average Interruption Duration Index”;
- “FX” which means “foreign currency” or “foreign exchange”;
- “TJ” which means “terrajoules”;
- “GWh” which means “gigawatt hours”;
- “MW” which means “megawatts”;
- “\$m” which means “millions of Australian dollars”;
- “GST” which means “Australian Goods and Services Tax”;
- “FCTR” which means “foreign currency translation reserve”;
- “UEM” which means “UE & Multinet Pty Limited”, owned 49% by UE and 51% by MG; and
- “OpCo” means “energy utility” or “operating company” owned by DUET Group.

# Performance Summary

## Proportionate Result

\$m	FY16	FY15 Pro forma	% Δ
Core Revenue	1,221.0	1,193.4	2.3%
EBITDA	895.5	842.7	6.3%
Adjusted EBITDA	854.6	822.2	3.9%
Proportionate Earnings	476.3	351.8	35.4%

## Distributions to Stapled Securityholders

cpss, % coverage	FY16	FY15	% Δ
Full year distribution declared and payable (cpss)	18.0	17.5	2.9%
Coverage by Proportionate Earnings (%)	117%	85%	31.8%

## DBP

\$m, 100%	FY16	FY15 Pro forma	% Δ
Throughput (TJ)	332,468	330,773	0.5%
Transmission Revenue	375.7	381.1	(1.4%)
Total Revenue	382.0	396.7	(3.7%)
Opex	(77.1)	(82.2)	6.3%
EBITDA	304.9	314.5	(3.0%)
EBITDA margin	79.8%	79.3%	0.6%
Adjusted EBITDA	300.8	308.1	(2.4%)
RAB	3,465.5	3,614.7	(4.3%)

## DBP Development Group (DDG)

\$m, 100%	FY16	FY15	% Δ
Transmission Revenue	33.6	13.0	158.2%
Total Revenue	36.6	12.7	188.5%
Opex	(4.2)	(3.4)	(24.2%)
EBITDA	32.3	9.3	249.0%
EBITDA margin	88.4%	73.1%	15.3%
Adjusted EBITDA	32.3	9.3	249.0%

## Energy Developments (EDL)

\$m, 100%	FY16	FY15 Pro forma	% Δ
Generation (GWh)	4,020	4,080	(1.5%)
Generation Revenue	425.9	428.0	(0.5%)
Total Revenue	442.5	448.7	(1.4%)
Opex	(209.7)	(230.5)	9.0%
EBITDA	232.8	218.2	6.7%
EBITDA margin	52.6%	48.6%	4.0%

## United Energy (UE)

\$m, 100%	FY16	FY15	% Δ
Load (GWh)	7,823	7,741	1.1%
Distribution Revenue	389.8	381.2	2.2%
Total Revenue	534.9	509.7	4.9%
Opex	(152.9)	(149.6)	(2.2%)
EBITDA	382.0	360.1	6.1%
EBITDA margin	71.4%	70.6%	0.8%
Adjusted EBITDA	342.6	342.3	0.1%
RAB	2,356.9	2,255.4	4.5%

## Multinet Gas (MG)

\$m, 100%	FY16	FY15	% Δ
Throughput (TJ)	55,727	55,958	(0.4%)
Distribution Revenue	183.0	175.1	4.5%
Total Revenue	202.5	184.1	10.0%
Opex	(71.3)	(61.9)	(15.1%)
EBITDA	131.2	122.2	7.4%
EBITDA margin	64.8%	66.4%	(1.6%)
Adjusted EBITDA	119.9	118.9	0.9%
RAB	1,157.8	1,141.2	1.4%

Please refer to DUET's ASX release and investor presentation for comments on the above results.

# Proportionate Earnings

\$m	DBP			DDG			EDL			UE			MG			Head Office			DUET Group Total		
	FY16	FY15 Pro forma	% Δ	FY16	FY15 <sup>(3)</sup>	% Δ	FY16 <sup>(2)</sup>	FY15 Pro forma	% Δ	FY16	FY15	% Δ	FY16	FY15	% Δ	FY16	FY15	% Δ	FY16	FY15 Pro forma	% Δ
Core Revenue	321.2	325.8	(1.4%)	33.6	13.0	158.2%	425.9	428.0	(0.5%)	257.2	251.6	2.2%	183.0	175.1	4.5%	-	-	na	1,221.0	1,193.4	2.3%
Total Revenue	326.5	339.1	(3.7%)	36.6	12.7	188.5%	442.5	448.7	(1.4%)	353.0	336.4	4.9%	202.5	184.1	10.0%	-	-	na	1,361.1	1,321.0	3.0%
Operating Expenses	(65.9)	(70.3)	6.3%	(4.2)	(3.4)	(24.2%)	(209.7)	(230.5)	9.0%	(100.9)	(98.7)	(2.2%)	(71.3)	(61.9)	(15.1%)	(13.6)	(13.5)	(1.3%)	(465.7)	(478.3)	2.6%
EBITDA	260.7	268.8	(3.0%)	32.3	9.3	249.0%	232.8	218.2	6.7%	252.1	237.7	6.1%	131.2	122.2	7.4%	(13.6)	(13.5)	(1.3%)	895.5	842.7	6.3%
EBITDA margin	79.8%	79.3%	0.6%	88.4%	73.1%	15.3%	52.6%	48.6%	4.0%	71.4%	70.6%	0.8%	64.8%	66.4%	(1.6%)	-	-	na	65.8%	63.8%	2.0%
Less: Customer Contributions	(3.6)	(5.5)	35.1%	-	-	na	-	-	na	(26.0)	(11.8)	(121.0%)	(11.3)	(3.3)	(240.5%)	-	-	na	(40.8)	(20.5)	(98.6%)
Adjusted EBITDA	257.1	263.3	(2.4%)	32.3	9.3	249.0%	232.8	218.2	6.7%	226.1	225.9	0.1%	119.9	118.9	0.9%	(13.6)	(13.5)	(1.3%)	854.6	822.2	3.9%
Net Interest Expense	(130.0)	(153.5)	15.3%	(0.3)	0.7	(144.0%)	(27.6)	(40.3)	31.6%	(79.8)	(90.2)	11.5%	(49.3)	(48.4)	(1.8%)	14.5	7.0	109.0%	(272.5)	(324.7)	16.1%
SIB Capex	(29.1)	(22.3)	(30.6%)	-	-	na	(32.7)	(33.4)	2.1%	(34.8)	(46.9)	25.8%	(4.2)	(6.2)	32.1%	-	-	na	(100.8)	(108.8)	7.3%
Tax paid	-	-	na	-	-	na	(4.6)	(35.1)	86.9%	-	-	na	-	-	na	(0.4)	(1.8)	74.9%	(5.0)	(36.8)	86.3%
<b>Proportionate Earnings</b>	<b>98.0</b>	<b>87.6</b>	<b>11.9%</b>	<b>32.0</b>	<b>10.0</b>	<b>221.8%</b>	<b>167.9</b>	<b>109.4</b>	<b>53.4%</b>	<b>111.5</b>	<b>88.8</b>	<b>25.5%</b>	<b>66.4</b>	<b>64.3</b>	<b>3.3%</b>	<b>0.5</b>	<b>(8.3)</b>	<b>105.7%</b>	<b>476.3</b>	<b>351.8</b>	<b>35.4%</b>
WANOS (millions)																			2,265.6	1,417.4	59.8%
Earnings (cpss) <sup>(1)</sup>																			21.0	14.9	41.3%
Full year distribution (cpss)																			18.0	17.5	2.9%
Distribution coverage (%) <sup>(1)</sup>																			117%	85%	31.8%

<sup>(1)</sup> FY15 based on actual (not pro forma) proportionate earnings of \$210.9 million. FY15 earnings did not benefit from a full-year earnings contribution from both of DDG's two gas transmission pipeline projects.

<sup>(2)</sup> EDL Total Revenue in FY16 includes a realised FX gain of \$1.2m recognised in the FCTR.

<sup>(3)</sup> DDG FY15 Net Interest Expense includes capitalised interest income of \$0.7m.

# Operating Statistics

## DBP

Throughput (TJ)	FY16	FY15	% $\Delta$
Full Haul	232,802	233,115	(0.1%)
Part Haul	35,982	43,864	(18.0%)
Back Haul	63,684	53,794	18.4%
Total	332,468	330,773	0.5%

Contracted Capacity (TJ/day)	FY16	FY15	% $\Delta$
Full Haul	737	756	(2.5%)
Part Haul	255	257	(0.8%)
Back Haul	204	197	3.5%
Total	1,197	1,211	(1.2%)

Capex (\$m)	FY16	FY15	% $\Delta$
SIB Capex <sup>(1)</sup>	34.0	26.0	(30.6%)
Other Capex	2.0	8.6	77.1%

## Multinet Gas

Gas Volumes (TJ) <sup>(2)</sup>	FY16	FY15	% $\Delta$
Residential	38,839	38,820	0.0%
Commercial	5,220	5,364	(2.7%)
Industrial	11,668	11,774	(0.9%)
Total	55,727	55,958	(0.4%)

Connections	FY16	FY15	% $\Delta$
Residential	675,735	672,633	0.5%
Commercial	15,737	16,114	(2.3%)
Industrial	270	266	1.5%
Total	691,742	689,013	0.4%

Gas Distribution Revenue (\$m)	FY16	FY15	% $\Delta$
Tariff V (Variable)	138.9	133.5	4.1%
Tariff V (Fixed)	42.4	39.9	6.1%
Other	1.7	1.7	2.1%
Total	183.0	175.1	4.5%

Capex (\$m)	FY16	FY15	% $\Delta$
SIB Capex	4.2	6.2	32.1%
Other Capex	70.7	56.1	(26.0%)

<sup>(1)</sup> DBP's FY16 SIB Capex includes \$5.4m of gas line pack booked to Property, Plant and Equipment.

<sup>(2)</sup> FY15 volumes have been restated to reflect billed energy consumption, which removes the impact of prior year adjustments.

## Energy Developments

<b>Installed Capacity (MW)</b>	<b>FY16</b>	<b>FY15</b>	<b>% Δ</b>
Australia – Remote	355	381	(6.8%)
Australia – Clean	363	342	6.1%
US - Clean	102	94	8.2%
UK - Clean	71	71	-%
Greece - Clean	12	12	-%
<b>Total</b>	<b>903</b>	<b>900</b>	<b>0.3%</b>

<b>Generation (GWh)</b>	<b>FY16</b>	<b>FY15</b>	<b>% Δ</b>
Australia – Remote	1,222	1,242	(1.6%)
Australia – Clean	1,763	1,756	0.4%
US - Clean	540	552	(2.1%)
UK - Clean	407	448	(9.4%)
Greece - Clean	88	81	8.2%
<b>Total</b>	<b>4,020</b>	<b>4,080</b>	<b>(1.5%)</b>

<b>Generation Revenue (\$m)</b>	<b>FY16</b>	<b>FY15</b>	<b>% Δ</b>
Electricity Sales	315.2	343.7	(8.3%)
Green Credits	110.8	84.3	31.4%
<b>Total</b>	<b>425.9</b>	<b>428.0</b>	<b>(0.5%)</b>

<b>Segment EBITDA (\$m)</b>	<b>FY16</b>	<b>FY15</b>	<b>% Δ</b>
Australia – Clean	114.0	94.2	21.0%
Australia – Remote	71.9	86.6	(17.0%)
UK - Clean	32.9	34.0	(3.2%)
US - Clean	22.8	19.6	16.4%
Greece - Clean	2.2	2.2	(3.4%)
Corporate <sup>(1)</sup>	(11.0)	(18.4)	40.2%
<b>Total</b>	<b>232.8</b>	<b>218.2</b>	<b>6.7%</b>

<b>Segment EBITDA (Home Currencies)</b>	<b>FY16</b>	<b>FY15</b>	<b>% Δ</b>
UK – Clean (£m)	16.2	18.0	(9.9%)
US – Clean (US\$m)	16.6	16.1	3.1%
Greece – Clean (€m)	1.4	1.5	(8.1%)

<b>Capex (\$m)</b>	<b>FY16</b>	<b>FY15</b>	<b>% Δ</b>
SIB Capex	32.7	33.4	2.1%
Other Capex	59.0	28.3	(108.6%)

### FX rates used in the preparation of the financial statements for EDL

<b>Currency</b>	<b>Spot Rate</b>	<b>Average Rate</b>
USD	0.7426	0.7272
GBP	0.5549	0.4914
EUR	0.6699	0.6601

<sup>(1)</sup> EDL FY15 Corporate Segment EBITDA includes \$2.1m share based payments expense and \$3.2m of business development and project-related costs.

# United Energy

<b>Load (GWh)</b>	<b>FY16</b>	<b>FY15<sup>(1)</sup></b>	<b>% Δ</b>
Small (residential and unmetered)	<b>2,800</b>	2,785	0.5%
Medium Size Business	<b>1,426</b>	1,431	(0.3%)
Commercial and Industrial	<b>3,597</b>	3,525	2.0%
<b>Total</b>	<b>7,823</b>	7,741	1.1%

<b>Connections</b>	<b>FY16</b>	<b>FY15</b>	<b>% Δ</b>
Small (residential and unmetered)	<b>606,492</b>	604,395	0.3%
Medium Size Business	<b>55,803</b>	56,083	(0.5%)
Commercial and Industrial	<b>3,310</b>	3,288	0.7%
<b>Total</b>	<b>665,605</b>	663,766	0.3%

<b>Electricity Distribution Revenue (\$m)</b>	<b>FY16</b>	<b>FY15</b>	<b>% Δ</b>
Small (residential and unmetered)	<b>180.8</b>	183.2	(1.4%)
Medium Size Business	<b>97.9</b>	94.6	3.5%
Commercial and Industrial	<b>111.1</b>	103.4	7.5%
<b>Total</b>	<b>389.8</b>	381.2	2.2%

<b>Maximum Demand (MW)</b>	<b>FY16</b>	<b>FY15</b>	<b>% Δ</b>
Maximum Demand	<b>1,964</b>	1,736	13.1%

<b>Unplanned SAIDI (minutes)</b>	<b>FY16</b>	<b>FY15</b>	<b>Δ minutes</b>
Actual	<b>60.2</b>	70.6	10.4
Regulatory Maximum Target	<b>65.0</b>	59.2	(5.8)

<b>Capex (\$m)</b>	<b>FY16</b>	<b>FY15</b>	<b>% Δ</b>
SIB Capex	<b>52.7</b>	70.9	25.8%
Other Capex	<b>190.2</b>	174.0	(9.3%)

<sup>(1)</sup> FY15 load has been restated to reflect more accurate energy consumption data which became available in FY16 with utilisation of real-time smart meter data.



# Management Accounts

Income Statements \$m	DBP			DDG			EDL			UE			MG		
	FY16	FY15	% Δ	FY16	FY15	% Δ	FY16	FY15	% Δ	FY16	FY15	% Δ	FY16	FY15	% Δ
<b>Core Revenue</b>	<b>375.7</b>	381.1	(1.4%)	<b>33.6</b>	13.0	158.2%	<b>425.9</b>	428.0	(0.5%)	<b>520.1</b>	516.6	0.7%	<b>183.0</b>	175.1	4.5%
Gas Transmission	375.7	381.1	(1.4%)	33.6	13.0										
Gas Distribution													183.0	175.1	4.5%
Electricity Distribution										389.8	381.2	2.2%			
Generation - Electricity Sales							315.2	343.7	(8.3%)						
Generation - Green Credits							110.8	84.3	31.4%						
Pass-throughs (TUOS, TFIT, PFIT)*										130.4	135.4	(3.7%)			
<b>Other Revenue and Income</b>	<b>6.4</b>	15.6	(58.7%)	<b>3.0</b>	(0.3)	158.2%	<b>15.5</b>	20.7	(25.2%)	<b>145.2</b>	128.6	12.9%	<b>18.9</b>	8.5	123.6%
Customer Contributions	4.9	6.8	(28.8%)							39.4	17.8	121.0%	11.3	3.3	240.5%
Other Income	1.4	8.7	(84.2%)	3.0	(0.3)	158.2%	9.0	6.2	45.0%	24.7	20.7	19.3%	5.7	3.9	48.3%
Metering Revenue										81.0	90.0	(10.0%)	2.5	1.9	32.1%
Operating Lease Revenue							4.3	12.3	(65.2%)						
Share of Profits From Associates							2.2	2.2	(3.4%)						
Unrealised FX Gains*	0.2	-	nmf				0.1	-	nmf	0.1	0.1	(3.7%)			
Pass-throughs (Carbon Tax)*													(0.6)	(0.6)	(4.8%)
<b>Total Revenue and Other Income</b>	<b>382.2</b>	396.7	(3.7%)	<b>36.6</b>	12.7	188.6%	<b>441.4</b>	448.7	(1.6%)	<b>665.3</b>	645.2	3.1%	<b>201.9</b>	183.5	0.1
<b>Operating Expenses</b>	<b>(77.1)</b>	(82.2)	6.3%	<b>(7.4)</b>	(3.4)	(118.4%)	<b>(258.9)</b>	(230.5)	(12.3%)	<b>(283.3)</b>	(285.0)	0.6%	<b>(70.7)</b>	(61.3)	(15.4%)
Employee Expenses	(27.8)	(28.7)	3.1%	(2.2)	(1.9)	(16.3%)	(63.7)	(64.0)	0.4%	(33.3)	(27.4)	(21.4%)	(12.4)	(10.0)	(24.2%)
External Operating Fees				(2.1)	(1.5)	(34.4%)				(84.1)	(86.2)	2.4%	(39.4)	(37.2)	(6.1%)
Other and Overhead Expenses	(29.8)	(32.7)	8.9%				(7.6)	(8.1)	6.2%	(35.5)	(36.0)	1.4%	(19.4)	(14.8)	(31.7%)
Fuel Gas Expense	(19.5)	(20.9)	6.6%												
Cost of Sales							(138.4)	(158.4)	12.6%						
Project costs*				(3.2)	-	nmf	(49.1)	-	nmf						
Pass-throughs (TUOS, TFIT, PFIT, Carbon Tax)*										(130.4)	(135.4)	3.7%	0.6	0.6	(4.8%)
<b>Reported EBITDA</b>	<b>305.1</b>	314.5	(3.0%)	<b>29.2</b>	9.3	214.3%	<b>182.6</b>	218.2	(16.3%)	<b>382.0</b>	360.2	6.1%	<b>131.2</b>	122.2	7.3%
<b>Depreciation, Amortisation &amp; Abandonments</b>	<b>(74.8)</b>	(75.6)	1.0%	<b>(10.2)</b>	(2.8)	(268.2%)	<b>(142.7)</b>	(91.7)	(55.6%)	<b>(148.9)</b>	(152.8)	2.5%	<b>(52.1)</b>	(53.8)	3.2%
Depreciation*	(73.4)	(74.0)	0.7%	(10.2)	(2.8)	(268.2%)	(115.8)	(83.2)	(39.3%)	(101.4)	(98.3)	(3.2%)	(31.6)	(32.8)	3.5%
Amortisation*	(1.5)	(1.7)	13.0%				(26.9)	(8.5)	(215.3%)	(43.2)	(51.7)	16.4%	(16.4)	(15.3)	(7.1%)
Abandonments*	0.1	0.1	9.2%							(4.3)	(2.8)	(52.5%)	(4.2)	(5.8)	28.1%
<b>Net Borrowing Costs</b>	<b>(149.8)</b>	(197.5)	24.2%	<b>(12.3)</b>	(4.2)	(191.7%)	<b>(38.1)</b>	(44.2)	13.9%	<b>(172.8)</b>	(236.6)	27.0%	<b>(52.2)</b>	(61.1)	14.5%
Interest Income	0.3	0.3	(25.2%)	0.2	0.1	93.4%	0.7	0.8	(5.9%)	0.9	1.4	(35.4%)	0.2	0.5	(52.8%)
Amortisation of Borrowing Costs	(5.5)	(6.6)	17.5%				(2.1)	(4.0)	47.3%	(3.0)	(2.9)	(5.0%)	(1.4)	(1.4)	(3.2%)
Other Finance Charges	(1.7)	(2.5)	30.9%	(0.0)	-	nmf				(2.6)	(2.1)	(22.9%)	(1.7)	(1.1)	(52.8%)
Interest Expense - Senior	(145.2)	(170.8)	15.0%	(0.5)	(0.1)	(534.4%)	(26.2)	(37.0)	29.3%	(116.3)	(133.0)	12.6%	(46.4)	(46.4)	0.0%
Interest Rate Hedge Unrealised Fair Value Movements*	6.8	7.2	(6.0%)							24.1	(28.2)	(185.3%)	2.1	(0.2)	nmf
Blend and Extend Hedge Non-Cash Interest Expense*	(2.9)	(21.4)	86.6%				2.9	(3.4)	187.2%						
Decommissioning Interest Charge*	(1.0)	(1.3)	21.8%	(0.0)	0.2	123.5%									
Debt Retirement Costs*	(0.5)	(2.3)	(78.5%)				(13.4)	(0.6)	nmf				(0.1)	(0.9)	(85.1%)
Interest Expense – DUET Funding Arm*				(12.0)	(4.4)	(170.8%)							(4.8)	(11.5)	58.1%
RPS interest*										(75.9)	(71.8)	(5.8%)			
<b>Income Tax (Expense)/Benefit</b>	<b>(25.2)</b>	(13.0)	(93.7%)	<b>(1.9)</b>	(0.7)	(182.2%)	<b>(4.0)</b>	(25.3)	84.2%	<b>(18.1)</b>	8.8	(306.4%)	<b>(2.5)</b>	(3.1)	19.2%
<b>Net Profit After Tax</b>	<b>55.3</b>	28.4	94.8%	<b>4.8</b>	1.6	194.7%	<b>(2.2)</b>	57.0	(103.8%)	<b>42.2</b>	(20.5)	306.2%	<b>24.4</b>	4.2	477.3%

\* Excluded from Proportionate Earnings. Unrealised FX gains and project costs excluded from EBITDA presented in the Performance Summary.

Cash Flow Statements \$m	DBP		DDG		EDL		UE		MG	
	FY16	FY15	FY16	FY15	FY16	FY15	FY16	FY15	FY16	FY15
<b>Cash Flows from Operating Activities</b>	<b>294.2</b>	295.7	<b>30.5</b>	10.9	<b>182.7</b>	183.6	<b>399.7</b>	321.8	<b>125.7</b>	133.8
Cash Receipts	424.6	404.1	78.6	13.0	447.8	492.4	736.8	705.9	215.3	214.8
Cash Payments	(131.6)	(109.6)	(48.0)	(2.7)	(261.2)	(274.5)	(338.0)	(385.7)	(89.8)	(81.5)
Interest Income	1.2	1.2	-	0.6	0.7	0.8	0.9	1.6	0.2	0.5
Income Tax paid					(4.6)	(35.1)				
<b>Cash Flows from Investing Activities</b>	<b>(29.4)</b>	(33.5)	<b>(7.0)</b>	(145.4)	<b>(103.7)</b>	(58.1)	<b>(219.3)</b>	(167.7)	<b>(74.2)</b>	(68.7)
Purchase of PP&E and Intangibles	(30.4)	(32.5)	(7.0)	(160.4)	(84.9)	(60.3)	(220.5)	(239.4)	(74.2)	(68.7)
Redemption/(Investment) into Term Deposit	1.0	(1.0)	-	15.0			-	70.0		
Proceeds from Sale of Non-Current Assets	0.1	0.1					1.2	1.7		
Loans (Advanced to)/Received from external parties					(4.9)	0.4				
JV Distributions					-	1.8				
Purchase of businesses, net of cash acquired					(13.9)	-				
<b>Cash Flows from Financing Activities</b>	<b>(262.3)</b>	(273.2)	<b>(23.0)</b>	48.6	<b>(71.4)</b>	(134.0)	<b>(92.6)</b>	(210.7)	<b>(48.8)</b>	(67.4)
Movement in Borrowings - Senior	(21.5)	(139.0)	6.5	8.5	(44.7)	(15.1)	(39.5)	(23.5)	64.8	(11.3)
Movement in Borrowings - DUET Funding Arm			-	17.0						
Movement in Equity	20.2	162.9	-	40.0	193.0	1.5	220.0	-	-	65.0
Interest & borrowing costs - Senior	(153.7)	(182.8)	(0.7)	(0.0)	(30.9)	(41.1)	(123.1)	(133.6)	(48.0)	(50.9)
Interest & borrowing costs - DUET Funding Arm			(11.9)	(10.7)					(4.8)	(11.5)
Movement in Redeemable Preference Shares (RPS)										
Interest Paid - RPS							(75.9)	(71.8)		
Business Strategy & Acquisition Costs					(62.4)	-				
Distributions to DUET stapled entities	(92.5)	(92.5)	(16.9)	(6.1)	(131.1)	-		66.5	(60.7)	(58.7)
Distributions to non-controlling interest	(14.9)	(21.9)					(25.2)	(16.4)		
Distributions to previous EDL shareholders					-	(82.0)				
Employee Loans					4.7	2.7				
<b>Net Cash Movement</b>	<b>2.5</b>	(11.0)	<b>0.5</b>	(85.9)	<b>7.6</b>	(8.6)	<b>87.8</b>	(56.5)	<b>2.7</b>	(2.2)
Opening Cash	17.4	28.4	6.7	92.6	39.3	45.7	5.2	61.8	11.9	14.1
Effects of Exchange Rate on Cash Movement					(0.4)	2.1				
Closing Cash	<b>19.9</b>	17.4	<b>7.2</b>	6.7	<b>46.5</b>	39.3	<b>93.0</b>	5.2	<b>14.6</b>	11.9

Balance Sheets \$m	DBP		DDG		EDL		UE		MG	
	Jun-16	Jun-15	Jun-16	Jun-15	Jun-16	Jun-15	Jun-16	Jun-15	Jun-16	Jun-15
<b>Current Assets</b>	<b>69.3</b>	68.6	<b>28.7</b>	14.7	<b>185.8</b>	144.0	<b>179.7</b>	106.6	<b>61.2</b>	67.4
Cash*	19.9	17.4	7.2	6.7	46.5	39.3	93.0	5.2	14.6	11.9
Accounts Receivable	15.1	18.0	13.6	3.3	64.0	54.7	7.1	17.5	39.7	37.7
Inventories and Other Assets	31.9	31.2	7.9	4.7	28.5	24.7	64.5	75.4	4.0	4.0
Derivative Financial Instruments	2.4	2.0			3.0	1.6	15.1	8.4	2.8	13.8
Green Credits					43.9	23.8				
<b>Non-Current Assets</b>	<b>3,568.0</b>	3,588.6	<b>212.8</b>	226.2	<b>1,469.5</b>	901.2	<b>3,222.5</b>	3,108.2	<b>1,587.1</b>	1,543.5
Plant, Property and Equipment	2,874.8	2,896.2	210.8	226.2	960.0	802.9	2,162.5	2,055.3	875.5	842.5
Intangibles	668.2	669.7			472.1	38.2	801.5	815.8	513.8	523.6
Deferred Tax Asset			2.1	-	-	37.7	148.9	140.2	133.7	131.0
Investment in Financial Assets	19.5	20.1								
Derivative Financial Instruments	5.5	2.6			6.1	-	109.6	96.8	31.4	13.5
Equity Accounted Investments					21.8	19.3				
Receivables					9.0	3.0				
Other Non-Current Assets					0.4	0.1			32.7	32.9
<b>Current Liabilities</b>	<b>617.3</b>	703.3	<b>17.5</b>	17.9	<b>84.4</b>	99.3	<b>402.3</b>	413.3	<b>72.6</b>	303.8
Senior Debt*	510.0	575.5	-	8.5	7.0	20.2	264.9	279.3	15.0	234.7
US\$ Debt/Fair Value Adjustment							2.9	(20.1)	-	11.9
Capitalised Borrowing Costs - Senior	(1.1)	(0.4)			(0.9)	(3.6)	(0.4)	-		
Derivative Financial Instruments	35.4	46.4			24.3	10.6	1.0	38.7	13.1	11.3
Payables	44.9	50.3	17.5	9.4	41.6	50.3	107.4	92.8	30.3	31.1
Deferred Revenue	18.5	23.3			0.9	3.1	16.6	14.9	2.1	3.3
Finance Lease Liability	1.0	0.9								
Current Tax Payable					0.7	10.0				
Provisions	8.7	7.4			10.8	8.8	10.1	7.7	12.2	11.6
<b>Non-Current Liabilities</b>	<b>2,398.6</b>	2,278.4	<b>150.6</b>	137.3	<b>644.4</b>	574.9	<b>2,730.7</b>	2,676.7	<b>1,228.1</b>	1,030.3
Senior Debt*	1,860.0	1,816.0	15.0	-	480.4	513.9	1,765.0	1,790.2	1,015.6	731.1
US\$ Debt/Fair Value Adjustment							110.3	98.7	28.6	13.4
Capitalised Borrowing Costs - Senior	(11.3)	(15.6)			(2.8)	(11.3)	(10.3)	(8.7)	(3.7)	(4.3)
Derivative Financial Instruments	140.0	98.0			45.8	22.3	64.9	3.6	32.3	25.0
Finance Lease Liability and W.A. govt loan	17.7	18.4								
Deferred Tax Liabilities	350.7	335.0	-	1.9	99.8	7.5	206.3	198.2	133.7	131.0
Deferred Revenue					2.7	24.3				
Payables					15.1	16.4				
Other Liabilities							2.7	2.9	21.7	21.9
Provisions - Decommissioning	41.0	26.0	1.3	1.3						
Provisions - Other	0.4	0.6			3.4	1.9				
DUET Funding Arm Loan			135.0	135.0					-	112.2
Capitalised Borrowing Costs - DUET Funding Arm			(0.7)	(0.8)						
Redeemable Preference Shares (RPS)							591.7	591.7		
<b>Net Assets</b>	<b>621.4</b>	675.4	<b>73.4</b>	85.7	<b>926.5</b>	371.0	<b>269.2</b>	124.8	<b>347.5</b>	276.8
<b>Equity*</b>	<b>621.4</b>	675.4	<b>73.4</b>	85.7	<b>926.5</b>	371.0	<b>269.2</b>	124.8	<b>347.5</b>	276.8
Contributed Equity	1,356.4	1,336.2	66.2	83.1	688.4	495.4	526.1	306.1	520.3	408.1
Reserves <sup>(1)</sup>	(97.7)	(75.5)	(0.0)	-	468.5	(26.4)	(59.5)	(15.8)	(30.0)	(24.8)
Retained Profits / (Loss)	(637.4)	(585.3)	7.2	2.7	(230.4)	(98.0)	(197.4)	(165.6)	(142.8)	(106.4)

\* Used in Gearing calculations.

<sup>(1)</sup> Following DUECo's acquisition of EDL, all acquired assets and liabilities were required to be fair valued. As the fair value of net assets acquired was determined to be higher than the existing book value, the fair value uplift has been recognised in reserves.

# Unconsolidated Cash Flows

\$m	FY16	FY15
DBP	92.5	92.5
DDG	28.8	16.9
EDL	131.1	-
UE	99.0	79.2
MG	65.5	70.2
Cash flows from energy utilities	417.0	258.8
Other income received	0.4	0.5
Head Office operating expenses paid (inclusive of GST)	(14.4)	(9.8)
Income tax paid by Head Office	(0.4)	(1.8)
Cash flows from operating activities	(14.4)	(11.1)
<b>Net cash inflows from energy utilities and operations (A)</b>	<b>402.4</b>	<b>247.8</b>
Head Office project costs <sup>(1)</sup>	(53.6)	(3.2)
Investment in EDL	(1,561.8)	-
Investment in energy utilities (excluding EDL) <sup>(2)</sup>	(346.2)	(249.0)
Cash flows from investing activities	(1,961.6)	(252.2)
<b>Head Office bank interest income (B)</b>	<b>14.5</b>	<b>7.3</b>
Equity raising proceeds (net of transaction costs)	1,880.5	409.6
DUET Funding Arm loans to energy utilities	-	(60.9)
Distributions paid to DUET Group stapled security holders	(339.6)	(242.7)
Cash flows from financing activities	1,555.3	113.3
Net increase/(decrease) in cash assets held	(3.9)	108.9
Cash assets at the beginning of the period	334.4	225.5
Head office cash	330.5	334.4
Less: Restricted cash	(5.6)	(5.2)
Cash assets at the end of the period <sup>(3)</sup>	324.9	329.2
<b>Cash available for distribution (A+B)</b>	<b>416.9</b>	<b>255.1</b>
WANOS (millions)	2,265.6	1,417.4
Cash available for distribution per stapled security - cents	18.4	18.0
Full year distribution declared and payable per stapled security - cents	18.0	17.5
<b>Full year distribution coverage: Cash (%)</b>	<b>102%</b>	<b>103%</b>

<sup>(1)</sup> Includes acquisition costs relating to EDL of \$52.7 million (2015: \$2.3 million).

<sup>(2)</sup> DBP: \$201 million, UE: \$145.2 million (2015: DBP: \$144 million, MG: \$65 million, DDG: \$40 million).

<sup>(3)</sup> Includes term deposits of \$185 million (2015: \$235 million). Refer to the appendix for the Consolidated Cash Flow Statement.

# Debt, Credit Ratings and Gearing

## Senior Debt Maturities

Total facility limits at 30 June 2016, \$m, 100% share

Calendar Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
DBP	-	660	600	595	125	-	295	125	-	-	2,400
DDG	-	-	30	-	-	-	-	-	-	-	30
EDL	-	5	348	-	286	-	-	-	-	-	638
UE	-	667	275	327	425	200	136	-	-	143	2,173
MG	-	300	265	135	230	50	171	-	-	-	1,151
<b>Total</b>	-	<b>1,632</b>	<b>1,518</b>	<b>1,057</b>	<b>1,066</b>	<b>250</b>	<b>602</b>	<b>125</b>	-	<b>143</b>	<b>6,392</b>

## Credit Ratings

Entity	S&P	Moody's
DBP	BBB- (Stable)	Baa3 (Stable)
EDL	BBB- (Stable)	na
UE	BBB (Stable)	Baa2 (Stable)
MG	BBB- (Stable)	Baa3 (Stable)

## Gearing

Group	At 30 June 2016	At 30 June 2015
OpCo Net Senior Debt (\$m)	5,749.7	5,393.6
Less: Head Office cash (\$m)	(330.5)	(334.4)
Add: DUET Group final distribution declared and payable (\$m)	219.0	130.7
Group Net Senior Debt (\$m)(A)	5,638.2	5,189.9
Equity (\$m)	3,411.3	1,995.6
Group Net Senior Debt plus Equity (\$m) (B)	9,049.5	7,185.5
Group Consolidated Gearing (A divided by B)	<b>62.3%</b>	72.2%

DBP	At 30 June 2016	At 30 June 2015
Net Senior Debt (\$m)	2,350.1	2,374.1
RAB (\$m) <sup>(1)</sup>	3,465.5	3,614.7
Gearing (Net Senior Debt/RAB)	<b>67.8%</b>	65.7%

DDG	At 30 June 2016	At 30 June 2015
Net Senior Debt (\$m)	7.8	1.8
Equity (\$m)	73.4	85.7
Gearing (Net Senior Debt/(Net Senior Debt + Equity))	<b>9.6%</b>	2.1%

EDL	At 30 June 2016	At 30 June 2015
Net Senior Debt (\$m) <sup>(2)</sup>	438.7	492.6
Equity (\$m)	926.5	371.0
Gearing (Net Senior Debt/(Net Senior Debt + Equity))	<b>32.1%</b>	57.0%

UE	At 30 June 2016	At 30 June 2015
Net Senior Debt (\$m) <sup>(3)</sup>	1,937.0	2,064.3
RAB (\$m)	2,356.9	2,255.4
Gearing (Net Senior Debt/RAB)	<b>82.2%</b>	91.5%

MG	At 30 June 2016	At 30 June 2015
Net Senior Debt (\$m) <sup>(2)</sup>	1,016.1	954.0
RAB (\$m)	1,157.8	1,141.2
Gearing (Net Senior Debt/RAB)	<b>87.8%</b>	83.6%

<sup>(1)</sup> Impacted in part by the final 2016-20 regulatory decision, which is under appeal, where \$20m of capex was reclassified as opex and \$15m of capex was disallowed by the regulator. The remaining difference relates primarily to shipper funded capex of \$50m (which does not attract a regulated return on capital), regulatory depreciation and a low inflation uplift through the period.

<sup>(2)</sup> Excludes JV Partner share of associated debt of \$2.2m.

<sup>(3)</sup> Excludes cash in UEM of \$2.0 million (2015: \$0.6 million).

# Appendix

## Notes to Proportionate Earnings

Key definitions:

- **Core Revenue** is transmission and distribution revenue and generation revenue for EDL.
- **EBITDA** is defined as earnings before interest, tax, depreciation and amortisation, unrealised foreign exchange gains or losses and fair value movements in derivatives.
- **Adjusted EBITDA** is EBITDA less customer contributions (net of margin).
- Stay-In-Business Capex ("**SIB Capex**") is any capex which cannot be funded by senior debt facilities, as set out in the terms of these facilities.
- **Net Interest Expense** is senior debt interest expense less bank interest income. The calculation of proportionate net interest expense in this MIR is provided below:

\$m	DBP	DDG	EDL	UE	MG	HQ	Total
Net Borrowing Costs per MIR (at 100%)	149.8	12.3	38.1	172.8	52.2	-	425.2
Less: RPS Expense	-	-	-	(75.9)	-	-	(75.9)
Less: DUET Funding Arm Interest Expense	-	(12.0)	-	-	(4.8)	-	(16.8)
Add/(Less): Interest Rate Hedge – Fair Value Movement	6.8	-	-	24.1	2.1	-	33.0
Less: Debt Retirement Costs	(0.5)	-	(13.4)	-	(0.1)	-	(13.9)
Less: Blend and Extend Non-cash Interest Expense	(2.9)	-	2.9	-	-	-	-
Less: Interest on Decommissioning Charge	(1.0)	-	-	-	-	-	(1.0)
Less: Head Office Interest (Income)	-	-	-	-	-	(14.5)	(14.5)
Net Interest Expense (at 100%)	152.2	0.3	27.6	121.0	49.3	(14.5)	335.9
<b>Proportionate Net Interest Expense per MIR</b>	<b>130.0</b>	<b>0.3</b>	<b>27.6</b>	<b>79.8</b>	<b>49.3</b>	<b>(14.5)</b>	<b>272.5</b>

- **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 (see table below); (ii) adjusted accounting treatment of certain revenue and expenses detailed in the table immediately below; and (iii) the exclusion of intercompany dividend and interest income and expenses. 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	DDG	EDL	UE	MG
12 months ended 30 June 2015	81.1	100.0	-	66.0	100.0
Movement	4.5	-	100.0	-	-
12 months ended 30 June 2016	<b>85.5</b>	<b>100.0</b>	<b>100.0</b>	<b>66.0</b>	<b>100.0</b>

### Key differences between the full year Financial Report and proportionate earnings

Category	Description	Full Year Financial Report	Proportionate Earnings
Revenue	Fair-value gain on derivatives	Included	Excluded
	Unrealised FX gains	Included	Excluded
	Realised FX gains recognised in FCTR	Excluded (included in Reserves)	Included
	Net gains on disposal	Included	Excluded
	Pass-through revenue	Included (offset below)	Excluded
	Customer contributions	Included	Excluded (net of margin)
	Cost of sales	Excluded	Included
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
	One-off project costs	Included (unless capitalised)	Excluded
	Cost of sales	Included	Excluded (see above)
Senior Debt 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 hedge and debt costs	Included	Excluded
Depreciation and amortisation	Asset replacement/Accounting depreciation and amortisation	Accounting Depreciation and Amortisation	SIB Capex
Income Tax Expense	Income Tax expense and benefit	Included	Cash Basis

## Consolidated Income Statement

This consolidated income statement has been extracted from DUET's full year Financial Report, which is available on the DUET website at [www.duet.net.au](http://www.duet.net.au). The consolidated income statement has been prepared in accordance with the Standards.

\$m	FY16
Revenue	1,604.4
Other Income	33.8
Total Revenue and other income	1,638.2
Share of net profit of joint ventures accounted for using the equity method	1.7
Expenses relating to acquisition of EDL and DBP	(44.6)
Operating expenses	(581.4)
Other expenses	(25.6)
Depreciation and amortisation expense	(394.0)
Finance costs	(381.2)
Total expenses	(1,426.8)
Profit/(loss) before income tax expense	213.2
Income tax benefit/(expense)	4.0
Profit/(loss) for the year	217.2
Profit/(loss) is attributable to:	
DUETCo shareholders	(77.2)
DFT unitholders and DIHL/DFL shareholders as non-controlling interests	273.0
Stapled Securityholders	195.8
Other non-controlling interests	21.4
Profit/(loss) for the year	217.2
Earnings attributable to security holders:	
Basic earnings per stapled security	8.64

## Reconciliation of Proportionate Earnings to Consolidated NPBT

FY16 (\$m)	DBP	DDG	EDL	UE	MG	Head Office	Total
<b>Proportionate Earnings</b>	98.0	32.0	167.9	111.5	66.4	0.5	<b>476.3</b>
<i>Adjust for Non-IFRS measures</i>							
Customer contributions	3.6	-	26.0	11.3	-	-	40.8
Net Interest Expense	130.0	27.6	79.8	49.3	0.3	(14.5)	272.5
SIB Capex	29.1	-	32.7	34.8	4.2	-	100.8
Tax paid	-	4.6	-	-	-	0.4	5.0
<b>Proportionate EBITDA</b>							<b>895.5</b>
Additional EBITDA from controlled assets <sup>(1)</sup>	38.6	-	-	129.9	-	-	168.4
EDL pre-acquisition EBITDA	-	-	(71.1)	-	-	-	(71.1)
<i>Statutory adjustments</i>							
Expenses relating to EDL and DBP acquisitions	-	-	-	-	-	(44.6)	(44.6)
DDG project expenses	-	(3.2)	-	-	-	-	(3.2)
Equity accounted profits	-	-	1.8	-	-	-	1.8
<b>Consolidated EBITDA</b>							<b>946.8</b>
Interest Income	0.3	0.2	0.5	0.9	0.2	14.5	16.6
Finance costs	(156.8)	(0.8)	(26.3)	(147.7)	(49.7)	-	(381.2)
Depreciation & Amortisation	(74.9)	(10.2)	(115.8)	(145.0)	(48.0)	(0.1)	(394.0)
Net movements in derivatives	6.8	-	-	24.1	2.1	-	32.9
Unrealised FX gains	0.3	-	0.1	-	-	-	0.4
Net loss on disposal of assets	0.1	-	-	(4.3)	(4.2)	-	(8.4)
<b>Profit before income tax expense</b>							<b>213.2</b>

<sup>(1)</sup>To consolidate 100% of controlled EBITDA.

## Reconciliation of Debt

\$m	At 30 June 2016
Interest Bearing Liabilities per full year Financial Report	6,263.4
<i>Add:</i>	
Capitalised borrowing costs	31.2
<i>Less:</i>	
US\$ Debt / Fair Value Adjustment	(141.6)
Cash on hand (including term deposits; excluding UEM cash)	(181.2)
DBP – finance lease liability and WA govt loan	(18.7)
UE – minority share of RPS not eliminated on consolidation	(201.2)
EDL – Associate Debt	(2.2)
<b>OpCo Net Senior Debt per MIR</b>	<b>5,749.7</b>

## Consolidated Cash Flow Statement

This consolidated cash flow statement has been extracted from DUET's full year Financial Report, which is available on DUET's website at [www.duet.net.au](http://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 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, DDG, EDL, United Energy and Multinet Gas.

\$m	FY16	FY15
Receipts from customers (including GST)	1,763.7	1,337.8
Payments to suppliers and employees (including GST)	(782.2)	(574.5)
Payments relating to projects and transactions	(72.7)	(3.2)
Income tax paid	(0.8)	(1.8)
Other interest received	16.8	11.0
Indirect tax paid	(16.6)	(14.6)
<b>Net cash flows from operating activities</b>	<b>908.2</b>	<b>754.7</b>
Proceeds from/(payments for) term deposits (> 90 days)	53.7	28.5
Acquisition of subsidiaries, net of cash acquired	(1,531.6)	-
Payments for purchase of property, plant and equipment	(356.1)	(465.8)
Payments for purchase of software and other intangibles	(35.5)	(35.2)
Proceeds from sale of non-current assets	1.3	1.8
<b>Net cash flows used in investing activities</b>	<b>(1,868.3)</b>	<b>(470.7)</b>
Proceeds from issue of stapled securities, net of costs	1,880.5	409.6
Proceeds from securities issued to non-controlling interests	95.0	18.9
Proceeds from borrowings from senior lenders	2,159.8	1,355.7
Repayment of borrowings from senior lenders	(2,238.2)	(1,498.5)
Finance costs paid	(371.4)	(391.6)
Dividends paid to non-controlling interest	(40.1)	(38.3)
Distributions paid to DUET securityholders	(339.6)	(242.7)
<b>Net cash flow from/(used in) financing activities</b>	<b>1,146.0</b>	<b>(386.9)</b>
Net increase/(decrease) in cash and cash equivalents held	185.9	(102.9)
Cash and cash equivalents at the beginning of the year	320.7	423.5
Effects of exchange rate changes on cash and cash equivalents	(1.4)	0.1
<b>Cash and cash equivalents at the end of the year</b>	<b>505.2</b>	<b>320.7</b>

## Reconciliation of Cash Flows

A reconciliation of the Statement of Cash Flows per the DUET Group full year Financial Report to Unconsolidated Cash Flows in this MIR is as follows:

\$m	FY16	FY15
Net cash flows from operating activities per full year Financial Report	908.2	754.7
<i>Less:</i>		
DBP	(294.2)	(295.7)
DDG	(30.0)	(10.8)
EDL	(111.3)	na
UE	(399.7)	(321.8)
MG	(125.7)	(133.8)
UEM	(1.4)	-
Head Office – other interest and director fees received	(14.0)	(7.0)
<i>Add:</i>		
Head Office project expenses paid	53.6	3.2
<b>Net cash flows from operating activities per MIR</b>	<b>(14.4)</b>	<b>(11.1)</b>
Net cash flows from investing activities per full year Financial Report (excluding term deposits)	(1,868.3)	(470.7)
<i>Add:</i>		
DBP	29.4	33.5
DDG	7.0	145.4
EDL	21.2	na
UE	219.3	167.7
MG	74.2	68.7
<i>Less:</i>		
Proceeds from/(payments for) short term deposits	(52.6)	55.5
Head Office project expenses paid	(53.6)	(3.2)
Investments in energy utilities by DUET (inter-company elimination)	(338.2)	(249)
<b>Net cash flows from investing activities per MIR</b>	<b>(1,961.6)</b>	<b>(252.2)</b>
Net cash flows from financing activities per full year Financial Report	1,146.0	(386.9)
<i>Add:</i>		
DBP	262.3	273.3
DDG	22.4	(48.7)
EDL	47.5	na
UE	92.6	210.7
MG	48.8	67.4
Bank interest received by Head Office	14.4	7.3
<i>Less:</i>		
Related party transactions (inter-company elimination)	(78.8)	(9.8)
<b>Net cash flows from financing activities per MIR</b>	<b>1,555.3</b>	<b>113.3</b>