



Management Information Report

For the half year ended 31 December 2016

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At 31 December 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.

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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 2016. 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 2016 (“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 2016 is not prepared, in all material respects, in accordance with the Basis of Preparation. However, no opinion is expressed as to whether the Basis of Preparation used is appropriate to the needs of the users of the MIR.

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 half 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 half 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.
- **Pro forma 1H16 results:** To provide an appropriate year-on-year comparison, each of the 1H16 results for DBP and EDL (including the uplift of EDL asset values and consequent depreciation and amortisation in line with the acquisition fair values calculated by DUET Group excluding goodwill which was not generated by EDL) have been included assuming 100% ownership by DUET for all of 1H16.
- **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 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.

Abbreviations and acronyms used in the MIR are:

- “nmf” which means “not meaningful” (mainly in respect of percentage changes);
- “% Δ ” 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	1H17	1H16 Pro forma	% Δ
Core Revenue	630.1	648.0	(2.8%)
EBITDA	437.7	485.2	(9.8%)
Adjusted EBITDA	417.3	467.1	(10.7%)
Proportionate Earnings	233.2	250.2	(6.8%)

Distributions to Stapled Securityholders

cpss, % coverage	1H17	1H16	% Δ
Interim distribution declared and payable (cpss)	9.25¢	9.00¢	2.8%
Coverage by Proportionate Earnings (%)	104%	123%	(19.2%)
Coverage by Unconsolidated Cash Flows (%)	101%	108%	(7.0%)

DBP

\$m, 100%	1H17	1H16 Pro forma	% Δ
Throughput (TJ)	168,275	163,623	2.8%
Transmission Revenue	176.2	191.6	(8.0%)
Total Revenue	179.4	199.5	(10.0%)
Opex	(44.9)	(39.1)	(14.8%)
EBITDA	134.6	160.4	(16.1%)
EBITDA margin	75.0%	80.4%	(5.4%)
Adjusted EBITDA	134.4	156.3	(14.0%)
Proportionate Earnings	59.7	59.8	(0.1%)
RAB	3,440.5	3,606.5	(4.6%)

DBP Development Group (DDG)

\$m, 100%	1H17	1H16	% Δ
Transmission Revenue	17.1	17.2	(0.3%)
Total Revenue	17.6	18.2	(3.1%)
Opex	(2.7)	(2.4)	(13.9%)
EBITDA	14.9	15.8	(5.7%)
EBITDA margin	84.7%	87.0%	(2.3%)
Proportionate Earnings	14.8	15.7	(6.0%)

Energy Developments (EDL)

\$m, 100%	1H17	1H16 Pro forma	% Δ
Generation (GWh)	2,068	2,014	2.7%
Generation Revenue	209.4	208.3	0.5%
Total Revenue	213.4	216.6	(1.5%)
Opex	(114.3)	(108.5)	(5.4%)
EBITDA	99.1	108.1	(8.3%)
EBITDA margin	46.4%	49.9%	(3.5%)
Proportionate Earnings	62.3	67.5	(7.8%)

United Energy (UE)

\$m, 100%	1H17	1H16	% Δ
Load (GWh)	3,928	4,030	(2.5%)
Distribution Revenue	182.4	198.8	(8.3%)
Total Revenue	247.8	275.6	(10.1%)
Opex	(73.9)	(74.9)	1.2%
EBITDA	173.9	200.7	(13.4%)
EBITDA margin	70.2%	72.8%	(2.7%)
Adjusted EBITDA	154.3	185.0	(16.6%)
Proportionate Earnings	83.5	90.0	(7.2%)
RAB	2,391.1	2,310.2	3.5%

Multinet Gas (MG)

\$m, 100%	1H17	1H16	% Δ
Throughput (TJ)	32,259	32,073	0.6%
Distribution Revenue	107.0	99.8	7.2%
Total Revenue	117.9	108.1	9.1%
Opex	(37.5)	(35.0)	(7.3%)
EBITDA	80.4	73.1	10.0%
EBITDA margin	68.2%	67.6%	0.5%
Adjusted EBITDA	73.1	69.4	5.4%
Proportionate Earnings	45.5	41.3	10.1%
RAB	1,175.3	1,155.6	1.7%

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		
	1H17	1H16 Pro forma	% Δ	1H17	1H16	% Δ	1H17 ⁽²⁾	1H16 Pro forma	% Δ	1H17	1H16	% Δ	1H17	1H16	% Δ	1H17	1H16	% Δ	1H17	1H16 Pro forma	% Δ
Core Revenue	176.2	191.6	(8.0%)	17.1	17.2	(0.3%)	209.4	208.3	0.5%	120.4	131.2	(8.3%)	107.0	99.8	7.2%	-	-	na	630.1	648.0	(2.8%)
Total Revenue	179.4	199.5	(10.0%)	17.6	18.2	(3.1%)	213.4	216.6	(1.5%)	163.6	181.9	(10.1%)	117.9	108.1	9.1%	-	-	na	692.0	724.2	(4.5%)
Operating Expenses ⁽³⁾	(44.9)	(39.1)	(14.8%)	(2.7)	(2.4)	(13.9%)	(114.3)	(108.5)	(5.4%)	(48.8)	(49.4)	1.2%	(37.5)	(35.0)	(7.3%)	(6.1)	(4.7)	(30.6%)	(254.3)	(239.0)	(6.4%)
EBITDA	134.6	160.4	(16.1%)	14.9	15.8	(5.7%)	99.1	108.1	(8.3%)	114.7	132.5	(13.4%)	80.4	73.1	10.0%	(6.1)	(4.7)	(30.6%)	437.7	485.2	(9.8%)
EBITDA margin	75.0%	80.4%	(5.4%)	84.7%	87.0%	(2.3%)	46.4%	49.9%	(3.5%)	70.2%	72.8%	(2.7%)	68.2%	67.6%	0.5%	-	-	na	63.2%	67.0%	(3.7%)
Less: Customer Contributions	(0.2)	(4.1)	(95.6%)	-	-	na	-	-	na	(12.9)	(10.4)	(24.3%)	(7.3)	(3.7)	(96.7%)	-	-	na	(20.4)	(18.1)	(12.3%)
Adjusted EBITDA	134.4	156.3	(14.0%)	14.9	15.8	(5.7%)	99.1	108.1	(8.3%)	101.8	122.1	(16.6%)	73.1	69.4	5.4%	(6.1)	(4.7)	(30.6%)	417.3	467.1	(10.7%)
Net Interest Expense	(66.3)	(83.8)	20.8%	(0.1)	(0.1)	11.0%	(14.0)	(15.9)	12.0%	(30.0)	(45.6)	34.2%	(25.2)	(25.0)	(0.8%)	1.6	11.6	(86.0%)	(134.1)	(158.9)	15.6%
SIB Capex	(8.3)	(12.7)	34.5%	(0.0)	-	na	(21.1)	(20.4)	(3.6%)	(16.7)	(17.1)	2.4%	(2.4)	(3.0)	21.6%	-	-	na	(48.6)	(53.2)	8.8%
Tax paid	-	-	na	-	-	na	(1.7)	(4.3)	60.9%	-	-	na	-	-	na	0.3	(0.4)	na	(1.4)	(4.7)	69.8%
Proportionate Earnings	59.7	59.8	(0.1%)	14.8	15.7	(6.0%)	62.3	67.5	(7.8%)	55.1	59.4	(7.2%)	45.5	41.3	10.1%	(4.2)	6.5	(164.8%)	233.2	250.2	(6.8%)
WANOS (millions)																			2,433.0	2,162.0	12.5%
Earnings (cpss) ⁽¹⁾																			9.58	11.05	(13.3%)
Interim distribution declared (cpss)																			9.25	9.00	2.8%
Distribution coverage (%)⁽¹⁾																			104%	123%	(19.2%)

⁽¹⁾ 1H16 based on actual (not pro forma) proportionate earnings of \$239.0 million.

⁽²⁾ EDL's Total Revenue in 1H17 includes a realised FX gain of \$1.9m recognised in the FCTR.

⁽³⁾ Operating Expenses include proportionate share of costs relating to the Transformation Project for UE \$2.5m and MG \$1.4m in 1H17.

Operating Statistics

DBP

Throughput (TJ)	1H17	1H16	% Δ
Full Haul	115,193	117,771	(2.2%)
Part Haul	20,608	17,796	15.8%
Back Haul	32,473	28,055	15.7%
Total	168,275	163,623	2.8%

Contracted Capacity (TJ/day)	1H17	1H16	% Δ
Full Haul	725	763	(5.0%)
Part Haul	257	252	1.9%
Back Haul	207	205	1.2%
Total	1,189	1,220	(2.6%)

Capex (\$m)	1H17	1H16	% Δ
SIB Capex	8.3	12.7	34.5%
Other Capex	0.6	1.8	66.7%

Multinet Gas

Gas Volumes (TJ)	1H17	1H16	% Δ
Residential	22,456	23,209	(3.2%)
Commercial	3,664	2,861	28.1%
Industrial	6,139	6,065	1.2%
Total	32,259	32,073	0.6%

Connections	As at 31-Dec-16	As at 31-Dec-15	% Δ
Residential	678,438	674,930	0.5%
Commercial	15,798	15,930	(0.8%)
Industrial	272	265	2.6%
Total	694,508	691,125	0.5%

Gas Distribution Revenue (\$m)	1H17	1H16	% Δ
Residential	101.1	94.5	7.0%
Commercial	5.0	4.4	12.8%
Industrial	0.9	0.9	3.5%
Total	107.0	99.8	7.2%

Capex (\$m)	1H17	1H16	% Δ
SIB Capex	2.4	3.0	21.6%
Other Capex	40.0	31.3	(27.8%)

Energy Developments

Installed Capacity (MW)	1H17	1H16	% Δ
Australia – Clean	428	342	25.1%
Australia – Remote	319	381	(16.3%)
US - Clean	103	94	9.6%
UK - Clean	71	71	-%
Greece - Clean	12	12	-%
Total	933	900	3.7%

Generation (GWh)	1H17	1H16	% Δ
Australia – Clean	995	869	14.5%
Australia – Remote	549	619	(11.2%)
US - Clean	286	277	3.1%
UK - Clean	194	209	(7.0%)
Greece - Clean	44	40	11.2%
Total	2,068	2,014	2.7%

Generation Revenue (\$m)	1H17	1H16	% Δ
Electricity Sales	157.0	157.8	(0.5%)
Green Credits	52.4	50.5	3.8%
Total	209.4	208.3	0.5%

Segment Revenue (\$m)	1H17	1H16	% Δ
Australia – Clean	96.7	75.1	28.8%
Australia – Remote	65.0	79.2	(17.8%)
US - Clean	23.0	24.1	(4.8%)
UK - Clean	26.0	37.4	(30.6%)
Greece - Clean	1.0	1.0	(4.3%)
Total	211.6	216.8	(2.4%)

Segment EBITDA (\$m)	1H17	1H16	% Δ
Australia – Clean	55.5	46.9	18.3%
Australia – Remote	25.8	37.4	(31.0%)
US - Clean	9.8	11.9	(17.6%)
UK - Clean	11.1	17.0	(34.7%)
Greece - Clean	1.0	1.0	-%
Corporate	(4.0)	(6.1)	35.0%
Total	99.1	108.1	(8.3%)

Segment EBITDA (Home Currencies)	1H17	1H16	% Δ
US – Clean (US\$m)	7.4	8.6	(14.0%)
UK – Clean (£m)	6.5	8.0	(18.8%)
Greece – Clean (€m)	0.7	0.7	-%

Capex (\$m)	1H17	1H16	% Δ
SIB Capex	21.1	20.4	(3.6%)
Other Capex (excluding acquisitions)	39.5	26.0	(51.6%)

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

Currency	Spot Rate	Average Rate
USD	0.7236	0.7541
GBP	0.5892	0.5887
EUR	0.6872	0.6869

United Energy

Load (GWh)	1H17	1H16	% Δ
Small (residential and unmetered)	1,502	1,471	2.1%
Medium Size Business	701	743	(5.6%)
Commercial and Industrial	1,725	1,816	(5.0%)
Total	3,928	4,030	(2.5%)

Connections	As at 31-Dec-16	As at 31-Dec-15	% Δ
Small (residential and unmetered)	610,512	605,108	0.9%
Medium Size Business	55,977	56,131	(0.3%)
Commercial and Industrial	3,377	3,310	0.8%
Total	669,826	664,549	0.8%

Electricity Distribution Revenue (\$m)	1H17	1H16	% Δ
Small (residential and unmetered)	89.5	93.5	(4.3%)
Medium Size Business	44.0	50.5	(12.9%)
Commercial and Industrial	48.8	54.8	(10.9%)
Total	182.4	198.8	(8.3%)

Maximum Demand (MW)	12 months to 31-Dec-16	12 months to 31-Dec-15	% Δ
Maximum Demand	1,964	1,789	9.8%

Unplanned SAIDI (minutes)	12 months to 31-Dec-16	12 months to 31-Dec-15	Δ minutes
Actual	54.7	66.3	11.6
Regulatory Maximum Target	67.7	59.2	(8.5)

Capex (\$m)	1H17	1H16	% Δ
SIB Capex	25.3	25.9	2.4%
Other Capex	84.8	100.0	15.2%

Management Accounts

Income Statements \$m	DBP			DDG			EDL			UE			MG		
	1H17	1H16	% Δ	1H17	1H16	% Δ	1H17	1H16	% Δ	1H17	1H16	% Δ	1H17	1H16	% Δ
Core Revenue	176.2	191.6	(8.0%)	17.1	17.2	(0.3%)	209.4	208.3	0.5%	246.3	263.3	(6.4%)	107.0	99.8	7.2%
Gas Transmission	176.2	191.6	(8.0%)	17.1	17.2	(0.3%)									
Gas Distribution													107.0	99.8	7.2%
Electricity Distribution										182.4	198.8	(8.3%)			
Generation - Electricity Sales							157.0	157.8	(0.5%)						
Generation - Green Credits							52.4	50.5	3.8%						
Pass-throughs (TUOS, TFIT, PFIT)*										64.0	64.5	(0.8%)			
Other Revenue and Income	3.3	8.0	(59.2%)	0.5	1.0	(52.6%)	2.2	8.5	(73.6%)	65.5	76.9	(14.9%)	11.0	7.6	44.3%
Customer Contributions	0.2	4.9	(96.3%)							19.5	15.7	24.5%	7.3	3.7	97.1%
Other Income	3.1	3.0	2.5%	0.5	1.0	(52.6%)	1.2	3.0	(60.2%)	15.5	12.9	20.4%	2.4	3.4	(29.0%)
Metering Revenue										30.4	48.2	(37.0%)	1.3	1.2	4.5%
Operating Lease Revenue							-	4.3	<i>nmf</i>						
Share of Profits From Associates							1.0	1.0	(4.5%)						
Unrealised FX Gains*	-	0.1	<i>nmf</i>				0.1	0.2	(58.5%)	-	0.1	<i>nmf</i>			
Pass-throughs (Carbon Tax)*													-	(0.7)	<i>nmf</i>
Total Revenue and Other Income	179.4	199.5	(10.0%)	17.6	18.2	(3.1%)	211.6	216.8	(2.4%)	311.8	340.2	(8.3%)	117.9	107.4	9.8%
Operating Expenses	(44.9)	(39.1)	(14.8%)	(3.3)	(5.2)	37.3%	(117.5)	(153.0)	23.2%	(137.9)	(139.4)	1.1%	(37.5)	(34.3)	(9.4%)
Employee Expenses	(16.0)	(14.1)	(13.7%)	(1.5)	(1.3)	(15.2%)	(33.9)	(34.4)	1.5%	(16.7)	(16.0)	(4.4%)	(5.9)	(6.0)	1.3%
External Operating Fees				(1.2)	(1.1)	(8.2%)				(40.7)	(41.4)	1.6%	(21.5)	(21.5)	0.1%
Other and Overhead Expenses	(16.0)	(15.8)	(1.1%)				(4.5)	(2.4)	(86.9%)	(16.5)	(17.5)	5.9%	(10.1)	(7.5)	(34.8%)
Fuel Gas Expense	(12.9)	(9.2)	(39.8%)												
Cost of Sales							(76.0)	(71.7)	(5.9%)						
Project costs*				(0.6)	(2.8)	79.6%	(3.2)	(44.5)	92.8%						
Pass-throughs (TUOS, TFIT, PFIT, Carbon Tax)*										(64.0)	(64.5)	0.8%	-	0.7	<i>nmf</i>
Reported EBITDA	134.6	160.4	(16.1%)	14.3	13.0	10.4%	94.1	63.8	47.4%	173.9	200.8	(13.4%)	80.4	73.1	10.0%
Depreciation, Amortisation & Abandonments	(43.8)	(36.9)	(18.7%)	(4.9)	(4.9)	0.5%	(83.6)	(55.3)	(51.1%)	(80.9)	(73.7)	(9.7%)	(28.6)	(25.3)	(12.9%)
Depreciation*	(42.3)	(36.2)	(16.8%)	(4.9)	(4.9)	0.5%	(64.8)	(48.1)	(34.7%)	(55.2)	(49.7)	(11.1%)	(16.8)	(15.9)	(5.7%)
Amortisation*	(1.5)	(0.8)	(91.9%)				(18.8)	(7.3)	(159.9%)	(23.1)	(21.5)	(7.5%)	(8.9)	(7.8)	(14.5%)
Abandonments*	0.0	0.1	<i>nmf</i>							(2.6)	(2.5)	(2.9%)	(2.8)	(1.6)	(76.6%)
Net Borrowing Costs	(62.4)	(91.3)	31.6%	(6.4)	(6.1)	(4.7%)	(11.2)	(29.4)	61.9%	(68.8)	(65.3)	(5.3%)	(22.4)	(28.8)	22.3%
Interest Income	0.1	0.1	(2.0%)	0.1	0.1	0.0%	0.2	0.5	(65.1%)	0.3	0.5	(39.8%)	0.1	0.1	(10.2%)
Amortisation of Borrowing Costs	(2.6)	(2.8)	6.2%				(0.6)	(1.6)	65.3%	(2.2)	(1.5)	(48.9%)	(0.8)	(0.7)	(10.4%)
Other Finance Charges	(0.6)	(1.2)	46.3%	(0.1)	-	<i>nmf</i>	(0.8)	(1.3)	(39.9%)	(1.6)	(1.2)	(36.2%)	(0.5)	(1.2)	54.1%
Interest Expense - Senior	(63.2)	(80.0)	21.0%	(0.2)	(0.2)	(21.5%)	(12.8)	(13.4)	4.7%	(41.9)	(66.9)	37.3%	(24.1)	(23.3)	(3.5%)
Interest Rate Hedge Unrealised Fair Value Movements*	(2.0)	2.2	<i>nmf</i>							14.9	42.0	(64.5%)	2.9	1.1	163.7%
Blend and Extend Hedge Non-Cash Interest Expense*	6.6	(9.1)	<i>nmf</i>				2.7	-	<i>nmf</i>						
Decommissioning Interest Charge*	(0.6)	(0.5)	(23.8%)												
Debt Retirement Costs*	(0.1)	-	<i>nmf</i>				-	(13.6)	<i>nmf</i>				-	(0.1)	<i>nmf</i>
Interest Expense – DUET Funding Arm*				(6.3)	(6.0)	(4.4%)							-	(4.8)	<i>nmf</i>
RPS interest*										(38.2)	(38.2)	0.1%			
Income Tax (Expense)/Benefit	(9.6)	(10.0)	4.4%	(1.0)	(0.6)	(67.0%)	9.9	1.4	<i>nmf</i>	(7.3)	(18.5)	60.6%	(0.5)	0.3	<i>nmf</i>
Net Profit After Tax	18.8	22.3	(15.6%)	2.1	1.4	49.1%	9.2	(19.6)	<i>nmf</i>	17.0	43.3	60.7%	28.9	19.2	50.1%

* 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	
	1H17	1H16	1H17	1H16	1H17	1H16	1H17	1H16	1H17	1H16
Cash Flows from Operating Activities	133.9	153.7	23.1	14.0	63.1	74.8	164.4	188.2	85.5	75.6
Cash Receipts	210.5	226.4	30.5	26.2	195.9	224.1	336.6	362.6	137.6	129.7
Cash Payments	(77.1)	(73.3)	(7.5)	(12.3)	(131.3)	(145.4)	(172.4)	(174.9)	(52.3)	(54.2)
Interest Income	0.6	0.6	0.1	0.1	0.2	0.5	0.3	0.5	0.1	0.1
Income Tax paid					(1.7)	(4.3)				
Cash Flows from Investing Activities	(5.7)	(9.2)	(12.4)	(4.6)	(145.9)	(47.9)	(118.8)	(115.0)	(42.6)	(33.4)
Purchase of PP&E and Intangibles	(5.7)	(10.3)	(12.4)	(4.6)	(62.2)	(44.9)	(119.2)	(115.2)	(42.6)	(33.4)
Redemption/(Investment) into Term Deposit	-	1.0								
Proceeds from Sale of Non-Current Assets	0.0	0.1					0.4	0.2		
Loans (Advanced to)/Received from external parties					(1.7)	(3.0)				
Purchase of businesses, net of cash acquired					(81.9)	-				
Cash Flows from Financing Activities	(100.1)	(134.5)	(9.8)	(9.4)	82.8	(23.8)	(102.1)	(49.9)	(50.7)	(49.1)
Movement in Borrowings - Senior	(6.0)	(5.5)	(6.0)	6.5	172.7	(77.6)	22.5	(30.2)	10.0	7.3
Movement in Borrowings - DUET Funding Arm										
Movement in Equity	29.0	10.2	10.0	-	-	193.0	-	125.0		
Interest & borrowing costs - Senior	(68.1)	(83.9)	(0.2)	(0.8)	(11.5)	(19.9)	(45.3)	(69.6)	(26.7)	(23.6)
Interest & borrowing costs - DUET Funding Arm			(6.1)	(5.9)					-	(4.8)
Interest Paid - RPS							(38.1)	(38.1)		
Business Strategy & Acquisition Costs					-	(61.4)				
Distributions to DUET stapled entities	(55.0)	(55.3)	(7.5)	(9.2)	(78.4)	(62.6)	(27.2)	(24.4)	(34.0)	(28.0)
Distributions to non-controlling interest							(13.9)	(12.6)		
Employee Loans					-	4.7				
Net Cash Movement	28.2	10.0	0.9	(0.1)	0.0	3.1	(56.4)	23.3	(7.9)	(6.9)
Opening Cash	19.9	17.4	7.2	6.7	46.5	39.3	93.0	5.2	14.6	11.9
Effects of Exchange Rate on Cash Movement					(0.4)	0.7				
Closing Cash	48.1	27.4	8.1	6.6	46.2	43.1	36.6	28.5	6.7	5.0

Balance Sheets \$m	DBP		DDG		EDL		UE		MG	
	Dec-16	Jun-16	Dec-16	Jun-16	Dec-16	Jun-16	Dec-16	Jun-16	Dec-16	Jun-16
Current Assets	89.1	69.3	18.6	28.7	225.2	185.8	252.5	179.7	45.7	61.2
Cash*	48.1	19.9	8.1	7.2	46.2	46.5	36.6	93.0	6.7	14.6
Accounts Receivable	6.3	15.1	4.8	13.6	68.5	64.0	6.8	7.1	32.3	39.7
Inventories and Other Assets	31.4	31.9	5.7	7.9	30.8	28.5	77.6	64.5	5.5	4.0
Derivative Financial Instruments	3.3	2.4			3.7	3.0	131.6	15.1	1.2	2.8
Income Tax Receivable					0.2	-				
Green Credits					75.8	43.9				
Non-Current Assets	3,518.4	3,568.0	224.1	212.8	1,543.5	1,469.5	3,147.8	3,222.5	1,588.1	1,587.1
Plant, Property and Equipment	2,823.8	2,874.8	221.3	210.8	1,027.0	960.0	2,203.8	2,162.5	896.6	875.5
Intangibles	670.1	668.2			469.8	472.1	788.9	801.5	506.0	513.8
Deferred Tax Asset			2.8	2.1			136.1	148.9	132.3	133.7
Investment in Financial Assets	19.2	19.5								
Derivative Financial Instruments	5.2	5.5			2.6	6.1	18.9	109.6	26.3	31.4
Equity Accounted Investments					22.2	21.8				
Receivables					21.5	9.0				
Other Non-Current Assets					0.4	0.4			26.8	32.7
Current Liabilities	559.6	617.4	20.3	17.5	98.2	84.4	900.1	402.3	362.8	72.6
Senior Debt*	459.0	510.0			5.0	7.0	666.7	264.9	315.0	15.0
US\$ Debt/Fair Value Adjustment							92.2	2.9		
Capitalised Borrowing Costs - Senior	(0.5)	(1.1)			(1.2)	(0.9)	(0.1)	(0.4)	(0.2)	-
Derivative Financial Instruments	34.4	35.4	0.1	-	38.4	24.3	12.2	1.0	4.1	13.1
Payables	39.7	44.9	19.9	17.5	44.8	41.6	100.9	107.4	29.9	30.3
Deferred Revenue	17.2	18.5	0.3	-	0.3	0.9	19.6	16.6	2.0	2.1
Finance Lease Liability	1.0	1.0								
Current Tax Payable					-	0.7				
Provisions	8.8	8.7			10.8	10.8	8.7	10.1	12.1	12.2
Non-Current Liabilities	2,396.2	2,398.5	144.5	150.6	833.9	644.4	2,206.5	2,730.7	916.1	1,228.2
Senior Debt*	1,906.0	1,860.0	9.0	15.0	656.2	480.4	1,383.1	1,765.0	725.1	1,015.6
US\$ Debt/Fair Value Adjustment							(22.0)	110.3	17.7	28.6
Capitalised Borrowing Costs - Senior	(13.2)	(11.3)			(2.9)	(2.8)	(8.7)	(10.3)	(5.7)	(3.7)
Derivative Financial Instruments	83.5	140.0			47.7	45.8	38.0	64.9	25.2	32.3
Finance Lease Liability and W.A. govt loan	16.7	17.7								
Deferred Tax Liabilities	376.3	350.7			105.6	99.8	221.6	206.3	132.3	133.7
Deferred Revenue					6.9	2.7				
Payables					14.8	15.1				
Other Liabilities							2.7	2.7	21.5	21.7
Provisions - Decommissioning	26.4	41.0	1.1	1.3						
Provisions - Other	0.4	0.4			5.5	3.4				
DUET Funding Arm Loan			135.0	135.0						
Capitalised Borrowing Costs - DUET Funding Arm			(0.6)	(0.7)						
Redeemable Preference Shares (RPS)							591.7	591.7		
Net Assets	651.7	621.4	77.9	73.4	836.5	926.5	293.7	269.2	354.9	347.5
Equity*	651.7	621.4	77.9	73.4	836.5	926.5	293.7	269.2	354.9	347.5
Contributed Equity	1,385.4	1,356.5	68.8	66.2	688.4	688.4	526.1	526.1	520.3	520.3
Reserves ⁽¹⁾	(60.2)	(97.7)	(0.1)	-	447.7	468.5	(10.8)	(59.5)	(17.6)	(30.0)
Retained Profits / (Loss)	(673.6)	(637.4)	9.2	7.2	(299.6)	(230.4)	(221.6)	(197.4)	(147.9)	(142.8)

* Used in Gearing calculations.

⁽¹⁾ 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	1H17	1H16
DBP	55.0	45.0
DDG	13.6	15.1
EDL	78.4	62.6
UE	52.3	49.6
MG	34.0	32.8
Cash flows from energy utilities	233.3	205.1
Other income received	0.3	0.2
Head Office operating expenses paid (inclusive of GST)	(8.3)	(6.5)
Income tax paid by Head Office	0.2	(0.4)
Cash flows from operating activities	(7.8)	(6.7)
Net cash inflows from energy utilities and operations (A)	225.5	198.4
Head Office project costs ⁽¹⁾	(2.3)	(33.1)
Investment in EDL	-	(1,561.8)
Investment in energy utilities (excluding EDL) ⁽²⁾	(39.0)	(194.7)
Cash flows from investing activities	(41.3)	(1,789.6)
Head Office bank interest income (B)	1.6	11.4
Equity raising proceeds (net of transaction costs)	-	1,639.0
DUET Funding Arm loans to energy utilities	-	112.2
Distributions paid to DUET Group stapled security holders	(219.0)	(130.7)
Cash flows from financing activities	(217.4)	1,631.9
Net increase/(decrease) in cash assets held	(33.2)	40.7
Cash assets at the beginning of the period	330.5	334.4
Head office cash	297.3	375.1
Less: Restricted cash	(5.6)	(5.2)
Cash assets at the end of the period ⁽³⁾	291.7	369.9
Cash available for distribution (A+B)	227.1	209.8
WANOS (millions)	2,433.0	2,162.0
Cash available for distribution per stapled security - cents	9.33¢	9.70¢
Half year distribution declared and payable per stapled security - cents	9.25¢	9.00¢
Half year distribution coverage: Cash (%)	101%	108%

⁽¹⁾ 1H16 includes acquisition costs relating to EDL of \$33.0 million.

⁽²⁾ DBP: \$29.0 million, DDG: \$10.0 million (1H16: UE \$194.7 million).

⁽³⁾ 1H16 includes term deposits of \$344.3 million. Refer to the appendix for the Consolidated Cash Flow Statement.

Debt, Credit Ratings and Gearing

Senior Debt Maturities

Total facility limits at 31 December 2016, \$m, 100% share

Calendar Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
DBP	-	460	600	595	125	-	295	475	-	-	150	2,700
DDG	-	-	-	55	-	-	-	-	-	-	-	55
EDL	-	3	349	-	503	-	-	-	-	-	-	855
UE	-	667	150	327	425	450	136	350	-	143	-	2,648
MG	-	300	265	135	230	50	171	300	-	-	-	1,451
Total	-	1,430	1,364	1,112	1,283	500	602	1,125	-	143	150	7,709

Credit Ratings

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

Gearing

Group	At 31 December 2016	At 30 June 2016
OpCo Net Senior Debt (\$m)	5,977.2	5,749.7
Less: Head Office cash (\$m)	(297.3)	(330.5)
Add: DUET Group interim distribution declared and payable (\$m)	225.1	219.0
Group Net Senior Debt (\$m)(A)	5,905.0	5,638.2
Equity (\$m)	3,321.4	3,411.3
Group Net Senior Debt plus Equity (\$m) (B)	9,226.4	9,049.5
Group Consolidated Gearing (A divided by B)	64.0%	62.3%

DBP	At 31 December 2016	At 30 June 2016
Net Senior Debt (\$m)	2,316.9	2,350.1
RAB (\$m)	3,440.5	3,465.5
Gearing (Net Senior Debt/RAB)	67.3%	67.8%

DDG	At 31 December 2016	At 30 June 2016
Net Senior Debt (\$m)	0.9	7.8
Equity (\$m)	77.9	73.4
Gearing (Net Senior Debt/(Net Senior Debt + Equity))	1.1%	9.6%

EDL	At 31 December 2016	At 30 June 2016
Net Senior Debt (\$m) ⁽¹⁾	612.9	438.7
Equity (\$m)	836.5	926.5
Gearing (Net Senior Debt/(Net Senior Debt + Equity))	42.3%	32.1%

UE	At 31 December 2016	At 30 June 2016
Net Senior Debt (\$m) ⁽²⁾	2,013.2	1,937.0
RAB (\$m)	2,391.1	2,356.9
Gearing (Net Senior Debt/RAB)	84.2%	82.2%

MG	At 31 December 2016	At 30 June 2016
Net Senior Debt (\$m) ⁽²⁾	1,033.4	1,016.1
RAB (\$m)	1,175.3	1,157.8
Gearing (Net Senior Debt/RAB)	87.9%	87.8%

⁽¹⁾ Excludes JV Partner share of associated debt of \$2.2m.

⁽²⁾ Excludes cash in UEM of \$2.5 million (2016: \$2.0 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%)	62.4	6.4	11.2	68.8	22.4	-	171.2
Less: RPS Expense	-	-	-	(38.2)	-	-	(38.2)
Less: DUET Funding Arm Interest Expense	-	(6.3)	-	-	-	-	(6.3)
Add/(Less): Interest Rate Hedge – Fair Value Movement	(2.0)	-	-	14.9	2.9	-	15.8
Less: Debt Retirement Costs	(0.1)	-	-	-	-	-	(0.1)
Add/(Less): Blend and Extend Non-cash Interest Expense	6.6	-	2.7	-	-	-	9.3
Less: Interest on Decommissioning Charge	(0.6)	-	-	-	-	-	(0.6)
Less: Head Office Interest (Income)	-	-	-	-	-	(1.6)	(1.6)
Net Interest Expense (at 100%)	66.3	0.1	14.0	45.5	25.2	(1.6)	149.5
Proportionate Net Interest Expense per MIR	66.3	0.1	14.0	30.0	25.2	(1.6)	134.1

- **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
6 months ended 31 December 2015	81.2	100.0	100.0	66.0	100.0
Movement	18.8	-	-	-	-
6 months ended 31 December 2016	100.0	100.0	100.0	66.0	100.0

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
	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 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 Australian Accounting Standards and International Financial Reporting Standards as issued by the International Accounting Standards Board ("the Standards").

\$m	1H17
Revenue	837.0
Other Income	16.1
Total Revenue and other income	853.0
Share of net profit of joint ventures accounted for using the equity method	1.0
Acquisition related expenses	(26.0)
Operating expenses	(343.8)
Other expenses	(6.4)
Depreciation and amortisation expense	(236.4)
Finance costs and interest expense	(157.3)
Total expenses	(769.9)
Profit/(loss) before income tax expense	84.1
Income tax benefit/(expense)	(12.6)
Profit/(loss) for the half year	71.6
Profit/(loss) is attributable to:	
DUECo shareholders	(47.5)
DFT unitholders and DIHL/DFL shareholders as non-controlling interests	113.1
Stapled Securityholders	65.6
Other non-controlling interests	6.0
Profit/(loss) for the half year	71.6
Earnings attributable to security holders:	
Basic earnings per stapled security - cents	2.70

Reconciliation of Proportionate Earnings to Consolidated NPBT

1H17 (\$m)	DBP	DDG	EDL	UE	MG	Head Office	Total
Proportionate Earnings	59.7	14.8	62.3	55.1	45.5	(4.2)	233.2
<i>Adjust for Non-IFRS measures</i>							
Customer contributions	0.2	-	-	12.9	7.3	-	20.4
Net Interest Expense	66.3	0.1	14.0	30.0	25.2	(1.6)	134.1
SIB Capex	8.3	0.0	21.1	16.7	2.4	-	48.6
Tax paid	-	-	1.7	-	-	(0.3)	1.4
Proportionate EBITDA							437.7
Additional EBITDA from controlled assets ⁽¹⁾	-	-	-	59.1	-	-	59.1
<i>Statutory adjustments</i>							
FX gain in FCTR	-	-	(1.9)	-	-	-	(1.9)
Acquisition related expenses	-	-	-	-	-	(26.0)	(26.0)
Other project expenses	-	(0.6)	(3.2)	-	-	-	(3.8)
Consolidated EBITDA							465.1
Interest Income							2.4
Finance costs							(157.3)
Depreciation & Amortisation							(236.4)
Net movements in derivatives							15.9
Unrealised FX gains							0.2
Net loss on disposal of assets							(5.8)
Profit before income tax expense							84.1

⁽¹⁾To consolidate 100% of controlled EBITDA.

Reconciliation of Debt

\$m	At 31 December 2016
Interest Bearing Liabilities per half year Financial Report	6,399.4
<i>Add:</i>	
Capitalised borrowing costs	32.5
<i>Less:</i>	
US\$ Debt / Fair Value Adjustment	(87.9)
Cash on hand (including term deposits; excluding UEM cash)	(145.6)
DBP – finance lease liability and WA govt loan	(17.7)
UE – minority share of RPS not eliminated on consolidation	(201.2)
EDL – Associate Debt	(2.2)
OpCo Net Senior Debt per MIR	5,977.2

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 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	1H17	1H16
Receipts from customers (including GST)	976.9	829.6
Payments to suppliers and employees (including GST)	(503.1)	(375.1)
Payments relating to projects and transactions	(2.3)	(51.2)
Income tax paid	(1.4)	(0.4)
Other interest received	2.8	7.8
Indirect tax paid	(10.7)	(7.3)
Net cash flows from operating activities	462.2	403.4
Proceeds from/(payments for) term deposits (> 90 days)	0.1	55.2
Acquisition of subsidiaries, net of cash acquired	(81.9)	(1,311.7)
Payments for purchase of property, plant and equipment	(229.9)	(165.0)
Payments for purchase of software and other intangibles	(12.3)	(18.1)
Proceeds from sale of non-current assets	0.5	0.3
Net cash flows used in investing activities	(323.5)	(1,439.3)
Proceeds from issue of stapled securities, net of costs	-	1,639.0
Proceeds from securities issued to non-controlling interests	-	52.7
Proceeds from borrowings from senior lenders	901.6	1,638.2
Repayment of borrowings from senior lenders	(710.1)	(1,779.7)
Finance costs paid	(164.9)	(195.4)
Dividends paid to non-controlling interest	(14.0)	(22.8)
Distributions paid to DUET securityholders	(218.9)	(130.7)
Net cash flow from/(used in) financing activities	(206.3)	1,201.3
Net increase/(decrease) in cash and cash equivalents held	(67.7)	165.4
Cash and cash equivalents at the beginning of the half year	505.2	320.7
Effects of exchange rate changes on cash and cash equivalents	(0.4)	(0.3)
Cash and cash equivalents at the end of the half year	437.1	485.8

Reconciliation of Cash Flows

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

\$m	1H17	1H16
Net cash flows from operating activities per half year Financial Report	462.2	403.4
<i>Less:</i>		
DBP	(133.9)	(153.7)
DDG	(23.1)	(13.4)
EDL	(63.1)	1.9
UE	(164.4)	(188.2)
MG	(85.5)	(75.6)
UEM	(0.5)	(0.7)
Head Office – other interest and director fees received	(1.9)	(11.4)
<i>Add:</i>		
Head Office project expenses paid	2.3	31.0
Net cash flows from operating activities per MIR	(7.8)	(6.7)
Net cash flows from investing activities per half year Financial Report (excluding term deposits)	(323.5)	(1,439.3)
<i>Add:</i>		
DBP	5.6	9.2
DDG	12.4	4.6
EDL	144.2	(37.5)
UE	118.8	115.0
MG	42.6	33.4
<i>Less:</i>		
Proceeds from/(payments for) short term deposits	0.1	(54.2)
Head Office project expenses paid	(2.3)	(33.1)
Investments in energy utilities by DUET (inter-company elimination)	(39.0)	(387.7)
Net cash flows from investing activities per MIR	(41.3)	(1,789.6)
Net cash flows from financing activities per half year Financial Report	(206.3)	1,201.3
<i>Add:</i>		
DBP	100.1	134.5
DDG	9.8	3.4
EDL	(81.1)	(7.7)
UE	102.1	49.9
MG	50.7	49.1
Bank interest received by Head Office	1.6	11.4
<i>Less:</i>		
Related party transactions (inter-company elimination)	(194.2)	190.0
Net cash flows from financing activities per MIR	(217.4)	1,631.9