

# **DIVERSIFIED UNITED INVESTMENT LIMITED**

ABN 33 006 713 177

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## **APPENDIX 4D STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

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### **CONTENTS**

- Results for announcement to the market
- Letter to Australian Securities Exchange
- Financial Statements
- Independent Audit Report

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# RESULTS FOR ANNOUNCEMENT TO THE MARKET

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The reporting period is the half year ended 31 December 2012 with the prior corresponding period being the half year ended 31 December 2011.

## Results for announcement to the market

- Revenue from ordinary activities was \$13.8 million, down 5% from the prior corresponding period.
- Profit after tax was \$11.6 million, down 2% from the prior corresponding period.
- In the latest period special dividends of \$99,000 were received (prior corresponding period included additional dividends received early of \$364,000).
- Excluding special dividends received Profit after tax fell 0.1%\*.
- Earnings per share were 6.9 cents, a decrease of 3% from the prior corresponding period. Excluding special dividends earnings per share fell 1.4%\* to 6.8\* cents per share.
- The total net profit for the period of \$11.6 million excludes net realised gains and losses which are transferred directly to the Asset Revaluation Reserve. This period net realised losses on the investment portfolio after tax were \$2,695,000 (prior corresponding period net realised losses: \$2,264,000).
- The interim dividend is 6.0 cents per share (6.0 cents for the prior corresponding period) fully franked payable on 15 March 2013. The record date for determining entitlement to the interim dividend is 27 February 2013.
- 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 \$3.12 at 31 December 2012, compared to \$2.64 at the end of the prior corresponding period. These calculations are after the tax effect of net realised gains, before estimated tax on net unrealised gains/losses and 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 average selling price of shares (without any discount) traded on the Australian Securities Exchange on the Record Date of 27 February 2013 and the three business days immediately preceding that date. The last day for receipt of an election notice for participation in the plan is 27 February 2013.

\* Additional non IFRS information, unaudited.

**DIVERSIFIED UNITED INVESTMENT LIMITED**  
(ABN 33 006 713 177)

**INTERIM FINANCIAL REPORT**  
**31 DECEMBER 2012**

# DIVERSIFIED UNITED INVESTMENT LIMITED

## **Directors**

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

## **Company Secretary**

Andrew 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](mailto:info@dui.com.au)  
Website: [www.dui.com.au](http://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](mailto:registrars@linkmarketservices.com.au)  
Website: [www.linkmarketservices.com.au](http://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 2012 and the auditors' review report thereon.

### **Directors**

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

<b>Name</b>	<b>Period of Directorship</b>
Charles Goode AC (Chairman)	Director since 1991
Anthony Burgess	Director since 2008
Stephen Hiscock	Appointed 16 November 2011
Pierre Prentice	Appointed 1 February 2012

### **Review of Operations**

Operating profit (excluding net gains or losses on investment portfolio) after income tax for the half-year ended 31 December 2012 was \$11,582,000 (previous corresponding period: \$11,860,000). Operating profit after income tax includes \$99,000 of special dividends received (previous corresponding period: \$364,000).

Operating expenses (excluding finance expenses) were 0.09% of the average market value of the portfolio (previous corresponding period: 0.08%).

### **Dividends**

The board has declared an interim dividend of 6 cents per share fully franked, the same as the previous corresponding period.

### **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 2012.

### **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 19th day of February 2013.

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 financial half-year ended 31 December 2012 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

*Michelle Hinchliffe*

Michelle Hinchliffe  
*Partner*

Melbourne

19 February 2013

# DIVERSIFIED UNITED INVESTMENT LIMITED

## *Income Statement for the Six Months Ended 31 December 2012*

	<i>Note</i>	<i>31 December 2012 \$'000's</i>	<i>31 December 2011 \$'000's</i>
Revenue from investment portfolio		13,842	14,612
Administration and other expenses		(478)	(454)
Finance expenses		(1,970)	(2,233)
<b>Operating profit before income tax expense</b>		<b>11,394</b>	<b>11,925</b>
Income tax benefit/ (expense)		188	(65)
<b>Profit for the period</b>		<b>11,582</b>	<b>11,860</b>
Basic and diluted earnings per share (cents)	4	6.9	7.1

The income statement is to be read in conjunction with the condensed notes to the interim financial report set out on pages 10 to 12.

**DIVERSIFIED UNITED INVESTMENT LIMITED**

***Statement of Comprehensive Income for the Six Months Ended 31 December 2012***

	<i>31 December 2012</i>	<i>31 December 2011</i>
	\$	\$
	\$'000's	\$'000's
<b>Profit for the period</b>	11,582	11,860
<b>Other Comprehensive income</b>		
Revaluation of investment portfolio for the period	67,196	(73,460)
Provision for tax benefit/ (expense) on investment portfolio revaluation for the period	(20,312)	21,676
	<hr/>	<hr/>
<b>Total other comprehensive income net of income tax</b>	46,884	(51,784)
	<hr/>	<hr/>
<b>Total comprehensive income <sup>1</sup></b>	58,466	(39,924)
	<hr/>	<hr/>

<sup>1</sup> This is the Company's total net return for the period, which includes the net operating profit plus the net realised and unrealised gains and losses on the Company's investment portfolio.

The statement of comprehensive income is to be read in conjunction with the condensed notes to the interim financial report set out on pages 10 to 12.



# DIVERSIFIED UNITED INVESTMENT LIMITED

## *Balance Sheet as at 31 December 2012*

	<i>Note</i>	<i>31 December 2012 \$'000's</i>	<i>30 June 2012 \$'000's</i>
<b>ASSETS</b>			
Cash assets		15,350	13,877
Receivables		889	9,582
Other		58	41
Current tax refundable		53	12
<b>TOTAL CURRENT ASSETS</b>		<b>16,350</b>	<b>23,512</b>
Investment portfolio		573,357	496,426
Other		-	10
<b>TOTAL NON-CURRENT ASSETS</b>		<b>573,357</b>	<b>496,436</b>
<b>TOTAL ASSETS</b>		<b>589,707</b>	<b>519,948</b>
<b>LIABILITIES</b>			
Payables		83	116
Call option obligations		119	-
Borrowings – interest bearing		19,800	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>20,002</b>	<b>116</b>
Borrowings – interest bearing		44,550	64,499
Deferred tax liability	7	55,891	35,725
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>100,441</b>	<b>100,224</b>
<b>TOTAL LIABILITIES</b>		<b>120,443</b>	<b>100,340</b>
<b>NET ASSETS</b>		<b>469,264</b>	<b>419,608</b>
<b>EQUITY</b>			
Issued capital	6	301,687	298,782
Reserves		167,577	120,826
<b>TOTAL EQUITY</b>		<b>469,264</b>	<b>419,608</b>

The balance sheet is to be read in conjunction with the condensed notes to the interim financial report set out on pages 10 to 12.

# DIVERSIFIED UNITED INVESTMENT LIMITED

## *Statement of Changes in Equity for the Six Months ended 31 December 2012*

	<i>Issued Capital (\$'000)</i>	<i>Revaluation Reserve (\$'000)</i>	<i>Realisation Reserve (\$'000)</i>	<i>Retained Earnings (\$'000)</i>	<i>Total Equity (\$'000)</i>
<b>Balance at 1 July 2011</b>	294,414	125,087	(6,257)	43,572	456,816
<b>Comprehensive income</b>					
Revaluation of investment portfolio	-	(73,460)	-	-	(73,460)
Tax benefit on revaluation	-	21,676	-	-	21,676
Net realised gains and losses on investment portfolio	-	2,858	(2,858)	-	-
Tax benefit on net realised gains and losses	-	(594)	594	-	-
Net operating profit for the period	-	-	-	11,860	11,860
	-	(49,520)	(2,264)	11,860	(39,924)
<b>Transactions with shareholders</b>					
Dividend reinvestment plan	2,037	-	-	-	2,037
Dividends paid	-	-	-	(11,587)	(11,587)
	2,037	-	-	(11,587)	(9,550)
<b>Balance at 31 December 2011</b>	296,451	75,567	(8,521)	43,845	407,342
<b>Balance at 1 July 2012</b>	298,782	89,663	(12,568)	43,731	419,608
<b>Comprehensive income</b>					
Revaluation of investment portfolio	-	67,196	-	-	67,196
Tax expense on revaluation	-	(20,312)	-	-	(20,312)
Net realised gains and losses on investment portfolio	-	3,580	(3,580)	-	-
Tax benefit on net realised gains and losses	-	(885)	885	-	-
Net operating profit for the period	-	-	-	11,582	11,582
	-	49,579	(2,695)	11,582	58,466
<b>Transactions with shareholders</b>					
Dividend reinvestment plan	2,905	-	-	-	2,905
Dividends paid	-	-	-	(11,715)	(11,715)
	2,905	-	-	(11,715)	(8,810)
<b>Balance at 31 December 2012</b>	301,687	139,242	(15,263)	43,598	469,264

The statement of changes in equity should be read in conjunction with the condensed notes to the interim financial report set out on pages 10 to 12.

# DIVERSIFIED UNITED INVESTMENT LIMITED

## Statement of Cash Flows for the Six Months Ended 31 December 2012

	31 December 2012 \$'000's	31 December 2011 \$'000's
<b>Cash flows from operating activities</b>		
Interest received	427	128
Dividends and trust distributions received	17,320	17,684
Other income	56	221
Administration and other expenses paid	(476)	(488)
Finance costs paid	(2,119)	(2,419)
Income tax paid	(40)	(84)
	15,168	15,042
<b>Net cash from operating activities</b>		
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	27,013	20,503
Purchases of investments	(31,898)	(17,801)
	(4,885)	2,702
<b>Net cash (used in)/ from investing activities</b>		
<b>Cash flows from financing activities</b>		
Dividends paid	(8,810)	(9,550)
	(8,810)	(9,550)
<b>Net cash used in financing activities</b>		
Net increase in cash held	1,473	8,194
Cash and cash equivalents at 1 July	13,877	272
	15,350	8,466
<b>Cash and cash equivalents at 31 December *</b>	15,350	8,466

\* Comprises cash and term deposits

The statement of cash flows should be read in conjunction with the condensed notes to the interim financial report set out on pages 10 to 12.

# DIVERSIFIED UNITED INVESTMENT LIMITED

## *Condensed Notes to the Interim Financial Report for the Six Months Ended 31 December 2012*

### **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 2012 is available upon request from the Company's office at Level 20, 101 Collins Street Melbourne Vic 3000 or at [www.dui.com.au](http://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 2012.

This interim financial report was approved by the Board of Directors on 19 February 2013.

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 2012.

### **4. Earnings per share**

	<i>31 December 2012 Cents</i>	<i>31 December 2011 Cents</i>
Basic earnings per share	6.9	7.1
Basic earnings per share excluding special and additional dividends	6.8	6.9

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 167,950,614 (previous corresponding period: 165,964,602) taking into account the shares issued in the dividend re-investment program.

# DIVERSIFIED UNITED INVESTMENT LIMITED

## *Condensed Notes to the Interim Financial Report for the Six Months Ended 31 December 2012*

<i>31 December 2012 \$'000's</i>	<i>31 December 2011 \$'000's</i>
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### **5. Dividends**

Dividends recognised in the current period by the Company are:

Final fully franked dividend of 7.0 cents per share paid on 21 September 2012, being the same as the previous corresponding period

<u>11,715</u>	<u>11,587</u>
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Subsequent to reporting date:

Since 31 December 2012, the directors have declared the following dividend payable on 15 March 2013:

Interim dividend of 6.0 cents per share fully franked, being the same as the previous corresponding period

<u>10,108</u>	<u>9,983</u>
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The financial effect of this dividend has not been brought to account in the financial statements for the period ended 31 December 2012.

<i>31 December 2012 \$'000's</i>	<i>30 June 2012 \$'000's</i>
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### **6. Issued Capital**

168,461,518 ordinary fully paid shares  
(30 June 2012: 167,315,099)

<u>301,687</u>	<u>298,782</u>
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Movements in issued capital

Balance at beginning of period

298,782	294,414
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Shares Issued

- Dividend re-investment plan

(i)

2,905	4,368
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<u>301,687</u>	<u>298,782</u>
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(i) In respect of the 2012 final dividend paid on 21 September 2012, 1,146,419 shares were issued at \$2.5333 each under the dividend re-investment plan.

# DIVERSIFIED UNITED INVESTMENT LIMITED

## *Condensed Notes to the Interim Financial Report for the Six Months Ended 31 December 2012*

	<i>31 December 2012 \$'000's</i>	<i>30 June 2012 \$'000's</i>
<b>7. <i>Deferred Tax Assets and Liabilities</i></b>		
Provision for tax on unrealised gains on investment portfolio	(66,142)	(44,945)
Other	-	(17)
Tax benefit of capital and income losses carried forward	10,251	9,237
Net tax liabilities	<u>(55,891)</u>	<u>(35,725)</u>

### **8. *Segment Reporting***

The Company operates as an investment company in Australia.

### **9. *Contingent Liabilities and Capital Commitments***

There were no contingent liabilities or capital commitments as at 31 December 2012.

### **10. *Related Parties***

All arrangements with related parties are consistent with those disclosed in the 30 June 2012 annual financial report.

### **11. *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 2012 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 19<sup>th</sup> day of February 2013.

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 2012, income statement and statement of comprehensive income, statement of changes in equity and statement of cash flows for the interim period ended on that date, notes 1 to 11 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 2012 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 2012 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

A handwritten signature in black ink, appearing to read 'Michelle Hinchliffe', written in a cursive style.

Michelle Hinchliffe  
*Partner*

Melbourne

19 February 2013