

DIVERSIFIED UNITED INVESTMENT LIMITED

ABN 33 006 713 177

APPENDIX 4D STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2014

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the **half year ended 31 December 2014** with the prior corresponding period being the half year ended 31 December 2013.

Results for announcement to the market

- Revenue from ordinary activities was \$18 million, up 17% from the prior corresponding period.
- Profit after tax and before net realised and unrealised losses/gains on the investment portfolio was \$14.8 million, up 12% from the prior corresponding period. Net realised gains and losses are recorded in the Asset Realisation Reserve.
- In the latest period special dividends of \$158,000 were received (prior corresponding period \$518,000).
- Excluding special dividends received Profit after tax rose 16%*.
- Earnings per share based on profit after tax were 8.0 cents, an increase of 5% from the prior corresponding period having adjusted for the bonus element in the November 2014 one for five renounceable rights issue. Excluding special dividends received, earnings per share rose 7%* to 7.9 cents per share.
- The interim dividend is 6.5 cents per share (6.5 cents for the prior corresponding period) fully franked payable to holders of DUI Ordinary shares (ASX code: DUI) on 17 March 2015. Holders of DUI New shares (ASX code: DUIN) are not entitled to the interim dividend. The record date for determining entitlement to the interim dividend is 26 February 2015.
- The interim dividend will not include any Listed Investment Company capital gain dividend.
- The net tangible asset backing per share based on the market valuation of investments was \$3.68 at 31 December 2014, compared to \$3.62 (adjusted for the bonus element in the rights issue) at the end of the prior corresponding period. These calculations are after tax on realised gains, but before any future tax benefit of realised losses and before estimated tax on net unrealised gains/losses. They are also before provision for the interim dividend.
- The Company operates a Dividend Reinvestment Plan (“DRP”) under which shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares. Pricing of the new DRP shares will be at the volume weighted average selling price of shares traded on the Australian Securities Exchange on the Dividend ex date of 24 February 2015 and the following four business days, without any discount. The last day for receipt of an election notice for participation in the plan is 27 February 2015.

* Additional non IFRS information, not subject to external review.

DIVERSIFIED UNITED INVESTMENT LIMITED

ABN 33 006 713 177

LEVEL20
101 COLLINS STREET
MELBOURNE VIC 3000
AUSTRALIA

TEL (613) 9654 0499
FAX (613) 9654 3499

16 February 2015

The General Manager
Australian Securities Exchange Ltd
10th Floor
20 Bond Street
Sydney NSW 2000

Dear Sir,

Financial Results and Dividend Announcement
for the Financial Half Year Ended 31 December 2014

The Directors make the following report concerning the company's performance and interim dividend:-

Profit and Realised Capital Gains

Profit after income tax for the half year ended 31 December 2014 was \$14,802,000 (prior corresponding period: \$13,190,000) a rise of 12%, or 16% if special dividends received of \$158,000 after tax (prior corresponding period: \$518,000) are excluded.

The profit for the half year excludes net realised gains and losses which are transferred directly to the Asset Revaluation Reserve. The net realised gains on the investment portfolio after tax for the half year were \$2,520,000 (prior corresponding period: \$495,000).

Operating expenses (excluding interest) for the half year were .07% of the average market value of the portfolio (previously .08%).

Earnings Per Share

After adjusting for the effect of the one for five rights issue during the period, earnings per share based on the weighted average number of shares on issue for the half year were 8.0 cents per share compared to 7.6 cents for the prior corresponding period. Excluding the special dividends, earnings per share rose 7%* to 7.9 cents.

The weighted average number of ordinary shares for the period was 184,446,857 against 173,200,947 taking into account the shares issued in the dividend re-investment plan and having adjusted for the bonus element in the one for five renounceable rights issue, an increase of 6.5%.

* Additional non IFRS information, not subject to external review.

Rights Issue and International Investments

During the period the Company raised \$102,613,000 in the one for five rights issue at \$3.00 per share. The purpose of the issue was to diversify the investment portfolio including an allocation towards 10% in international investments. At 31 December international investments accounted for 8.9% of the market value of the portfolio. International investments include an investment in the BetaShares US Dollar Exchange Traded Fund pending investment in international equity Exchange Traded Funds. Foreign exchange currency exposures are unhedged.

Dividends

The Directors have declared an interim dividend of 6.5 cents per share fully franked to DUI Ordinary (ASX Code: DUI) shareholders registered on 26 February 2015, to be paid on 17 March 2015. The comparable 2014 interim dividend was 6.5 cents per share fully franked. Holders of DUI New shares (ASX Code: DUIN) are not entitled to the interim dividend.

LIC Capital Gains

The interim dividend will not include any Listed Investment Company capital gain dividend.

Dividend Reinvestment Plan

The Company operates a Dividend Reinvestment Plan ("DRP") under which shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares. Pricing of the new DRP shares will be at the volume weighted average selling price of shares traded on the Australian Securities Exchange on the Dividend ex date of 24 February 2015 and the four business days immediately following that date. The last day for the receipt of an election notice for participation in the plan is 27 February 2015.

Asset Backing

The net tangible asset backing per share based on the market valuation of investments was \$3.68 at 31 December 2014 and \$3.75 at 31 January 2015. These calculations are after tax on realised gains, but before any future tax benefit of realised losses and before estimated tax on net unrealised gains and losses. They are also before provision for the interim dividend.

The Company is a long term investor and does not intend disposing of its total portfolio. If estimated tax on net unrealised gains were to be deducted, the above figures would be \$3.24 at 31 December 2014 and \$3.29 at 31 January 2015.

Performance

The Company's net asset backing accumulation performance (assuming all dividends paid by the Company were reinvested in its shares, and after all expenses and tax) for the half year to 31 December 2014 was a rise of 2.7% while the S&P/ASX 300 accumulation index rose 2.4% over the same period. The Company's accumulation performance is after tax, all expenses, and the impact of the Company's gearing. Such items are not included in the S&P/ASX Index.

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Investment Portfolio

As at 31 December 2014 the twenty-five largest shareholdings of the company, at market values were:

| Company | Market Value \$'000 | % Market Value of Total Investments |
|---|--------------------------------|--|
| 1. Commonwealth Bank of Australia Ltd | 68,520 | 8.1% |
| 2. ANZ Banking Group Ltd | 60,971 | 7.2% |
| 3. Westpac Banking Corporation Ltd | 59,688 | 7.1% |
| 4. CSL Ltd | 52,008 | 6.2% |
| 5. BHP Billiton Ltd | 46,992 | 5.6% |
| 6. BetaShares US Dollar ETF | 45,965 | 5.5% |
| 7. National Australia Bank Ltd | 40,320 | 4.8% |
| 8. Woodside Petroleum Ltd | 38,010 | 4.5% |
| 9. Rio Tinto Ltd | 34,800 | 4.1% |
| 10. Transurban Group | 31,746 | 3.8% |
| 11. Medibank Private Ltd | 31,330 | 3.7% |
| 12. Woolworths Ltd | 21,476 | 2.5% |
| 13. Wesfarmers Ltd | 18,449 | 2.2% |
| 14. Oil Search Ltd | 15,780 | 1.9% |
| 15. Origin Energy Ltd | 14,004 | 1.7% |
| 16. AMP Ltd | 13,750 | 1.6% |
| 17. Washington H Soul Pattinson & Co Ltd | 13,680 | 1.6% |
| 18. Asciano Ltd | 13,310 | 1.6% |
| 19. Vanguard US Total Market Shares Index ETF | 13,072 | 1.5% |
| 20. Computershare Ltd | 12,980 | 1.5% |
| 21. Mystate Ltd | 12,350 | 1.5% |
| 22. Vanguard All-World Ex-US Shares Index ETF | 11,218 | 1.3% |
| 23. Sonic Healthcare Ltd | 9,250 | 1.1% |
| 24. Westfield Corporation | 9,020 | 1.1% |
| 25. Scentre Group | 8,446 | 1.0% |
| | 697,135 | 82.7% |
| Total Investments at Market Value, Short Term Receivables and Cash | 842,926 | |

Note: At 31 December bank borrowings were \$85M, and cash and short term receivables (included in the above figure) were A\$39M.

Yours faithfully,

A J Hancock
Company Secretary

DIVERSIFIED UNITED INVESTMENT LIMITED
(ABN 33 006 713 177)

INTERIM FINANCIAL REPORT
31 DECEMBER 2014

DIVERSIFIED UNITED INVESTMENT LIMITED

Directors

C B Goode AC - Chairman
A R Burgess
S G Hiscock
P R Prentice

Company Secretary

Andrew J Hancock FCA

Registered Office

Level 20
101 Collins Street
Melbourne Vic 3000
Tel: (613) 9654 0499
Fax: (613) 9654 3499
Email: info@dui.com.au
Website: www.dui.com.au

Bankers

ANZ Banking Group Limited
National Australia Bank Limited

Auditors

KPMG
Chartered Accountants

Share Registry

Link Market Services Ltd
Level 12
680 George Street
Sydney NSW 2000
Tel: (612) 8280 7644
Fax: (612) 9287 0303
E-mail: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

Securities Exchange

The Company is listed on the Australian Securities Exchange Ltd.
ASX Code: DUI

DIVERSIFIED UNITED INVESTMENT LIMITED

Directors' Report

The directors of Diversified United Investment Limited present their report together with the financial report for the half-year ended 31 December 2014 and the auditors' review report thereon.

Directors

The directors of the Company at any time during or since the end of the half-year are:

| <i>Name</i> | <i>Period of Directorship</i> |
|-----------------------------|-------------------------------|
| Charles Goode AC (Chairman) | Director since 1991 |
| Anthony Burgess | Director since 2008 |
| Stephen Hiscock | Director since 2011 |
| Pierre Prentice | Director since 2012 |

Review of Operations

Operating profit after income tax for the half-year ended 31 December 2014 was \$14,802,000 (previous corresponding period: \$13,190,000). Operating profit after income tax includes \$158,000 of special dividends received (previous corresponding period: \$518,000).

On 10 November 2014 the Company issued 34,304,489 new shares at \$3.00 per share in a one for five rights issue.

Earnings per share based on profit after tax were 8.0 cents, an increase of 5% from the prior corresponding period having adjusted for the bonus element in the November 2014 one for five renounceable rights issue. Excluding special dividends received, earnings per share rose 7% to 7.9 cents per share.

Operating expenses (excluding finance expenses) were 0.07% of the average market value of the portfolio (previous corresponding period: 0.08%).

Dividends

The board has declared an interim dividend of 6.5 cents per share fully franked (previous corresponding period: 6.5 cents per share fully franked).

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 4 and forms part of the Directors' Report for the half-year ended 31 December 2014.

Rounding Off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Dated at Melbourne this 16th day of February 2015.

Signed in accordance with a resolution of the directors, for and on behalf of the board.

Charles Goode
Director



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Diversified United Investment Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2014 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

m Hinchliffe

Michelle Hinchliffe
Partner

Melbourne

16 February 2015

DIVERSIFIED UNITED INVESTMENT LIMITED

Statement of Profit or Loss and Other Comprehensive Income for the Six Months Ended 31 December 2014

| | <i>Note</i> | <i>31 December 2014 \$'000's</i> | <i>31 December 2013 \$'000's</i> |
|--|-------------|--|--|
| Revenue from investment portfolio | | 18,029 | 15,412 |
| Administration and other expenses | | (536) | (502) |
| Finance expenses | | (1,963) | (1,711) |
| Profit before income tax | | 15,530 | 13,199 |
| Income tax expense | | (728) | (9) |
| Profit | | 14,802 | 13,190 |
| Other Comprehensive Income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Revaluation of investment portfolio | | 2,396 | 77,484 |
| Provision for tax expense on revaluation of the investment portfolio | | (810) | (23,327) |
| Other comprehensive income net of income tax | | 1,586 | 54,157 |
| Total comprehensive income for the period | | 16,388 | 67,347 |
| Basic and diluted earnings per share (cents) | 4 | 8.0 | 7.6 |

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the condensed notes to the interim financial report set out on pages 9 to 12.

DIVERSIFIED UNITED INVESTMENT LIMITED

Balance Sheet as at 31 December 2014

| | Note | 31 December 2014 \$'000's | 30 June 2014 \$'000's |
|--------------------------------------|------|---------------------------------|-----------------------------|
| ASSETS | | | |
| Cash assets | | 37,961 | 6,868 |
| Receivables | | 1,154 | 6,480 |
| Other | | 65 | 47 |
| TOTAL CURRENT ASSETS | | <u>39,180</u> | <u>13,395</u> |
| Investment portfolio | 7 | 803,812 | 700,101 |
| TOTAL NON-CURRENT ASSETS | | <u>803,812</u> | <u>700,101</u> |
| TOTAL ASSETS | | <u>842,992</u> | <u>713,496</u> |
| LIABILITIES | | | |
| Payables | | 143 | 159 |
| Current tax liability | | 875 | 101 |
| TOTAL CURRENT LIABILITIES | | <u>1,018</u> | <u>260</u> |
| Provision for long service leave | | 17 | - |
| Borrowings – interest bearing | 9 | 85,013 | 64,780 |
| Deferred tax liability | 8 | 89,990 | 89,226 |
| TOTAL NON-CURRENT LIABILITIES | | <u>175,020</u> | <u>154,006</u> |
| TOTAL LIABILITIES | | <u>176,038</u> | <u>154,266</u> |
| NET ASSETS | | <u>666,954</u> | <u>559,230</u> |
| EQUITY | | | |
| Issued capital | 6 | 414,537 | 310,364 |
| Reserves | | 252,417 | 248,866 |
| TOTAL EQUITY | | <u>666,954</u> | <u>559,230</u> |

The Balance Sheet is to be read in conjunction with the condensed notes to the interim financial report set out on pages 9 to 12.

DIVERSIFIED UNITED INVESTMENT LIMITED

Statement of Changes in Equity for the Six Months ended 31 December 2014

| | <i>Issued Capital</i> | <i>Revaluation Reserve</i> | <i>Realisation Reserve</i> | <i>Retained Earnings</i> | <i>Total Equity</i> |
|---|---------------------------|--------------------------------|--------------------------------|------------------------------|-------------------------|
| | (\$'000) | (\$'000) | (\$'000) | (\$'000) | (\$'000) |
| Balance at 1 July 2013 | 304,214 | 160,783 | (18,541) | 45,544 | 492,000 |
| Comprehensive income | | | | | |
| Revaluation of investment portfolio | - | 77,484 | - | - | 77,484 |
| Tax expense on revaluation | - | (23,327) | - | - | (23,327) |
| Net realised gains and losses on investment portfolio | - | (472) | 472 | - | - |
| Tax benefit on net realised gains and losses | - | (23) | 23 | - | - |
| Net profit for the period | - | - | - | 13,190 | 13,190 |
| | - | 53,662 | 495 | 13,190 | 67,347 |
| Transactions with shareholders | | | | | |
| Dividend reinvestment plan | 3,168 | - | - | - | 3,168 |
| Dividends | - | - | - | (12,699) | (12,699) |
| | 3,168 | - | - | (12,699) | (9,531) |
| Balance at 31 December 2013 | 307,382 | 214,445 | (18,046) | 46,035 | 549,816 |
| Balance at 1 July 2014 | 310,364 | 215,179 | (14,510) | 48,197 | 559,230 |
| Comprehensive income | | | | | |
| Revaluation of investment portfolio | - | 2,396 | - | - | 2,396 |
| Tax expense on revaluation | - | (810) | - | - | (810) |
| Net realised gains and losses on investment portfolio | - | (3,840) | 3,840 | - | - |
| Tax expense on net realised gains and losses | - | 1,320 | (1,320) | - | - |
| Net profit for the period | - | - | - | 14,802 | 14,802 |
| | - | (934) | 2,520 | 14,802 | 16,388 |
| Transactions with shareholders | | | | | |
| Renounceable Rights Issue | 102,613 | - | - | - | 102,613 |
| Dividend reinvestment plan | 1,560 | - | - | - | 1,560 |
| Dividends | - | - | - | (12,837) | (12,837) |
| | 104,173 | - | - | (12,837) | 91,336 |
| Balance at 31 December 2014 | 414,537 | 214,245 | (11,990) | 50,162 | 666,954 |

The Statement of Changes in Equity should be read in conjunction with the condensed notes to the interim financial report set out on pages 9 to 12.

DIVERSIFIED UNITED INVESTMENT LIMITED

Statement of Cash Flows for the Six Months Ended 31 December 2014

| | 31 December 2014 \$'000's | 31 December 2013 \$'000's |
|--|---------------------------------|---------------------------------|
| Cash flows from operating activities | | |
| Interest received | 425 | 188 |
| Dividends and trust distributions received | 20,654 | 19,420 |
| Realised foreign exchange gains | 1,599 | - |
| Option premium income received | 392 | - |
| Administration and other expenses paid | (496) | (493) |
| Finance costs paid | (1,730) | (1,795) |
| | <hr/> | <hr/> |
| Net cash from operating activities | 20,844 | 17,320 |
| | <hr/> | <hr/> |
| Cash flows from investing activities | | |
| Proceeds from sale of investments | 16,073 | 21,304 |
| Purchases of investments | (117,198) | (24,408) |
| | <hr/> | <hr/> |
| Net cash used in investing activities | (101,125) | (3,104) |
| | <hr/> | <hr/> |
| Cash flows from financing activities | | |
| Proceeds from renounceable rights issue (net of costs) | 102,651 | - |
| Proceeds from additional borrowings | 20,000 | - |
| Dividends paid net of dividend reinvestment plan | (11,277) | (9,531) |
| | <hr/> | <hr/> |
| Net cash from/ (used in) financing activities | 111,374 | (9,531) |
| | <hr/> | <hr/> |
| Net increase in cash held | 31,093 | 4,685 |
| Cash and cash equivalents at 1 July | 6,868 | 10,732 |
| | <hr/> | <hr/> |
| Cash and cash equivalents at 31 December | <u>37,961</u> | <u>15,417</u> |

The Statement of Cash Flows should be read in conjunction with the condensed notes to the interim financial report set out on pages 9 to 12.

DIVERSIFIED UNITED INVESTMENT LIMITED

Condensed Notes to the Interim Financial Report for the Six Months Ended 31 December 2014

1. Reporting Entity

Diversified United Investment Limited (the 'Company') is a company domiciled in Australia.

The annual financial report of the Company as at and for the year ended 30 June 2014 is available upon request from the Company's office at Level 20, 101 Collins Street Melbourne Vic 3000 or at www.dui.com.au.

2. Statement of compliance

The interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the Company as at and for the year ended 30 June 2014.

This interim financial report was approved by the Board of Directors on 16 February 2015.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

3. Significant Accounting Policies

The accounting policies applied by the Company in this interim financial report are the same as those applied by the Company in the financial report at 30 June 2014.

Transactions in foreign currencies are translated into Australian dollars at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Australian dollars at the exchange rate at the reporting date. Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the translation of available for-sale equity investments are recognised in Other Comprehensive Income.

4. Earnings per share

| | <i>31 December 2014 Cents</i> | <i>31 December 2013 Cents</i> |
|--|---------------------------------------|---------------------------------------|
| Basic earnings per share | 8.0 | 7.6 |
| Basic Earnings per share excluding special dividends | 7.9 | 7.4 |

There are no factors which cause diluted earnings per share to be different from basic earnings per share.

The basic earnings per share for the half-year are calculated on a weighted average adjusted number of ordinary shares of 184,446,857 (previous corresponding period: 173,200,947) taking into account the shares issued in the dividend re-investment plan and having adjusted for the bonus element in the one for five renounceable rights issue. The comparative 31 December 2013 earnings per share have also been adjusted for the rights issue bonus element.

DIVERSIFIED UNITED INVESTMENT LIMITED

Condensed Notes to the Interim Financial Report for the Six Months Ended 31 December 2014

| | 31 December 2014 \$'000's | 31 December 2013 \$'000's |
|---|---------------------------------|---------------------------------|
| 5. Dividends | | |
| Dividends recognised in the current period by the Company are: | | |
| Final fully franked dividend of 7.5 cents per share paid on 25 September 2014 (previous corresponding period: 7.5 cents) | <u>12,837</u> | <u>12,699</u> |
| Subsequent to reporting date: | | |
| Since 31 December 2014, the directors have declared the following dividend payable on 17 March 2015: | | |
| Interim dividend of 6.5 cents per share fully franked, previous corresponding period: 6.5 cents | <u>11,149</u> | <u>11,071</u> |
| The financial effect of this dividend has not been brought to account in the financial statements for the period ended 31 December 2014. | | |
| | 31 December 2014 \$'000's | 30 June 2014 \$'000's |
| 6. Issued Capital: 205,820,910 fully paid ordinary shares | | |
| 171,516,421 ordinary fully paid shares (30 June 2014: 171,109,375) | 311,924 | 310,364 |
| 34,304,489 new ordinary fully paid shares issued under the one for five renounceable rights issue | 102,613 | - |
| Issued Capital | <u>414,537</u> | <u>310,364</u> |
| Movements in issued capital | | |
| Balance at beginning of period | 310,364 | 304,214 |
| Shares Issued | | |
| - Dividend re-investment plan (i) | 1,560 | 6,150 |
| - Renounceable rights issue (net of costs) (ii) | 102,613 | - |
| | <u>414,537</u> | <u>310,364</u> |
| (i) In respect of the 2014 final dividend paid on 25 September 2014, 407,046 shares were issued at \$3.8326 each under the dividend re-investment plan. | | |
| (ii) In respect of the renounceable rights issue on 10 November 2014, 34,304,489 shares were issued at \$3.00 under the ASX security code DUIN. | | |

DIVERSIFIED UNITED INVESTMENT LIMITED

Condensed Notes to the Interim Financial Report for the Six Months Ended 31 December 2014

7. Net Fair Values of Financial Assets and Liabilities

Valuation Approach

The Company's investments are readily traded on organised markets in a standard form.

The net fair value of investments is determined by valuing them at current quoted market prices at balance date.

In accordance with Australian Accounting Standards, this is considered "level 1" under the fair value measurement hierarchy, which is defined as quoted prices (unadjusted) in active markets for identical assets or liabilities.

For all other financial assets and liabilities, the carrying amount closely approximates its fair value.

| | 31 December 2014 \$'000's | 30 June 2014 \$'000's |
|--|---------------------------------|-----------------------------|
| 8. Deferred Tax Assets and Liabilities | | |
| Revaluation reserve – Provision for tax on unrealised gains on the equity investment portfolio | 96,904 | 97,483 |
| Other | - | 46 |
| Tax benefit of capital losses carried forward | (6,914) | (8,303) |
| Net deferred tax liabilities | <u>89,990</u> | <u>89,266</u> |
| 9. Borrowings | | |
| Non-Current | | |
| Loan Facility - Secured | <u>85,013</u> | <u>64,780</u> |

During the six months ended 31 December 2014, an additional \$20 million of secured bank bills were drawn down as follows:

| Amount | Maturity |
|--------------|-------------|
| \$10,000,000 | 2 July 2017 |
| \$5,000,000 | 2 July 2018 |
| \$5,000,000 | 2 July 2019 |

The total face value of the drawn facility at period end was \$85 million (30 June 2014: \$65 million). The liabilities are recorded at issue price plus accrued interest.

At 31 December 2014 the market value of investments secured against the loan facility was \$141 million.

DIVERSIFIED UNITED INVESTMENT LIMITED

Condensed Notes to the Interim Financial Report for the Six Months Ended 31 December 2014

10. *Segment Reporting*

The Company operates as an investment company in Australia, investing in listed Australian and International equities.

11. *Contingent Liabilities and Capital Commitments*

There were no contingent liabilities or capital commitments as at 31 December 2014.

12. *Related Parties*

All arrangements with related parties are consistent with those disclosed in the 30 June 2014 annual financial report.

13. *Events Subsequent to Balance Date*

There has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial periods.

DIVERSIFIED UNITED INVESTMENT LIMITED

Directors' Declaration

In the opinion of the directors of Diversified United Investment Limited ("the Company"):

1. The interim financial statements and notes set out on pages 5 to 12, are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the financial position of the Company as at 31 December 2014 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Melbourne this 16th day of February 2015.

Signed in accordance with a resolution of the Directors.

Charles Goode AC
Director



Independent auditor's review report to the members of Diversified United Investment Limited

We have reviewed the accompanying interim financial report of Diversified United Investment Limited, which comprises the balance sheet as at 31 December 2014, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the interim period ended on that date, notes 1 to 13 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is 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 Standard on Review Engagements ASRE 2410 *Review of a Financial Report 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 interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2014 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Diversified United Investment Limited, 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



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 Diversified United Investment Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2014 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

Michelle Hinchliffe
Partner

Melbourne

16 February 2015