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# DUET Group

Financial Report for the half year ended 31 December 2016

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At 31 December 2016 the DUET Group comprised 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 Company Limited (DUECo) (ABN 93 163 100 061) and DUET Investment Holdings Limited (DIHL) (ABN 22 120 456 573) and their controlled entities. In combination DFT, DFL, DUECo and DIHL referred to as "DUET" or "DUET Group". "DUET" may also 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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## Directors' Reports

### DUECo, DFT, DIHL and DFL

The Directors of DUECo submit the following report for DUECo for the half year ended 31 December 2016.

The Directors of DIHL submit the following report for DIHL for the half year ended 31 December 2016.

The Directors of DFL submit the following report for DFL and DFT for the half year ended 31 December 2016.

The units of DFT together with the ordinary shares in DUECo, DIHL and DFL are issued as stapled securities in DUET Group and trade as one listed security, DUET Group, on the Australian Securities Exchange (ASX Code: DUE).

### Corporate Information

The four stapled DUET entities are domiciled and incorporated in Australia. They are grouped into a corporate arm (comprising DUECo and DIHL) and a funding arm (comprising DFL and DFT). The corporate arm controls the Group's equity interests in its operating businesses, while the funding arm primarily holds debt investments in those businesses. Each arm has a separate and independent board.

### Principal Activities

DUET Group owns and operates energy utility assets in Australia, the US and Europe. The combined aggregated ownership interest of DUET's stapled entities in Dampier Bunbury Natural Gas Pipeline Trust and its controlled entities (DBP or Dampier Bunbury Pipeline), DBP Development Group Nominees Pty Limited and its controlled entities (DDG), Energy Developments Pty Limited and its controlled entities (EDL or Energy Developments), United Energy Distribution Holdings Limited and its controlled entities (UE or United Energy) and Multinet Group Holdings Limited and its controlled entities (MG or Multinet Gas) is treated as a controlling interest for accounting purposes and consolidated in this DUET Group Interim Financial Report.

### Directors' Names (and Period of Service)

The following persons held office as Directors of DIHL and DUECo as at the date of this report, unless stated otherwise:

- Doug Halley (Chairman)
- Emma Stein
- Shirley In't Veld
- Jack Hamilton
- Simon Perrott
- Stewart Butel (appointed 1 September 2016)
- Ron Finlay (resigned 16 November 2016)

The following persons held office as Directors of DFL to the date of this report, unless stated otherwise:

- Eric Goodwin (Chairman)
- Jane Harvey
- Terri Benson

### Distributions and Dividends

An interim distribution of 9.250 cents per stapled security was announced on 12 December 2016 and paid on 16 February 2017 (2016: 9.000 cents per stapled security). This consisted of 4.825 cents per unit from DFT and 4.425 cents per share from DUECo (2016: 4.680 cents per unit from DFT and 4.320 cents per share from DUECo). The DUECo dividend was unfranked.

# Operating and Financial Review

## Review and Results of Operations

DUET Group's net profit after tax for the half year ended 31 December 2016 was \$71.6 million (2015: \$108.5 million). Excluding significant items resulted in a net profit after tax of \$98.1 million (2015: \$98.9 million) as follows:

<b>Half year to 31 December</b>	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenues and other income from ordinary activities	853,016	809,739
<i>Less: items not included in Consolidated EBITDA</i>		
<i>Net fair value gains on debt and derivative contracts</i>	(15,852)	(47,069)
<i>Unrealised foreign exchange movements</i>	(198)	(1,059)
<i>Interest revenue</i>	(2,421)	(12,648)
<b>Revenues and other income from ordinary activities, adjusted</b>	<b>834,545</b>	<b>748,963</b>
Operating expenses	(376,168)	(304,039)
<i>Add: items not included in Consolidated EBITDA</i>		
<i>Loss on disposal of assets</i>	5,772	4,047
<b>Operating expenses, adjusted</b>	<b>(370,396)</b>	<b>(299,992)</b>
Equity accounted profits	957	590
<b>Consolidated EBITDA<sup>1</sup></b>	<b>465,106</b>	<b>449,561</b>
Unrealised foreign exchange movements	198	1,059
Net fair value movements on debt and derivative contracts	15,852	47,069
Net loss on disposal of assets	(5,772)	(4,047)
Depreciation and amortisation <sup>2</sup>	(236,439)	(165,335)
<b>Consolidated EBIT</b>	<b>238,945</b>	<b>328,307</b>
Net interest expense	(154,833)	(207,633)
<b>Net profit before income tax</b>	<b>84,112</b>	<b>120,674</b>
Tax (expense)/benefit	(12,558)	(12,152)
<b>Net profit after income tax</b>	<b>71,554</b>	<b>108,522</b>
<i>Add/(subtract): significant items</i>		
<i>Derecognition/(recognition) of temporary differences in deferred tax</i>	15,597	–
<i>Acquisition related expenses</i>	26,004	30,772
<i>Loss on disposal of assets</i>	5,772	4,047
<i>Net fair value movements on debt and derivative contracts</i>	(15,852)	(47,069)
<i>Tax benefit on acquisition related expenses</i>	(7,801)	(9,232)
<i>Unrealised foreign exchange movements</i>	(198)	(1,059)
<i>Tax benefit on loss of disposal of assets</i>	(1,732)	(1,214)
<i>Tax (benefit)/expense on net fair value movements on debt and derivative contracts</i>	4,756	14,121
<b>Net profit after income tax excluding significant items<sup>1</sup></b>	<b>98,100</b>	<b>98,888</b>
Basic earnings per stapled security attributable to securityholders - cents	2.70	4.13
Cash available for distribution (\$'000)	227,068	209,777
Weighted average DUET Group stapled securities on issue ('000's)	2,433,046	2,162,009
Cash available for distribution per stapled security - cents	9.33	9.70
Distribution declared and payable per stapled security - cents	9.25	9.00
<b>Distribution coverage (%)</b>	<b>101%</b>	<b>108%</b>

<sup>1</sup> Profit excluding significant items is non-IFRS information. Management has provided an analysis of significant items included in the reported IFRS financial information. These items have been considered in relation to their size and nature, and have been adjusted from the reported (i.e. IFRS) information to assist readers to better understand the financial performance of the underlying operating business. These adjustments are assessed on a consistent basis from period to period and include both favourable and unfavourable items. Non-IFRS financial information, while not subject to audit or review, has been extracted from the Interim Financial Report which has been reviewed by our external auditors.

<sup>2</sup> Increase from the prior period is mainly attributable to a full period of EDL depreciation and amortisation.

## Operating and Financial Review (continued)

DUET's Management Information Report (MIR) reports proportionate earnings for each energy utility.

Proportionate earnings have been adjusted from the consolidated statutory income statement to provide a view of DUET's results based on the relevant interest that DUET held during the period 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 Stay-In-Business capital expenditure ("SIB Capex"). SIB Capex is any capex which cannot be funded by external debt facilities, as set out in the terms of the facilities.

Proportionate earnings for each energy utility for the half year ended 31 December 2016 per the MIR and Segment Information Note are as follows:

	DBP \$'000	DDG \$'000	EDL \$'000	UE \$'000	MG \$'000
Revenue	179,447	17,615	213,408	163,552	117,932
Operating expenses	(44,870)	(2,689)	(114,315)	(48,808)	(37,541)
EBITDA	134,577	14,926	99,093	114,744	80,391
Customer contributions (net of margin)	(180)	–	–	(12,901)	(7,295)
Adjusted EBITDA	134,397	14,926	99,093	101,843	73,096
Net interest expense	(66,349)	(104)	(13,971)	(30,036)	(25,248)
SIB Capex	(8,315)	(41)	(21,132)	(16,698)	(2,381)
Tax paid	–	–	(1,681)	–	–
Proportionate earnings	59,733	14,781	62,309	55,109	45,467

### 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.

During the half year, DBP transported 168,275 TJ of gas (2015: 163,623 TJ).

### DDG

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").

### EDL

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 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 half year, EDL generated 2,068 GWh of electricity (2015: 2,014 GWh).

### UE

UE's distribution network covers 1,472 km<sup>2</sup> 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.

During the half year, UE distributed 3,928 GWh of electricity (2015: 4,030 GWh).

### MG

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

During the half year, MG distributed 32,259 TJ of gas (2015: 32,073 TJ).

## Operating and Financial Review (continued)

### Performance of Other DUET Stapled Entities

The financial performance of the other stapled entities (excluding the parent, DUECo) comprising DUET Group for the half year ended 31 December 2016 was as follows:

	DFT 1 Jul 16 - 31 Dec 16 \$'000	DIHL Group 1 Jul 16 - 31 Dec 16 \$'000	DFL 1 Jul 16 - 31 Dec 16 \$'000	DFT 1 Jul 15 - 31 Dec 15 \$'000	DIHL Group 1 Jul 15 - 31 Dec 15 \$'000	DFL 1 Jul 15 - 31 Dec 15 \$'000
Revenue and other income	129,647	22,812	327	121,230	31,188	271
Profit/(loss) after tax for the half year	107,251	5,702	153	115,427	15,980	132
Profit/(loss) after tax attributable to securityholders	107,251	5,702	153	115,427	15,980	132
Earnings used in calculation of basic earnings per unit/share	107,251	5,702	153	115,427	15,980	132
Basic earnings per stapled unit/share	4.41c	0.23c	0.01c	5.34c	0.74c	0.01c

### Financial Position and Capital Management

The net assets of the Group decreased by \$89.9 million to \$3,321.4 million during the half year. As at 31 December 2016, the total interest bearing liabilities of the Group was \$6,399.4 million and gearing (i.e. net senior debt / (net senior debt plus equity)) was 64.0% (30 June 2016: 62.3%).

## Significant Changes in State of Affairs

### Completion of Cullerín Acquisition

On 16 June 2016, EDL executed a share sale agreement with Origin Energy Limited to acquire the 30MW Cullerín Range wind farm for \$72 million (excluding transaction costs). Financial close of the acquisition occurred on 13 July 2016.

### Acquisition of Pecan Row

On 12 July 2016, EDL acquired a 4.8MW landfill gas (LFG) project in Georgia, USA known as Pecan Row from the US based Energy Systems Group (ESG).

### Tubridgi Gas Storage Facility

On 19 December 2016, DDG announced that it will be building the largest gas storage facility in Western Australia (WA). The project is expected to be operational by June 2017 with estimated total construction costs of \$69 million.

## Events Occurring After Balance Sheet Date

### Interim Distribution

An interim distribution of 9.250 cents per stapled security was paid by DUET on 16 February 2017. This consisted of 4.825 cents per unit from DFT and 4.425 cents per unit from DUECo. The DUECo dividend was unfranked.

### DUET Group Securities Issued Under DRP

Securityholders participating in DUET's Distribution and Dividend Reinvestment Place (DRP) will reinvest \$102,094,777 of the distribution to be paid on 16 February 2017 in 37,724,330 DUET Group securities at a price of \$2.7063.

### CKI Consortium Acquisition Proposal

On 16 January 2017, the Boards of DUET Group announced DUET had entered into a scheme implementation agreement with a consortium comprising Cheung Kong Infrastructure Holdings Limited (CKI), Cheung Kong Property Holdings Limited (CKP) and Power Assets Holdings Limited (PAH) (the Consortium) under which it is proposed that one or more members of the Consortium will acquire 100% of DUET's stapled securities on issue by way of schemes of arrangement and a trust scheme. Securityholders will receive total cash proceeds of \$3.03 per stapled security, comprising:

- Consideration payable by the Consortium of up to \$3.00 per stapled security; plus
- A special distribution from DUET of at least \$0.03 per stapled security.

Costs of \$25.9 million attributable to the proposal are included in "Acquisition related expenses" in the Statement of Comprehensive Income.

Implementation of the Schemes are subject to conditions precedent. Refer to DUET's ASX release dated 16 January 2017 for further information and which is available on the DUET website.

### DUET Corporate Debt Facility

On 6 February 2017, DUET Group reached contract close on a \$150 million 2-year revolving corporate debt facility.

## Operating and Financial Review (continued)

### Indemnification and Insurance of Officers

During the half year, DUECo, DIHL and DFL paid a premium to insure their respective officers. As long as these officers act in accordance with the Constitution and the law, they will remain indemnified out of the assets of DUECo, DFT, DIHL and DFL against any losses incurred while acting on behalf of DUET Group.

### Indemnification of Auditors

DUET Group's auditor is Ernst & Young. DUET Group has agreed with Ernst & Young, as part of its terms of engagement, to indemnify Ernst & Young against certain liabilities to third parties arising from the audit engagement. The indemnity does not extend to any liability resulting from a negligent, or wilful act or omission by Ernst & Young.

During the half year:

- DUET Group has not paid any premium in respect to any insurance policy for Ernst & Young or a body corporate related to Ernst & Young; and
- There were no officers of DUET Group who were former partners or directors of Ernst & Young, whilst Ernst & Young conducted audits of DUET Group.

### Application of Class Order

The Interim Financial Reports for DUET Group, DFT, DIHL Group, and DFL for the half year ended 31 December 2016 are jointly presented in one report, as permitted by ASIC Corporations (Amendment and Repeal) Instruments 2015/843.

### Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8.

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## Rounding of Amounts in the Directors' Report and the Interim Financial Report

DUET Group, DFT, DIHL Group, and DFL are of a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instruments 2016/191, issued by ASIC, relating to the 'rounding off' of amounts in the Directors' report and Interim Financial Report. Amounts in the Directors' report and Interim Financial Report have been rounded off in accordance with that Class Order to the nearest thousand dollars.

### Share Options for DUET Group

No options over the stapled securities of DUET Group existed at 31 December 2016 (2015: nil).

Signed in accordance with a resolution of Directors of DUET Company Limited.



Doug Halley  
Director  
DUET Company Limited  
Sydney

16 February 2017



Stewart Butel  
Director  
DUET Company Limited  
Sydney

16 February 2017

Signed in accordance with a resolution of Directors of DUET Finance Limited.



Eric Goodwin  
Director  
DUET Finance Limited  
Sydney

16 February 2017



Jane Harvey  
Director  
DUET Finance Limited  
Sydney

16 February 2017

Signed in accordance with a resolution of Directors of DUET Investment Holdings Limited.



Doug Halley  
Director  
DUET Investment Holdings Limited  
Sydney

16 February 2017



Stewart Butel  
Director  
DUET Investment Holdings Limited  
Sydney

16 February 2017



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## Auditor's Independence Declaration to the Directors of DUET Company Limited, DUET Investment Holdings Limited and DUET Finance Limited

As lead auditor for the review of DUET Group for the half-year ended 31 December 2016, I declare to the best of my knowledge and belief, there have been:

- (a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of DUET Group, DUET Company Limited, DUET Investment Holdings Limited, DUET Finance Limited and DUET Finance Trust and the entities the Group controlled during the financial period.

*Ernst & Young*

Ernst & Young

Matthew A. Honey  
Partner

16 February 2017

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## Section A: DUET Group Interim Financial Statements

### Consolidated Statement of Comprehensive Income

	Note	DUET Group 1 Jul 16 - 31 Dec 16 \$'000	DUET Group 1 Jul 15 - 31 Dec 15 \$'000
Revenue	B2.2	836,966	761,607
Other income	B2.2	16,050	48,132
Total revenue and other income	B2.2	853,016	809,739
Share of net profit of joint ventures accounted for using the equity method		957	590
Acquisition related expenses		(26,004)	(30,772)
Operating expenses		(216,289)	(170,108)
Employee expenses		(90,344)	(62,900)
Management and administrative expenses		(37,109)	(36,212)
Depreciation expense		(183,994)	(128,593)
Amortisation expense		(52,445)	(36,742)
Finance costs		(2,061)	(21,563)
Interest expense		(155,193)	(198,718)
Other expenses		(6,422)	(4,047)
Total expenses		(769,861)	(689,655)
Profit before income tax expense		84,112	120,674
Income tax expense		(12,558)	(12,152)
Profit after income tax expense for the half year		71,554	108,522
Profit/(loss) is attributable to:			
DUECo shareholders		(47,516)	(42,152)
DFT unitholders and DIHL/DFL shareholders as non-controlling interests		113,106	131,539
Stapled securityholders		65,590	89,387
Other non-controlling interests		5,964	19,135
Profit after income tax expense for the half year		71,554	108,522
Other comprehensive income/(expense):			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Changes in fair value of cashflow hedges, net of tax			
Gain/(loss) taken to equity		58,286	(47,636)
Transferred to income statements		20,383	37,952
Foreign currency translation differences		(839)	(404)
Total comprehensive income for the half year		149,384	98,434
Total comprehensive income/(expense) for the half year is attributable to:			
DUECo shareholders		(1,228)	(48,105)
DFT unitholders and DIHL/DFL shareholders as non-controlling interests		128,095	133,049
Stapled securityholders		126,867	84,944
Other non-controlling interests		22,517	13,490
Total comprehensive income for the half year		149,384	98,434
Basic earnings per stapled security - cents		2.70	4.13

The above Statement of Comprehensive Income should be read in conjunction with the accompanying Notes.

## Consolidated Statement of Financial Position

	Note	DUET Group 31 Dec 16 \$'000	DUET Group 30 Jun 16 \$'000
<b>Current assets</b>			
Cash and cash equivalents		437,100	505,185
Term deposits		2,886	2,851
Accrued revenue		138,410	132,873
Receivables		53,900	69,207
Inventories		53,495	49,310
Green credits		75,805	43,874
Derivative financial instruments	B3.2	139,795	23,295
Prepaid expenses and other assets		27,485	21,182
<b>Total current assets</b>		<b>928,876</b>	<b>847,777</b>
<b>Non-current assets</b>			
Property, plant and equipment		7,155,564	7,066,196
Intangible assets		2,941,793	2,962,657
Deferred tax assets		16,772	25,107
Derivative financial instruments	B3.2	53,045	152,622
Investments in joint ventures		22,179	21,783
Other receivables		22,727	22,577
Other assets		5,854	6,357
<b>Total non-current assets</b>		<b>10,217,934</b>	<b>10,257,299</b>
<b>Total assets</b>		<b>11,146,810</b>	<b>11,105,076</b>
<b>Current liabilities</b>			
Distribution payable	B2.1	225,057	218,975
Interest bearing liabilities		1,536,815	798,255
Payables		254,319	228,909
Derivative financial instruments	B3.2	89,173	73,719
Provisions		44,113	45,066
Unearned revenue		39,501	38,346
Other liabilities		347	5,003
<b>Total current liabilities</b>		<b>2,189,325</b>	<b>1,408,273</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities		4,862,559	5,465,095
Deferred tax liabilities		495,762	445,224
Derivative financial instruments	B3.2	194,383	282,985
Provisions		38,611	51,383
Unearned revenue		27,182	23,194
Payables		14,800	15,098
Retirement benefit obligations		2,741	2,501
<b>Total non-current liabilities</b>		<b>5,636,038</b>	<b>6,285,480</b>
<b>Total liabilities</b>		<b>7,825,363</b>	<b>7,693,753</b>
<b>Net assets</b>		<b>3,321,447</b>	<b>3,411,323</b>
<b>Equity</b>			
<b>Equity attributable to DUECo shareholders</b>			
Contributed equity	B3.3	1,541,479	1,541,479
Reserves		(324,177)	(370,465)
Retained profits/(accumulated losses)		(895,122)	(739,931)
<b>DUECo shareholders interest</b>		<b>322,180</b>	<b>431,083</b>
<b>Equity attributable to DFT unitholders and DIHL/DFL shareholders as non-controlling interest</b>			
Contributed equity	B3.3	3,398,772	3,398,988
Reserves		(380,970)	(385,828)
Retained profits/(accumulated losses)		(116,854)	(122,709)
<b>DFT unitholders and DIHL/DFL shareholders interest</b>		<b>2,900,948</b>	<b>2,890,451</b>
Other non-controlling interest		98,319	89,789
<b>Total equity</b>		<b>3,321,447</b>	<b>3,411,323</b>

The above Statement of Financial Position should be read in conjunction with the accompanying Notes.

## Consolidated Statement of Changes in Equity

	Attributable to DUECo shareholders							DFT, DIHL and DFL as NCI \$'000	Total equity \$'000
	Number of securities issued '000	Contributed equity \$'000	Hedging reserve \$'000	Capital reserve \$'000	Other reserve \$'000	Retained profits \$'000	Total \$'000		
<b>DUET Group</b>									
<b>Total equity at 1 July 2016</b>	<b>2,433,046</b>	<b>1,541,479</b>	<b>(94,782)</b>	<b>(90,324)</b>	<b>(185,359)</b>	<b>(739,931)</b>	<b>2,890,451</b>	<b>3,411,323</b>	
Profit/(loss) for the half year	-	-	-	-	-	(47,516)	113,106	71,554	
Other comprehensive income for the half year	-	-	47,127	-	(839)	-	14,989	77,830	
<b>Total comprehensive income</b>	-	-	<b>47,127</b>	-	<b>(839)</b>	<b>(47,516)</b>	<b>128,095</b>	<b>149,384</b>	
<b>Transactions with equity holders in their capacity as equity holders:</b>									
Contributions of equity, net of transaction costs and deferred tax	-	-	-	-	-	-	(216)	(216)	
Distribution paid and provided for	-	-	-	-	-	(107,675)	(117,382)	(239,044)	
<b>Total equity at 31 December 2016</b>	<b>2,433,046</b>	<b>1,541,479</b>	<b>(47,655)</b>	<b>(90,324)</b>	<b>(186,198)</b>	<b>(895,122)</b>	<b>2,900,948</b>	<b>3,321,447</b>	
	Attributable to DUECo shareholders							DFT, DIHL and DFL as NCI \$'000	Total equity \$'000
	Number of securities issued '000	Contributed equity \$'000	Hedging reserve \$'000	Capital reserve \$'000	Other reserve \$'000	Retained profits \$'000	Total \$'000		
<b>DUET Group</b>									
<b>Total equity at 1 July 2015</b>	<b>1,493,679</b>	<b>929,532</b>	<b>(13,340)</b>	<b>(90,324)</b>	<b>(191,206)</b>	<b>(440,892)</b>	<b>1,635,004</b>	<b>1,995,585</b>	
Profit/(loss) for the half year	-	-	-	-	-	(42,152)	131,539	108,522	
Other comprehensive income for the half year	-	-	(5,549)	-	(404)	-	1,510	(10,088)	
<b>Total comprehensive income</b>	-	-	<b>(5,549)</b>	-	<b>(404)</b>	<b>(42,152)</b>	<b>133,049</b>	<b>98,434</b>	
<b>Transactions with equity holders in their capacity as equity holders:</b>									
Contributions of equity, net of transaction costs and deferred tax	827,538	534,960	-	-	-	-	1,107,964	1,642,924	
Distribution paid and provided for	-	-	-	-	-	(100,270)	(108,640)	(231,742)	
Contributions of equity by NCI	-	-	-	-	-	-	-	52,740	
Gain/(loss) on dilution of minority interest	-	-	-	-	3,999	-	-	(3,999)	
<b>Total equity at 31 December 2015</b>	<b>2,321,217</b>	<b>1,464,492</b>	<b>(18,889)</b>	<b>(90,324)</b>	<b>(187,611)</b>	<b>(583,314)</b>	<b>2,767,377</b>	<b>3,557,941</b>	

The above Statement of Changes in Equity should be read in conjunction with the accompanying Notes.

#### Purpose of reserve

**Hedging reserve** The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity. Amounts are recognised in the profit or loss when the associated hedged transaction affects the profit or loss.

**Capital reserve** The capital reserve is used to hold the accumulated loss of the trusts within DUET Group.

**Other reserve** The other reserve is used to record transactions between equity holders, share of associates' other reserve and available for sale reserve.

## Consolidated Statement of Cash Flow

	DUET Group 1 Jul 16 - 31 Dec 16 \$'000	DUET Group 1 Jul 15 - 31 Dec 15 \$'000
<b>Cash flows (used in)/from operating activities</b>		
Receipts from customers (including GST)	976,893	829,619
Payments to suppliers and employees (including GST)	(503,104)	(375,107)
Payments relating to head office projects	(2,258)	(51,182)
Income tax paid	(1,437)	(439)
Other interest received	2,806	7,877
Indirect tax paid	(10,737)	(7,344)
<b>Net cash flows from operating activities</b>	<b>462,163</b>	<b>403,424</b>
<b>Cash flows (used in)/from investing activities</b>		
Payments for purchase of property, plant and equipment	(229,910)	(164,991)
Payments for purchase of intangibles	(12,287)	(18,122)
(Payments for)/proceeds from term deposits (> 90 days)	118	55,198
Acquisition of subsidiaries, net of cash acquired	(81,942)	(1,311,763)
Proceeds from sale of property, plant and equipment, net of costs	499	331
<b>Net cash flows used in investing activities</b>	<b>(323,522)</b>	<b>(1,439,347)</b>
<b>Cash flows (used in)/from financing activities</b>		
Proceeds from issue of stapled securities, net of transaction costs	-	1,639,028
Proceeds from securities issued to non-controlling interest	-	52,740
Proceeds from borrowing from external parties	901,651	1,638,239
Repayment of borrowings from external parties	(710,138)	(1,779,722)
Finance costs paid	(164,902)	(195,399)
Dividends paid to non-controlling interest	(13,987)	(22,838)
Distributions paid to DUET securityholders	(218,974)	(130,700)
<b>Net cash flow (used in)/from financing activities</b>	<b>(206,350)</b>	<b>1,201,348</b>
Net (decrease)/increase in cash and cash equivalents held	(67,709)	165,425
Cash and cash equivalents at the beginning of the half year	505,185	320,657
Effects of exchange rate changes on cash and cash equivalents	(376)	(259)
<b>Cash and cash equivalents at the end of the half year</b>	<b>437,100</b>	<b>485,823</b>

The above Statement of Cash Flow should be read in conjunction with the accompanying Notes.

## Section B: Notes to the DUET Group Interim Financial Statements

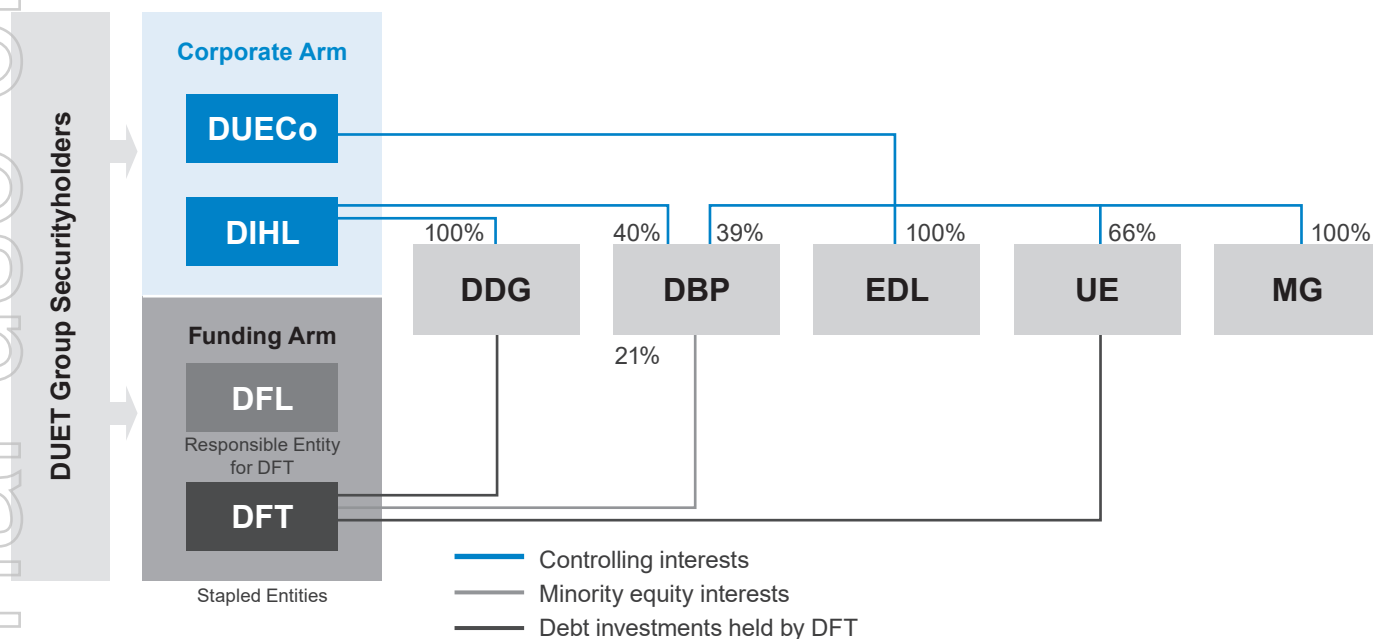
### B1. Basis of Preparation and Significant Changes

This section sets out DUET Group's corporate information, corporate structure and significant changes to the Group's operations. Included below is information regarding the basis of preparation of the consolidated Group as a whole and an assessment of the impact of adopting new accounting standards.

#### B1.1 Corporate Information and Group Structure

DUET Group comprises DUET Company Limited (DUETCo), DUET Investment Holdings Limited (DIHL), DUET Finance Limited (DFL) in its personal capacity and as responsible entity of DUET Finance Trust (DFT) and their subsidiaries (together DUET).

A summarised structure of DUET as at 31 December 2016 is illustrated below:



As permitted by ASIC Class Order 2015/843, this Interim Financial Report consists of the consolidated Interim Financial Statements of DUETCo, DFT, DIHL and DFL and the entities they control, together acting as DUET Group, as well as the Interim Financial Statements for DFT, DIHL Group and DFL for the half year ended 31 December 2016.

In accordance with AASB10 Consolidated Financial Statements, DUETCo has been identified as the parent of the consolidated group consisting of its subsidiaries, DFT, DIHL and DFL and their subsidiaries. As required by the Standard, the financial results of DFT, DIHL and DFL and their subsidiaries are shown as non-controlling interests in the Interim Financial Statements.

## B1. Basis of Preparation and Significant Changes (continued)

### B1.2 Summary of Significant Events in the Current Reporting Period

#### Acquisition of Cullerin Range wind farm

On 16 June 2016, EDL executed a share sale agreement with Origin Energy Ltd to acquire the 30MW Cullerin Range wind farm for \$72 million (excluding transaction costs) by acquiring 100% of the issued share capital. Financial close of the acquisition occurred on 13 July 2016.

The purchase consideration and fair values of assets and liabilities recognised as a result of the acquisition are as follows:

	31 Dec 16 \$'000
<b>Purchase consideration</b>	
Cash paid (total consideration)	71,960
<b>Fair values of assets and liabilities acquired</b>	
Property, plant and equipment	60,969
Intangibles	18,287
Inventories	100
Prepayments	173
Deferred tax assets	892
Trade and other payables	(1)
Provisions	(2,974)
Deferred tax liabilities	(5,486)
Net identifiable assets acquired	71,960

#### (i) Revenue and profit contribution

The acquired business contributed revenues of \$5.3 million and a net profit after tax of \$1.7 million to the Group for the period from 13 July 2016 to 31 December 2016.

#### (ii) Acquisition related costs

Acquisition-related costs of \$0.4 million that were not directly attributable to the issue of shares are included in 'Other expenses' in the Consolidated Statement of Comprehensive Income and in 'Operating cash flows' in the Consolidated Statement of Cash Flows.

#### (iii) Fair values measured on a provisional basis

Due to the timing of the completion of the acquisition, the Group has not yet completed its final assessment of the fair value of the assets and liabilities acquired. If new information is obtained within one year of the acquisition date about facts and circumstances that existed at the acquisition date that require adjustments to the above amounts, or any other provisions to be recognised, then the accounting for the acquisition will be revised.

#### Acquisition of Pecan Row

On 12 July 2016, EDL acquired a 4.8MW landfill gas (LFG) project in Georgia, USA known as Pecan Row from US based Energy Systems Group (ESG).

### B1.3 Summary of Significant Accounting Policies

The significant accounting policies which have been adopted in the preparation of the Interim Financial Statements are the same as those adopted in the most recent full year Financial Report. These policies have been consistently applied to all the periods presented, unless otherwise stated. All accounting policies, as disclosed in the most recent full year Financial Report, are in accordance with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

#### New Accounting Standards and Interpretations

The Group applied several mandatory amendments for the first time during the half year ended 31 December 2016. They are as follows:

AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations

AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation

AASB 1057 Application of Australian Accounting Standards

AASB 2015-1 Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle

AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101

AASB 2015-9 Amendments to Australian Accounting Standards - Scope and Application Paragraphs

The adoption of these new standards did not have a significant impact on the interim financial statements or performance of the Group.

## B1. Basis of Preparation and Significant Changes (continued)

### B1.3 Summary of Significant Accounting Policies (continued)

#### Accounting Standards and Interpretations Issued But Not Yet Effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2017 or later periods but which have not yet been adopted. The significant changes and an assessment of the impact of these are as follows. Other new standards, amendments and interpretations to existing standards are not expected to have a significant impact on the interim financial statements or performance of the Group.

#### AASB 15 Revenue from Contracts with Customers

The Australian Accounting Standards Board (AASB) has amended the effective date of AASB 15 from 1 January 2017 to 1 January 2018, which means that the application date of this standard for DUET Group will move from 1 July 2017 to 1 July 2018. It replaces AASB 111 Construction Contracts, AASB 118 Revenue, and related Interpretations. The Group is currently evaluating the impact of the new standard.

#### AASB 16 Leases

AASB 16 Leases includes requirements to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Group is currently assessing the impact of adopting this standard. The application date of this standard for the Group is 1 July 2019.

### B1.4 Basis of Preparation of Interim Financial Report

This interim condensed financial report for the half year ended 31 December 2016 has been prepared in accordance with Australian Accounting Standards AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual reports of the DUET Group for the year ended 30 June 2016 and any public announcements made by DUET Group since that date.

The Interim Financial Reports were authorised for issue by the Directors on 16 February 2017. The Directors of DUETCo, DIHL and DFL have the power to amend and reissue these Interim Financial Reports.

The Interim Financial Statements are presented in Australian dollars \$ which is the group's functional currency. The amounts presented are rounded to the nearest \$'000, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

#### Historical Cost Convention

These Interim Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value.

#### Net Current Asset Deficiency

At 31 December 2016 DUET Group had a net current liability position of \$1,260.4 million which is primarily due to the following long term interest bearing term borrowings maturing in the next 12 months:

UE - Fixed Rate Note	\$265.0 million
UE - USPP Note	US\$365.0 million
MG - Floating Rate Note	\$300.0 million
DBP - Senior Facility Agreement	\$165.0 million
DBP - Fixed Rate Note	\$275.0 million

Notwithstanding the net current asset deficiency, the Interim Financial Report has been prepared on a going concern basis as DUET Group is forecast to continue to generate positive operating cash flows and has sufficient debt and equity in place to enable operations to continue as a going concern. Given the following, and based on current expectations, the Directors consider that DUET Group will have sufficient cash available to meet its liabilities as they fall due:

- DUET Group's stapled entities had \$293.9 million of cash and short term deposits as at 31 December 2016;
- UE has refinanced its fixed rate note and part of the USPP note with the balance expected to be refinanced in advance of the maturity dates;
- MG has refinanced its floating rate note with a new \$300.0 million 7 year bank debt facility; and
- DBP has a \$300.0 million bank facility maturing in January 2022 available from January 2017 which it will use to pay existing current liabilities with the remaining balance to be refinanced in advance of the maturity dates.

## B2. Operating Performance

This section focuses on the results and performance of DUET Group. The following pages explain the Group's results for the half year and segment information.

### B2.1 Distributions Paid and Declared

	DUET Group 1 Jul 16 - 31 Dec 16 \$'000	DUET Group 1 Jul 15 - 31 Dec 15 \$'000
Final distribution paid <sup>1</sup>	218,975	130,697
Interim distribution declared <sup>2</sup>	225,057	208,910
	<b>444,032</b>	<b>339,607</b>
	Cents per stapled security	Cents per stapled security
Final distribution paid	9.000	8.750
Interim distribution declared	9.250	9.000

<sup>1</sup> DUET's 2016 final distribution was paid on 18 August 2016 (2015: 20 August 2015)

<sup>2</sup> DUET's 2017 interim distribution was recognised as a current liability on 31 December 2016 and subsequently paid on 16 February 2017 (2015: 18 February 2016)

An interim 2017 distribution of 9.250 cents per stapled security announced on 12 December 2016 (2015: 9.000 cents per stapled security) was paid on 16 February 2017. This consisted of 4.825 cents per unit from DFT and 4.425 cents per share from DUECo (2015: 4.680 cents per unit from DFT and 4.320 cents per share from DUECo). The DUECo dividend was unfranked.

### B2.2 Revenue

	DUET Group 1 Jul 16 - 31 Dec 16 \$'000	DUET Group 1 Jul 15 - 31 Dec 15 \$'000
<b>Sales revenue</b>		
Distribution revenue	510,299	423,567
Transportation revenue	193,329	208,434
Metering and other operations revenue	32,393	48,818
Green credit revenue	52,401	14,584
New connections revenue	3,513	1,421
Other sales revenue	10,125	11,628
<b>Total sales revenue</b>	<b>802,060</b>	<b>708,452</b>
<b>Other revenue</b>		
Customer contributions	27,021	24,312
Interest revenue	2,421	12,648
Miscellaneous revenue	5,464	16,195
<b>Total other revenue</b>	<b>34,906</b>	<b>53,155</b>
<b>Total revenue</b>	<b>836,966</b>	<b>761,607</b>
<b>Other income</b>		
Fair value gain on derivative contracts and loans	15,852	47,069
Net foreign exchange gains	198	1,063
<b>Total other income</b>	<b>16,050</b>	<b>48,132</b>
<b>Total revenue and other income</b>	<b>853,016</b>	<b>809,739</b>



## B2. Operating Performance (continued)

### B2.3 Segment Information (continued)

#### Proportionate Earnings

	DBP \$'000	DDG \$'000	EDL <sup>1</sup> \$'000	UE \$'000	MG \$'000	Head Office \$'000	Total \$'000
<b>DUET Group for the 6 months to 31 December 2015</b>							
Revenue	161,929	18,187	216,599	181,917	108,061	–	686,693
Operating expenses	(31,743)	(2,361)	(108,487)	(49,424)	(34,978)	(4,653)	(231,646)
EBITDA	130,186	15,826	108,112	132,493	73,083	(4,653)	455,047
Customer contributions (net of margin)	(3,291)	–	–	(10,376)	(3,708)	–	(17,375)
Adjusted EBITDA	126,895	15,826	108,112	122,117	69,375	(4,653)	437,672
Net interest expense	(68,043)	(94)	(15,868)	(45,638)	(25,044)	11,589	(143,098)
SIB capex	(10,300)	–	(20,400)	(17,114)	(3,037)	–	(50,851)
Tax Paid	–	–	(4,296)	–	–	(443)	(4,739)
Proportionate earnings	48,552	15,732	67,548	59,365	41,294	6,493	238,984

#### Reconciliation of Proportionate Earnings to Profit Before Income Tax

	DBP \$'000	DDG \$'000	EDL \$'000	UE \$'000	MG \$'000	Head Office \$'000	Total \$'000
<b>DUET Group for the 6 months to 31 December 2015</b>							
Proportionate earnings	48,552	15,732	67,549	59,365	41,293	6,493	238,984
<i>Adjust for non-IFRS measures:</i>							
Customer contributions	3,291	–	–	10,376	3,708	–	17,375
Net interest expense	68,043	94	15,868	45,638	25,044	(11,589)	143,098
SIB capex	10,300	–	20,400	17,114	3,037	–	50,851
Tax paid	–	–	4,296	–	–	443	4,739
Proportionate EBITDA							455,047
Additional EBITDA from controlled assets	30,174	–	–	68,395	–	–	98,569
EDL pre-acquisition EBITDA	–	–	(71,079)	–	–	–	(71,079)
<i>Statutory adjustments:</i>							
Acquisition related expenses	–	–	–	–	–	(30,772)	(30,772)
DDG Project expenses	–	(2,794)	–	–	–	–	(2,794)
Equity accounted profits	–	–	590	–	–	–	590
Consolidated EBITDA							449,561
Interest income							12,648
Finance costs							(220,281)
Depreciation and amortisation							(165,335)
Net movements in derivatives							47,069
Unrealised FX gains							1,059
Net loss on disposal of assets							(4,047)
Profit before income tax expense							120,674

1. DUET Group completed the acquisition of 100% of Energy Developments Ltd on 22 October 2015. As EDL did not declare and pay any dividends to its shareholders from its FY2016 earnings in the period from 1 July 2015 to 22 October 2015, DUET has presented EDL's interim results for the full six month period to 31 December 2015 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).

## B3. Capital and Debt

### B3.1 Interest Bearing Liabilities

During the period, the following new credit facilities were entered into:

#### a) Guaranteed Notes

Nature of facility	Amount \$'000	Original currency	Term length of facility
Fixed rate note - UE	350,000	AUD \$	7 years

#### b) Bank Loans

Nature of facility	Amount \$'000	Original currency	Term length of facility
Revolving facility			
EDL	200,000	AUD \$	4 years
DDG	20,000	AUD \$	3 years
Syndicated facility agreement			
DBP	450,000	AUD \$	7 & 10 years
UE	250,000	AUD \$	5 years
MG	300,000	AUD \$	7 years
Term debt facility			
DBP	50,000	AUD \$	7 years
DDG	25,000	AUD \$	3 years
Working capital facility			
EDL	20,000	AUD \$	4 years
DDG	10,000	AUD \$	3 years

Of the external credit facilities available, the amounts undrawn are as follows:

	DUET Group 31 Dec 16 \$'000	DUET Group 30 Jun 16 \$'000
Working capital facility	104,963	130,586
Syndicated bank facility	600,000	50,000
Term debt facility	25,000	10,000
Capital expenditure facility	330,000	157,500
Revolving facility	482,411	113,207
Total	1,542,374 <sup>1</sup>	461,293

<sup>1</sup> \$950.0 million of this balance relates to pre-funding of 2017 debt maturities.

### B3.2 Derivatives and Fair Value Measurement

#### B3.2.1 Derivative Financial Instruments

DUET Group uses derivative financial instruments to hedge its exposure to foreign exchange, price and interest rate risk arising from operational, financing and investment activities. The Group does not speculatively trade in derivative financial instruments.

Set out below is an overview of derivatives held by the Group:

	Fair value profit or loss		Fair value other comprehensive income		Fair value profit or loss		Fair value other comprehensive income	
	Current 31 Dec 16 \$'000	Non-current 31 Dec 16 \$'000	Current 31 Dec 16 \$'000	Non-current 31 Dec 16 \$'000	Current 30 Jun 16 \$'000	Non-current 30 Jun 16 \$'000	Current 30 Jun 16 \$'000	Non-current 30 Jun 16 \$'000
<b>Assets</b>								
Interest rate currency swaps	16,443	8,798	3,049	18,191	9,652	11,776	1,786	3,202
Cross currency swaps	116,580	23,452	-	-	8,903	131,537	-	-
FX forwards	-	-	3,723	2,604	-	-	2,954	3,250
Electricity CFDs	-	-	-	-	-	-	-	2,857
<b>Total</b>	<b>133,023</b>	<b>32,250</b>	<b>6,772</b>	<b>20,795</b>	<b>18,555</b>	<b>143,313</b>	<b>4,740</b>	<b>9,309</b>
<b>Liabilities</b>								
Interest rate currency swap	13,786	24,078	41,935	133,467	6	1,377	56,784	250,701
Cross currency swap	170	-	3,478	7,434	734	-	-	15,120
FX forwards	-	-	53	-	-	-	-	-
Electricity CFDs	-	-	29,751	29,404	-	-	16,195	15,787
<b>Total</b>	<b>13,956</b>	<b>24,078</b>	<b>75,217</b>	<b>170,305</b>	<b>740</b>	<b>1,377</b>	<b>72,979</b>	<b>281,608</b>

## B3. Capital and Debt (continued)

### B3.2.2 Fair Valuation Measurement

#### Fair Value Hierarchy

The fair value measurements of financial assets and liabilities are assessed in accordance with the following hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable valuation input) (Level 3).

The fair values and carrying amount of borrowings of DUET Group are as follows (based on cash flows discounted using current lending rates for liabilities with similar risk profiles) and are all measured at Level 2 in the Fair Value Hierarchy:

	Carrying amount 31 Dec 16 \$'000	Fair value 31 Dec 16 \$'000	Carrying amount 30 Jun 16 \$'000	Fair value 30 Jun 16 \$'000
<b>Non-traded financial liabilities</b>				
Bank loans and other	2,981,214	3,000,654	3,137,459	3,163,681
Guaranteed notes	3,230,826	3,401,118	2,937,793	3,067,349
Redeemable preference shares	201,180	355,815	201,180	382,479
	<b>6,413,220</b>	<b>6,757,587</b>	6,276,432	6,613,509

For assets and liabilities that are measured at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no transfers in the current half year.

The main reason for the difference between carrying amount and fair value arises from the valuation of fixed rate borrowings. The carrying amount of which is measured at amortised cost.

#### Valuation Techniques for Financial Assets and Liabilities

The carrying value of all receivable and payable balances approximate their fair value. This is generally the case of all borrowings, except for redeemable preference shares, because the interest payable on those borrowings is close to market rates or of a short term nature.

Derivative financial instruments are identified as Level 2. The fair value of a swap is calculated as its present value, i.e. the sum of all the discounted future cash flows for both the fixed leg and floating leg, discounted using a current borrowing rate.

#### Valuation Techniques for Debt Held at Fair Value

Certain non-current liabilities are held at fair value as opposed to amortised cost. This debt has one series of cash flows which includes the payment of interest on the principal and the repayment of the principal itself. Interest rates applicable to the debt can be either floating (adjusted for margin where applicable) or fixed.

The series of cash flows is discounted using the same methodology as discounting a series of cashflows for an interest rate swap as noted above.

Where foreign currency debt is held in Australian dollar functional currency entities, the series of cashflows is translated to Australian dollars using the appropriate foreign exchange rates at valuation date as observed in the market.

#### Credit Risk Adjustment

In valuing over-the-counter derivatives, and debt at fair value, allowance is made for the impact of credit risk, where one party may default on the obligatory payments to the other party. Each counterparty is subject to the credit risk of the other counterparty.

An appropriate credit spread is used when determining the magnitude of the credit value adjustment. This credit spread is sourced from a traded credit default swap spread, any recent debt issuance from the relevant counterparty or from an index credit default swap spread based on the relevant counterparty's credit rating.

Bilateral collateral arrangements, master netting agreements and other credit enhancement or risk mitigation tools reduce the credit exposure associated with an asset or liability and are considered in determining the fair value of the liability.

## Critical Estimates and Judgments

#### Significance of Inputs in Fair Value Hierarchy

An unobservable valuation input is considered significant if stressing the unobservable input to the valuation model would result in a greater than 10% change in the overall fair value of the instrument.

#### Capital Risk Management

The Group manages its capital to ensure that entities in the Group are adequately supported in growth initiatives, and maximising the return to securityholders.

- The Group continuously monitors its capital structure.
- The Group is subject to bank covenants related to interest and gearing coverage ratios and AFSL requirements. During the period the Group was in compliance with all covenants and AFSL requirements it is subject to.

**B3. Capital and Debt (continued)****B3.3 Contributed Equity****Ordinary Equity**

	DUET Group 31 Dec 16 \$'000	DUET Group 31 Dec 15 \$'000
On issue at the beginning of the half year	4,940,467	3,061,476
Equity issued during the period, net of costs and deferred tax	(216)	1,642,924
On issue at the end of the half year	4,940,251	4,704,400

**B4. Items not Recognised****B4.1 Contingent Liabilities**

The Group had no material contingent liabilities at 31 December 2016 except for those listed below.

DDG Fortescue River Pty Ltd (DDG FR), in its capacity as agent for the unincorporated Fortescue River Gas Pipeline joint venture with TEC Pilbara Pty Ltd (a wholly owned subsidiary of TransAlta Energy (Australia) Pty Ltd), is in receipt of a claim filed by Monadelphous KT Pty Ltd (MKT) in the Supreme Court of Western Australia. The claim relates to works carried out by MKT for the joint venture in relation to the Fortescue River Gas Pipeline project that reached practical completion in March 2015. An unfavourable outcome of the proceedings would likely result in additional cost being incurred for this project. Given the stage of the court proceedings, such an outcome could not be reliably estimated at the date of issue of these financial statements.

**B4.2 Events Occurring After Balance Sheet Date****Interim Distribution**

An interim 2017 distribution as disclosed in section B2.1, was paid on 16 February 2017.

**DUET Group Securities Issued Under DRP**

Securityholders participating in DUET's Distribution and Dividend Reinvestment Place (DRP) will reinvest \$102,094,777 of the distribution to be paid on 16 February 2017 in 37,724,330 DUET Group securities at a price of \$2.7063.

**CKI Consortium Acquisition Proposal**

On 16 January 2017, the Boards of DUET Group announced DUET had entered into a scheme implementation agreement with a consortium comprising Cheung Kong Infrastructure Holdings Limited (CKI), Cheung Kong Property Holdings Limited (CKP) and Power Assets Holdings Limited (PAH) (the Consortium) under which it is proposed that one or more members of the Consortium will acquire 100% of DUET's stapled securities on issue by way of schemes of arrangement and a trust scheme. Securityholders will receive total cash proceeds of \$3.03 per stapled security, comprising:

- Consideration payable by the Consortium of up to \$3.00 per stapled security; plus
- A special distribution from DUET of at least \$0.03 per stapled security.

Costs of \$25.9 million attributable to the proposal are included in "Acquisition related expenses" in the Statement of Comprehensive Income.

Implementation of the Schemes are subject to conditions precedent. Refer to DUET's ASX release dated 16 January 2017 for further information and which is available on the DUET website.

**DUET Corporate Debt Facility**

On 6 February 2017, DUET Group reached contract close on a \$150 million 2-year revolving corporate debt facility.

## Section C: DFT, DIHL and DFL Interim Financial Statements

### Statements of Comprehensive Income

	Note	DFT 1 Jul 16 - 31 Dec 16 \$'000	DIHL Group 1 Jul 16 - 31 Dec 16 \$'000	DFL 1 Jul 16 - 31 Dec 16 \$'000	DFT 1 Jul 15 - 31 Dec 15 \$'000	DIHL Group 1 Jul 15 - 31 Dec 15 \$'000	DFL 1 Jul 15 - 31 Dec 15 \$'000
Transportation revenue	D2.2	–	17,136	–	–	16,882	–
Interest revenue	D2.2	127,312	3,843	151	119,425	5,101	85
Other income	D2.2	2,335	1,833	176	1,805	9,205	186
Total revenue and other income	D2.2	129,647	22,812	327	121,230	31,188	271
Share of net (loss)/profit of associates accounted for using the equity method		(5,248)	7,502	–	–	4,453	–
Acquisition related expenses		(13,739)	(4,071)	(79)	(356)	(160)	(2)
Operating expenses		–	(1,600)	–	–	(11,052)	–
Employee expenses		–	(3,735)	–	–	(3,106)	–
Management and administrative expenses		(697)	(3,287)	(78)	(166)	(3,347)	(130)
Depreciation expense		–	(4,926)	–	–	(4,974)	–
Finance costs		(283)	(226)	–	(237)	(112)	–
Interest expense		(2,196)	(6,432)	–	(4,922)	(6,476)	–
Resources fee paid		(118)	–	(1)	–	–	–
Other expenses		(114)	(155)	–	(122)	–	–
Total expenses		(17,147)	(24,432)	(158)	(5,803)	(29,227)	(132)
Profit/(loss) before income tax expense		107,252	5,882	169	115,427	6,414	139
Income tax (expense)/benefit		–	(180)	(16)	–	9,566	(7)
Profit/(loss) after income tax expense for the half year		107,252	5,702	153	115,427	15,980	132
Profit/(loss) is attributable to:							
DUECo shareholders		–	–	–	–	–	–
DFT unitholders and DIHL/DFL shareholders as non-controlling interests		107,252	5,702	153	115,427	15,980	132
Stapled securityholders		107,252	5,702	153	115,427	15,980	132
Other non-controlling interests		–	–	–	–	–	–
Profit/(loss) after income tax expense for the half year		107,252	5,702	153	115,427	15,980	132
Other comprehensive income/(expense):							
<i>Items that may be subsequently reclassified to profit or loss:</i>							
Changes in share of associates reserves, net of tax		–	14,989	–	–	1,510	–
Total comprehensive income/(expense) for the half year		107,252	20,691	153	115,427	17,490	132
Total comprehensive income/(expense) for the half year is attributable to:							
DUECo shareholders		–	–	–	–	–	–
DFT unitholders and DIHL/DFL shareholders as non-controlling interests		107,252	20,691	153	115,427	17,490	132
Stapled securityholders		107,252	20,691	153	115,427	17,490	132
Other non-controlling interests		–	–	–	–	–	–
Total comprehensive income/(expense) for the half year		107,252	20,691	153	115,427	17,490	132
Earnings per unit/share - cents		4.41	0.23	0.01	5.34	0.74	0.01

The above Statements of Comprehensive Income should be read in conjunction with the accompanying Notes.

## Statements of Financial Position

	Note	DFT 31 Dec 16 \$'000	DIHL Group 31 Dec 16 \$'000	DFL 31 Dec 16 \$'000	DFT 30 Jun 16 \$'000	DIHL Group 30 Jun 16 \$'000	DFL 30 Jun 16 \$'000
<b>Current assets</b>							
Cash and cash equivalents		121,564	50,345	3,564	130,649	16,713	3,307
Term deposits		–	–	2,886	–	–	2,851
Receivables		1,589	5,289	14	1,488	13,842	2
Accrued revenue		–	4,465	–	–	6,730	–
Prepaid expenses and other assets		559	1,439	258	559	1,284	110
<b>Total current assets</b>		<b>123,712</b>	<b>61,538</b>	<b>6,722</b>	<b>132,696</b>	<b>38,569</b>	<b>6,270</b>
<b>Non-current assets</b>							
Loans to associated entities		2,013,236	50,000	5,000	1,999,799	81,423	5,000
Redeemable preference shares - associated entity		427,699	–	–	427,699	–	–
Investments in associated entities		–	341,880	–	–	331,262	–
Property, plant and equipment		–	222,421	–	–	211,514	–
Deferred tax assets		–	11,462	–	–	11,854	–
Prepaid expenses and other assets		323	456	–	605	713	100
<b>Total non-current assets</b>		<b>2,441,258</b>	<b>626,219</b>	<b>5,000</b>	<b>2,428,103</b>	<b>636,766</b>	<b>5,100</b>
<b>Total assets</b>		<b>2,564,970</b>	<b>687,757</b>	<b>11,722</b>	<b>2,560,799</b>	<b>675,335</b>	<b>11,370</b>
<b>Current liabilities</b>							
Distribution payable	D2.1	117,382	–	–	97,374	–	–
Interest bearing liabilities		–	–	–	–	–	–
Payables		17,272	20,809	246	8,201	22,633	39
Unearned revenue		–	331	–	–	231	–
Derivative financial instruments		–	62	–	–	23	–
Provisions		–	661	–	–	594	–
<b>Total current liabilities</b>		<b>134,654</b>	<b>21,863</b>	<b>246</b>	<b>105,575</b>	<b>23,481</b>	<b>39</b>
<b>Non-current liabilities</b>							
Interest bearing liabilities		–	148,432	–	12,736	154,293	–
Payables		2,323	323	–	4,365	605	8
Decommissioning provisions		–	1,075	–	–	1,343	–
Derivative financial instruments		–	16	–	–	40	–
Deferred tax liabilities		–	–	–	–	–	–
<b>Total non-current liabilities</b>		<b>2,323</b>	<b>149,846</b>	<b>–</b>	<b>17,101</b>	<b>156,281</b>	<b>8</b>
<b>Total liabilities</b>		<b>136,977</b>	<b>171,709</b>	<b>246</b>	<b>122,676</b>	<b>179,762</b>	<b>47</b>
<b>Net assets</b>		<b>2,427,993</b>	<b>516,048</b>	<b>11,476</b>	<b>2,438,123</b>	<b>495,573</b>	<b>11,323</b>
<b>Equity</b>							
<b>Equity attributable to DUECO shareholders</b>							
Contributed equity	D3.2	–	–	–	–	–	–
Reserves		–	–	–	–	–	–
Retained profits/(accumulated losses)		–	–	–	–	–	–
Unitholders interest		–	–	–	–	–	–
<b>Equity attributable to DFT, DIHL and DFL securityholders (as non-controlling interest)</b>							
Contributed equity	D3.2	2,768,454	619,010	11,308	2,768,454	619,226	11,308
Reserves		(340,461)	14,060	–	(330,331)	(929)	–
Retained profits/(accumulated losses)		–	(117,022)	168	–	(122,724)	15
<b>DFT, DIHL, and DFL securityholders interest</b>		<b>2,427,993</b>	<b>516,048</b>	<b>11,476</b>	<b>2,438,123</b>	<b>495,573</b>	<b>11,323</b>
Other non-controlling interest		–	–	–	–	–	–
<b>Total equity</b>		<b>2,427,993</b>	<b>516,048</b>	<b>11,476</b>	<b>2,438,123</b>	<b>495,573</b>	<b>11,323</b>

The above Statements of Financial Position should be read in conjunction with the accompanying Notes.

## Statements of Changes in Equity

	Number of securities issued '000	Contributed equity \$'000	Hedging reserve \$'000	Capital reserve \$'000	Other reserve \$'000	Retained profits \$'000	Total \$'000
<b>DFT</b>							
<b>Total equity at 1 July 2016</b>	2,433,046	2,768,454	(17,774)	(348,304)	35,747	–	2,438,123
Profit/(loss) for the half year	–	–	–	–	–	107,252	107,252
Other comprehensive income for the half year	–	–	–	(10,130)	–	10,130	–
<b>Total comprehensive income for the half year</b>	–	–	–	(10,130)	–	117,382	107,252
<i>Transactions with equity holders in their capacity as equity holders:</i>							
Contributions of equity, net of transaction costs and deferred tax	–	–	–	–	–	–	–
Distribution paid and provided for to DUET equity holders	–	–	–	–	–	(117,382)	(117,382)
<b>Total equity at 31 December 2016</b>	2,433,046	2,768,454	(17,774)	(358,434)	35,747	–	2,427,993

	Number of securities issued '000	Contributed equity \$'000	Hedging reserve \$'000	Capital reserve \$'000	Other reserve \$'000	Retained profits \$'000	Total \$'000
<b>DFT</b>							
<b>Total equity at 1 July 2015</b>	1,493,679	1,778,900	(17,774)	(378,025)	35,747	–	1,418,848
Profit/(loss) for the half year	–	–	–	–	–	115,427	115,427
Other comprehensive income for the half year	–	–	–	6,787	–	(6,787)	–
<b>Total comprehensive income for the half year</b>	–	–	–	6,787	–	108,640	115,427
<i>Transactions with equity holders in their capacity as equity holders:</i>							
Contributions of equity, net of transaction costs and deferred tax	827,538	865,025	–	–	–	–	865,025
Distribution paid and provided for to DUET equity holders	–	–	–	–	–	(108,640)	(108,640)
<b>Total equity at 31 December 2015</b>	2,321,217	2,643,925	(17,774)	(371,238)	35,747	–	2,290,660

	Number of securities issued '000	Contributed equity \$'000	Hedging reserve \$'000	Capital reserve \$'000	Other reserve \$'000	Retained profits \$'000	Total \$'000
<b>DIHL Group</b>							
<b>Total equity at 1 July 2016</b>	2,433,046	619,226	(41,019)	–	40,090	(122,724)	495,573
Profit/(loss) for the half year	–	–	–	–	–	5,702	5,702
Other comprehensive income for the half year	–	–	14,989	–	–	–	14,989
<b>Total comprehensive income for the half year</b>	–	–	14,989	–	–	5,702	20,691
<i>Transactions with equity holders in their capacity as equity holders:</i>							
Contributions of equity, net of transaction costs and deferred tax	–	(216)	–	–	–	–	(216)
<b>Total equity at 31 December 2016</b>	2,433,046	619,010	(26,030)	–	40,090	(117,022)	516,048

	Number of securities issued '000	Contributed equity \$'000	Hedging reserve \$'000	Capital reserve \$'000	Other reserve \$'000	Retained profits \$'000	Total \$'000
<b>DIHL Group</b>							
<b>Total equity at 1 July 2015</b>	1,493,679	345,983	(17,006)	–	40,090	(159,817)	209,250
Profit/(loss) for the half year	–	–	–	–	–	15,980	15,980
Other comprehensive income for the half year	–	–	1,510	–	–	–	1,510
<b>Total comprehensive income for the half year</b>	–	–	1,510	–	–	15,980	17,490
<i>Transactions with equity holders in their capacity as equity holders:</i>							
Contributions of equity, net of transaction costs and deferred tax	827,538	239,226	–	–	–	–	239,226
<b>Total equity at 31 December 2015</b>	2,321,217	585,209	(15,496)	–	40,090	(143,837)	465,966

The above Statements of Changes in Equity should be read in conjunction with the accompanying Notes.

## Statements of Changes in Equity

DFL	Number of securities issued '000	Contributed equity \$'000	Hedging reserve \$'000	Capital reserve \$'000	Other reserve \$'000	Retained profits \$'000	Total \$'000
<b>Total equity at 1 July 2016</b>	<b>2,433,046</b>	<b>11,308</b>	–	–	–	<b>15</b>	<b>11,323</b>
Profit/(loss) for the half year	–	–	–	–	–	<b>153</b>	<b>153</b>
Other comprehensive income for the half year	–	–	–	–	–	–	–
<b>Total comprehensive income for the half year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>153</b>	<b>153</b>
<i>Transactions with equity holders in their capacity as equity holders:</i>							
Contributions of equity, net of transaction costs and deferred tax	–	–	–	–	–	–	–
<b>Total equity at 31 December 2016</b>	<b>2,433,046</b>	<b>11,308</b>	–	–	–	<b>168</b>	<b>11,476</b>

DFL	Number of securities issued '000	Contributed equity \$'000	Hedging reserve \$'000	Capital reserve \$'000	Other reserve \$'000	Retained profits \$'000	Total \$'000
<b>Total equity at 1 July 2015</b>	<b>1,493,679</b>	<b>7,061</b>	–	–	–	<b>(155)</b>	<b>6,906</b>
Profit/(loss) for the half year	–	–	–	–	–	<b>132</b>	<b>132</b>
Other comprehensive income for the half year	–	–	–	–	–	–	–
<b>Total comprehensive income for the half year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>132</b>	<b>132</b>
<i>Transactions with equity holders in their capacity as equity holders:</i>							
Contributions of equity, net of transaction costs and deferred tax	827,538	3,713	–	–	–	–	3,713
<b>Total equity at 31 December 2015</b>	<b>2,321,217</b>	<b>10,774</b>	–	–	–	<b>(23)</b>	<b>10,751</b>

The above Statements of Changes in Equity should be read in conjunction with the accompanying Notes.

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## Statements of Cash Flow

	DFT 1 Jul 16 - 31 Dec 16 \$'000	DIHL Group 1 Jul 16 - 31 Dec 16 \$'000	DFL 1 Jul 16 - 31 Dec 16 \$'000	DFT 1 Jul 15 - 31 Dec 15 \$'000	DIHL Group 1 Jul 15 - 31 Dec 15 \$'000	DFL 1 Jul 15 - 31 Dec 15 \$'000
<b>Cash flows from operating activities</b>						
Receipts from customers (including GST)	–	37,491	127	–	26,217	–
Payments to suppliers and employees (including GST)	(4,704)	(14,807)	(21)	(495)	(17,770)	51
Payments relating to head office projects	(910)	(764)	(4)	(602)	(277)	(2)
Income tax (paid)/received	–	(25)	–	–	2	(7)
Distributions received from related parties	31,268	21,883	–	35,846	11,255	–
Other interest received	292	64	54	5	(15)	84
Indirect tax net (paid)/received	–	(125)	(15)	9	(389)	(4)
<b>Net cash flows from operating activities</b>	<b>25,946</b>	<b>43,717</b>	<b>141</b>	<b>34,763</b>	<b>19,023</b>	<b>122</b>
<b>Cash flows used in investing activities</b>						
Payments for purchase of property, plant and equipment	–	(12,433)	–	–	(4,620)	–
Proceeds from/(payments for) short term deposits	–	155	(35)	–	–	(1,322)
Payments for purchase of investments	(5,248)	(14,045)	–	–	–	–
<b>Net cash flows (used in)/from investing activities</b>	<b>(5,248)</b>	<b>(26,323)</b>	<b>(35)</b>	<b>–</b>	<b>(4,620)</b>	<b>(1,322)</b>
<b>Cash flows (used in)/from financing activities</b>						
Proceeds from borrowings from external parties	–	7,500	–	–	15,000	–
Repayment of borrowings from external parties	–	(13,500)	–	–	(8,500)	–
Loans to related parties	(26,207)	24,912	–	(45,629)	(6,968)	–
Loans from related parties	–	–	–	–	–	33
Finance costs paid received/(paid)	93,797	(2,674)	151	78,351	(1,674)	105
Distributions paid to DUET securityholders	(97,373)	–	–	(65,853)	–	–
<b>Net cash flow (used in)/from financing activities</b>	<b>(29,783)</b>	<b>16,238</b>	<b>151</b>	<b>(33,131)</b>	<b>(2,142)</b>	<b>138</b>
Net (decrease)/increase in cash and cash equivalents held	(9,085)	33,632	257	1,632	12,261	(1,062)
Cash and cash equivalents at the beginning of the half year	130,649	16,713	3,307	654	8,217	6,675
<b>Cash and cash equivalents at the end of the half year</b>	<b>121,564</b>	<b>50,345</b>	<b>3,564</b>	<b>2,286</b>	<b>20,478</b>	<b>5,613</b>

The above Statements of Cash Flow should be read in conjunction with the accompanying Notes.

## Section D: Notes to the DFT, DIHL and DFL Interim Financial Statements

### D1. Basis of Preparation and Significant Changes

The accounting policies adopted by each entity are consistent with those adopted by the stapled group as set out in Section B and all significant changes have been disclosed in Note B1.3 and B1.4.

#### D1.1 Corporate Information

The DUET Group includes DUET Finance Trust (DFT), DUET Investment Holdings Limited (DIHL) and DUET Finance Limited (DFL). DFT, DIHL and DFL form part of the stapled group. Each stapled entity is registered and domiciled in Australia.

#### D1.2 Basis of Preparation of Interim Financial Report

The Basis of Preparation of the Interim Financial Reports of DFT, DIHL Group and DFL are consistent with those of the stapled group disclosed in Note B1.4.

### D2. Operating Performance

#### D2.1 Distributions Paid and Declared

No distributions were paid from or proposed in DIHL or DFL as at 31 December 2016 or 31 December 2015.

	DFT 1 Jul 16 - 31 Dec 16 \$'000	DFT 1 Jul 15 - 31 Dec 15 \$'000
Final distribution paid <sup>1</sup>	97,374	65,853
Interim distribution declared <sup>2</sup>	117,382	108,640
	<b>214,756</b>	<b>174,493</b>

	Cents per stapled security	Cents per stapled security
Final distribution paid	4.002	4.409
Interim distribution declared	4.825	4.680

<sup>1</sup> DUET's 2016 final distribution was paid on 18 August 2016 (2015: 20 August 2015)

<sup>2</sup> DUET's 2017 interim distribution was recognised as a current liability at 31 December and subsequently paid on 16 February 2017 (2016: 18 February 2016)

DFL has franking credits available for subsequent reporting periods (based on a tax rate of 30%) of \$0.6 million (2015: \$0.6 million).

These amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the half year.

DFT has no franking credits as it is a flow-through trust.

DIHL has no franking credits.

#### D2.2 Revenue

	DFT 1 Jul 16 - 31 Dec 16 \$'000	DIHL Group 1 Jul 16 - 31 Dec 16 \$'000	DFL 1 Jul 16 - 31 Dec 16 \$'000	DFT 1 Jul 15 - 31 Dec 15 \$'000	DIHL Group 1 Jul 15 - 31 Dec 15 \$'000	DFL 1 Jul 15 - 31 Dec 15 \$'000
<b>Sales revenue</b>						
Transportation revenue	-	17,136	-	-	16,882	-
	-	17,136	-	-	16,882	-
<b>Revenue from investments</b>						
Interest revenue	127,312	3,843	151	119,425	5,101	85
	127,312	3,843	151	119,425	5,101	85
<b>Other revenue</b>						
Interest revenue	2,335	475	60	1,805	379	86
Resource fee revenue	-	192	-	-	-	-
Trustee fee revenue	-	-	116	-	-	100
Miscellaneous revenue	-	1,166	-	-	8,826	-
	2,335	1,833	176	1,805	9,205	186
<b>Total revenue</b>	<b>129,647</b>	<b>22,812</b>	<b>327</b>	<b>121,230</b>	<b>31,188</b>	<b>271</b>

## D2. Operating Performance (continued)

### D2.3 Segment Information

The Boards consider the business from the aspect of each of the core portfolio assets and have identified five operating segments during the half year. The segments are the investments in DBP, DDG, EDL, UE and MG.

Operating segments are reported in a manner that is consistent with internal reporting provided to the chief operating decision maker.

#### Understanding the Segment Results

The operating segments note discloses performance by individual core-portfolio asset.

#### Proportionate Earnings

##### DFT

Proportionate Earnings for each of DBP, DDG, EDL, UE and MG is set out on page 17.

A reconciliation of DFT's Proportionate Earnings to profit before income tax expense is provided as follows:

	2016					2015				
	DBP \$'000	UE \$'000	MG \$'000	DFT \$'000	Total \$'000	DBP \$'000	UE \$'000	MG \$'000	DFT \$'000	Total \$'000
<b>DFT for the 6 months to 31 December</b>										
Proportionate earnings	59,733	55,109	45,467	-	160,309	48,552	59,365	41,293	-	149,210
Exclude non-controlled assets	(59,733)	(55,109)	(45,467)	-	(160,309)	(48,552)	(59,365)	(41,293)	-	(149,210)
Corporate expenses	-	-	-	(930)	(930)	-	-	-	(288)	(288)
<b>Proportionate EBITDA</b>					(930)					(288)
Acquisition related expenses	-	-	-	(13,739)	(13,739)	-	-	-	(356)	(356)
Equity accounted profits	-	-	-	(5,248)	(5,248)	-	-	-	-	-
<b>Consolidated EBITDA</b>					(19,917)					(644)
Interest income					129,647					121,230
Finance costs					(2,479)					(5,159)
<b>Profit before income tax</b>					107,251					115,427

##### DIHL Group

Proportionate Earnings for each of DBP, DDG, EDL, UE and MG is set out on page 17.

A reconciliation of DIHL Group's Proportionate Earnings to profit before income tax expense is provided as follows:

	2016				2015			
	DBP \$'000	DDG \$'000	DIHL Group \$'000	Total \$'000	DBP \$'000	DDG \$'000	DIHL Group \$'000	Total \$'000
<b>DIHL Group for the 6 months to 31 December</b>								
Proportionate earnings	59,733	14,781	(4,637)	69,877	48,552	15,732	(4,829)	59,455
Exclude non-controlled assets	(59,733)	-	-	(59,733)	(48,552)	-	-	(48,552)
SIB Capex	-	41	-	41	-	-	-	-
Net interest expense	-	104	-	104	-	94	-	94
<b>Proportionate EBITDA</b>				10,289				10,997
Acquisition related expenses	-	-	(4,071)	(4,071)	-	-	-	-
Equity accounted profits	-	-	7,502	7,502	-	-	4,453	4,453
DDG project expenses	-	(572)	-	(572)	-	(2,794)	-	(2,794)
<b>Consolidated EBITDA</b>				13,148				12,496
Interest income				4,318		103	5,377	5,480
Finance costs				(6,658)		(6,207)	(381)	(6,588)
Depreciation and amortisation				(4,926)		(4,926)	(48)	(4,974)
<b>Profit before income tax</b>				5,882				6,414

##### DFL

The chief operating decision maker of DFL reviews the DFL financial information as presented in this report, that is, there is only one operating segment for DFL.

## D3. Capital and Debt

### D3.1 Derivatives and Fair Value Measurement

#### D3.1.1 Derivative Financial Instruments

DFT, DIHL Group and DFL did not hold any derivative financial instruments as at 31 December 2016.

#### D3.1.2 Fair Valuation Measurement

##### Fair Valuation Estimation

DIHL Group has interest bearing liabilities with a carrying amount of \$148.4 million (30 Jun 16: \$154.3 million) which approximates its fair value. DFL does not hold any financial instruments. DFT has non-current receivables with a carrying amount of \$2,440.9 million (30 Jun 16: \$2,427.5 million) which approximates its fair value.

### D3.2 Contributed Equity

#### Ordinary Equity

	DFT 1 Jul 16 - 31 Dec 16 \$'000	DIHL Group 1 Jul 16 - 31 Dec 16 \$'000	DFL 1 Jul 16 - 31 Dec 16 \$'000	DFT 1 Jul 15 - 31 Dec 15 \$'000	DIHL Group 1 Jul 15 - 31 Dec 15 \$'000	DFL 1 Jul 15 - 31 Dec 15 \$'000
On issue at the beginning of the half year	2,768,454	619,226	11,308	1,778,900	345,983	7,061
Equity issued during the period, net of costs and deferred tax	-	(216)	-	865,025	239,226	3,713
On issue at the end of the half year	2,768,454	619,010	11,308	2,643,925	585,209	10,774

#### Ordinary units in DFT and Ordinary Shares in DUECo, DIHL and DFL

Each fully paid stapled security confers the right to vote at meetings of securityholders, subject to any voting restrictions imposed on a securityholder under the Corporations Act 2001 and the Listing Rules. On a show of hands, every securityholder present in person or by proxy has one vote. On a poll, every securityholder who is present in person or by proxy has one vote for each dollar of the value of the total interest they have in DFT and one vote for each share in respect of DUECo, DIHL and DFL.

## D4. Items not Recognised

### D4.1 Contingent Liabilities

DFL, DIHL Group and DFT had no material contingent liabilities at 31 December 2016.

## Statement by the Directors of DUECo

In the opinion of the Directors of DUET Company Limited (DUECo), the consolidated Interim Financial Statements for DUECo and its controlled entities (DUET Group) set out on pages 9 to 29 are in accordance with the *Corporations Act 2001*, including:

- complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, and the *Corporations Regulations 2001*; and
- giving a true and fair view of the DUET Group's financial position as at 31 December 2016 and of its performance for the half year ended on that date.

There are reasonable grounds to believe that DUET Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors of DUET Company Limited.



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Doug Halley  
Director  
Sydney  
16 February 2017



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Stewart Butel  
Director  
Sydney  
16 February 2017

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## Statement by the Directors of the Responsible Entity of DFT

In the opinion of the Directors of DUET Finance Limited as the Responsible Entity for DUET Finance Trust (DFT), the Interim Financial Statements set out on pages 9 to 29 are in accordance with the *Corporations Act 2001*, including:

- complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, and the *Corporations Regulations 2001*; and
- giving a true and fair view of the Trust's financial position as at 31 December 2016 and of its performance for the half year ended on that date.

There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors of DUET Finance Limited (as Responsible Entity of DFT).



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Jane Harvey  
Director  
Sydney  
16 February 2017



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Eric Goodwin  
Director  
Sydney  
16 February 2017

## Statement by the Directors of DIHL

In the opinion of the Directors of DUET Investment Holdings Limited (DIHL), the Interim Financial Statements for DIHL and its controlled entities (DIHL Group) set out on pages 9 to 29 are in accordance with the *Corporations Act 2001*, including:

- complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, and the *Corporations Regulations 2001*; and
- giving a true and fair view of DIHL Group's financial position as at 31 December 2016 and of its performance, for the half year ended on that date.

There are reasonable grounds to believe that DIHL Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors of DUET Investment Holdings Limited.



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Doug Halley  
Director  
Sydney  
16 February 2017



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Stewart Butel  
Director  
Sydney  
16 February 2017

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## Statement by the Directors of DFL

In the opinion of the Directors of DUET Finance Limited (DFL), the Interim Financial Statements set out on pages 9 to 29 are in accordance with the *Corporations Act 2001*, including:

- complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, and the *Corporations Regulations 2001*; and
- giving a true and fair view of DFL's financial position as at 31 December 2016 and of its performance for the half year ended on that date.

There are reasonable grounds to believe that DFL will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors of DUET Finance Limited.



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Jane Harvey  
Director  
Sydney  
16 February 2017



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Eric Goodwin  
Director  
Sydney  
16 February 2017



Ernst & Young  
8 Exhibition Street  
Melbourne VIC 3000 Australia  
GPO Box 67 Melbourne VIC 3001

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## To the shareholders of DUET Company Limited, DUET Investment Holdings Limited and DUET Finance Limited and the unitholders of DUET Finance Trust

### Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of the stapled entity DUET Group comprising DUET Company Limited, DUET Investment Holdings Limited, DUET Finance Limited (together "the companies") and DUET Finance Trust ("the trust") and the entities they controlled during the half year, which comprises the balance sheets as at 31 December 2016, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the half year ended on that date, other selected explanatory notes and the directors' declarations of the companies, and DUET Finance Limited on behalf of the trust, and the entities they controlled at the half year end or from time to time during the half year.

### Directors' Responsibility for the Interim Financial Report

The directors of the companies are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Corporations Act 2001*, and for the trust, the Trust Deed, and for such internal controls as the directors determine are necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001*, and for the trust, the Trust Deed, including: giving a true and fair view of the consolidated entity's, the trust's and the companies' financial position as at 31 December 2016 and their performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001. As the auditor of DUET Group and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the companies a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of DUET Group, DUET Investment Holdings Limited, DUET Finance Limited and DUET Finance Trust is not in accordance with the *Corporations Act 2001*, and for the trust, the Trust Deed, including:

- (a) Giving a true and fair view of the consolidated entities' and trust's financial positions as at 31 December 2016 and of their performance for the half year ended on that date; and
- (b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

Ernst & Young

Ernst & Young

A handwritten signature in black ink, appearing to read 'Matthew A. Honey', with a stylized flourish at the end.

Matthew A. Honey  
Partner  
Melbourne  
16 February 2017

# Corporate Directory

## **DUET Entities**

DUET Company Limited  
(ABN 93 163 100 061) (DUECo)

DUET Investment Holdings Limited  
(ABN 22 120 456 573) (DIHL)

DUET Finance Limited  
(ABN 15 108 014 062) (AFSL 269287) (DFL)

in its personal capacity and  
as responsible entity of  
DUET Finance Trust (ARSN 109 363 135)

Level 14  
20 Martin Place  
Sydney NSW 2000

or

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Sydney NSW 2001

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(612) 8224 2701 or  
1800 005 049

Facsimile  
(612) 8224 2799

Website  
[www.duet.net.au](http://www.duet.net.au)

## **Registry**

Computershare Investor Services  
Pty Limited  
GPO Box 2975  
Melbourne VIC 3001

or

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[www.duet.net.au](http://www.duet.net.au)