



# Diversified United Investment Limited

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## APPENDIX 4D FOR THE HALF YEAR ENDED 31 DECEMBER 2021

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- Results for Announcement to the Market
- Media Release
- Financial Statements
- Independent Auditor's Review 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 2021** with the prior corresponding period being the half year ended 31 December 2020.

The Report is based on audit reviewed financial statements. A copy of the Auditor's Review Report can be found on page 15.

## Results for announcement to the market

- Revenue from operating activities was \$22.9 million, a rise of 82.3% from the prior corresponding period.
- Profit after tax was \$19.2 million, an increase of 47.2% from the prior corresponding period. Net realised gains and losses on the direct investment portfolio are recorded in the Realisation Reserve.
- Profit after tax includes unrealised losses on unlisted managed fund investments of \$720,000 after tax (prior corresponding period gains: \$3,801,000) and special dividends received of \$1,178,000 after tax (prior corresponding period \$88,000). Excluding these items profit after tax rose 104.5%<sup>1</sup>.
- Earnings per share based on profit after tax rose 45.2% to 9.0 cents (prior corresponding period 6.2 cents). Excluding unrealised losses on unlisted managed fund investments and special dividends received, earnings per share rose 104.7%<sup>1</sup> to 8.8 cents. The weighted average number of ordinary shares for the period was 213,132,809 compared with 212,224,731 in the prior corresponding period, an increase of 0.4%.
- The interim dividend is 7.0 cents per share (7.0 cents for the prior corresponding period) fully franked payable on 18 March 2022. The record date for determining entitlement to the interim dividend is 24 February 2022.
- The interim dividend will not include any Listed Investment Company capital gain 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 23 February 2022 and the following four business days, without any discount. The last day for receipt of an election notice for participation in the plan is 25 February 2022.
- The net tangible asset backing per share based on the market valuation of investments was \$5.45 at 31 December 2021, compared with \$4.81 at the end of the prior corresponding period, an increase of 13.3%. These calculations are after tax on net realised gains, before any future tax benefit of net realised losses, before estimated tax on net unrealised gains/losses, and before provision for the interim dividend.

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<sup>1</sup> Additional non-IFRS information.

# DIVERSIFIED UNITED INVESTMENT LIMITED

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16 February 2022

## **ASX Announcement**

### **Financial Results and Dividend Announcement for the Half Year Ended 31 December 2021**

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 2021 was \$19,238,000 (previous corresponding period: \$13,073,000), an increase of 47.2%.

Profit after tax includes unrealised losses on unlisted managed fund investments of \$720,000 after tax (previous corresponding period: gain of \$3,801,000) and special dividends of \$1,178,000 after tax (previous corresponding period: \$88,000). Excluding these items, profit after tax rose by 104.5%<sup>1</sup>.

Net profit has improved as a result of the broader recovery in dividend income seen throughout the market and significant dividends received from BHP and Rio Tinto following strong iron ore prices through early to mid 2021.

The profit for the half year excludes net realised gains and losses on listed investments which are transferred directly to the Realisation Reserve. The net realised losses on the listed investment portfolio after tax for the half year were \$2,216,000 (previous corresponding period: loss of \$9,013,000).

#### **Earnings Per Share**

Earnings per share based on profit after tax was 9.0 cents (previous corresponding period: 6.2 cents). Excluding unrealised losses on unlisted managed fund investments and special dividends received, earnings per share increased 104.7% to 8.8<sup>1</sup> cents per share (previous corresponding period: 4.3 cents).

The weighted average number of ordinary shares for the half year was 213,132,809 (previous corresponding period: 212,224,731) taking into account the shares issued in the dividend reinvestment plan.

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<sup>1</sup> Additional non-IFRS information.

### **Dividends**

The Directors have declared an interim dividend of 7.0 cents per share fully franked at 30% to shareholders registered on 24 February 2022, to be paid on 18 March 2022. The comparable 2021 interim dividend was 7.0 cents per share fully franked at 30%.

### **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 23 February 2022 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 25 February 2022.

### **Asset Backing**

The net tangible asset backing per share based on the market valuation of investments was \$5.45 at 31 December 2021 and \$5.15 at 31 January 2022. These calculations are after tax on net realised gains, but before any future tax benefit of net 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 \$4.49 at 31 December 2021 and \$4.28 at 31 January 2022.

### **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 2021 was a rise of 3.4% while the S&P/ASX 200 accumulation index rose 3.8% 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.

Including the value of franking credits for shareholders who can fully utilise them, the Company’s accumulation return for the half year to 31 December 2021 was an increase of 4.1% compared to an increase of 4.6% in the S&P/ASX 200 Franking Credit Adjusted Total Return Index.

The Company’s relative performance for the half year was assisted by overweight allocations to Sydney Airport, IDP Education and exposure to US markets, and underweight allocation to the domestic Information Technology sector.

Relative performance was held back by overweight allocations to Rio Tinto, Washington Soul Pattinson and Transurban, and underweight allocation to the Utilities and Real Estate sectors.

### **Management Expense Ratio**

At 31 December 2021, annualised operating expenses (excluding finance costs) were 0.12% of the average market value of the portfolio (previous corresponding period: 0.13%). Including the management fees of the international exchange traded funds and managed funds in which the Company is invested, the expense ratio was 0.17% (previous corresponding period: 0.18%).

### **Portfolio**

The Company made net investments during the half year of around \$41M financed by reducing our funds held in cash and short-term receivables by around \$13.5M and increasing borrowings by \$27.5M.

Portfolio turnover for the half year to 31 December 2021 was 2.8%. The largest additions to and sales from the portfolio for the half year were as follows:

<b>Purchases</b>		<b>Sales</b>	
BHP <sup>(1)</sup>	\$20.3M	LendLease <sup>(2)</sup>	\$9.7M
Perpetual <sup>(1)</sup>	\$11.4M	Origin Energy <sup>(2)</sup>	\$6.2M
Transurban <sup>(1)</sup>	\$9.9M	Aurizon <sup>(2)</sup>	\$6.1M
Ramsay Health <sup>(1)</sup>	\$9.7M	Australian Unity Office Fund <sup>(2)</sup>	\$4.9M
CSL <sup>(1)</sup>	\$8.0M	Napier Ports <sup>(2)</sup>	\$4.5M

(1) Additions to existing positions.

(2) Fully disposed of holding.

At 31 December bank facilities were \$150M, drawn as to \$145M, and cash and short-term receivables were \$6.1M. 19.3% of the portfolio was invested in international equities through Exchange Traded Index Funds and four unlisted managed funds.

### **Outlook**

The outlook for the current financial year is considered to be a cautionary one, with economic recovery from the COVID-19 pandemic and higher oil, gas and metal prices in an environment of concern as to inflation, higher interest rates, government deficits and geopolitical tensions.

## Investment Portfolio

As at 31 December 2021 the twenty-five largest shareholdings of the company, at market values were:

<b>Australian Equities</b>	<b>Market Value \$'000</b>	<b>% of Total Investments</b>
CSL Ltd	172,756	13.2%
Commonwealth Bank of Australia Ltd	101,000	7.7%
Transurban Group	86,375	6.6%
BHP Billiton Ltd	74,700	5.7%
Australia & New Zealand Banking Group Ltd	55,020	4.2%
Rio Tinto Ltd	50,055	3.8%
Sydney Airport Group	38,626	2.9%
Westpac Banking Corporation	38,430	2.9%
Aristocrat Leisure Ltd	34,856	2.7%
Washington H Soul Pattinson & Company Ltd	29,610	2.3%
Wesfarmers Ltd	28,760	2.2%
Ramsay Health Care Ltd	28,600	2.2%
Atlas Arteria Ltd Ordinary Stapled Sec	27,680	2.1%
Woodside Petroleum Ltd	26,974	2.1%
Computershare Ltd	26,500	2.0%
Sonic Healthcare Ltd	23,315	1.8%
Woolworths Ltd	20,906	1.6%
Perpetual Ltd	18,205	1.4%
Resmed Inc	17,890	1.4%
<b>Total Australian Equities in Top 25:</b>	<b>900,258</b>	<b>68.8%</b>
<b>International Equities</b>		
Vanguard US Total Market	53,381	4.1%
Vanguard Information Tech ETF	47,345	3.6%
Vanguard All World Ex- US	43,095	3.3%
iShares TR MSCI USA Min Vol ETF	31,210	2.4%
Northcape Capital Global Emerging Market Fund	23,651	1.8%
iShares Global Healthcare ETF	18,673	1.4%
<b>Total International Equities in Top 25:</b>	<b>217,355</b>	<b>16.6%</b>
<b>Total Top 25 Australian &amp; International Equities</b>	<b>1,117,613</b>	<b>85.4%</b>
<b>Total Investments at Market Value, Net Short-Term Receivables and Cash</b>	<b>1,309,029</b>	

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

**INTERIM FINANCIAL REPORT**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2021**

# DIVERSIFIED UNITED INVESTMENT LIMITED

## *Directory*

### ***Directors***

Charles B Goode AC - Chairman  
Anthony R Burgess  
Stephen G Hiscock  
Andrew J P Larke

### ***Company Secretary***

James A Pollard FGIA CA

### ***Registered Office***

Level 20  
101 Collins Street  
Melbourne VIC 3000  
Tel: +61 3 9654 0499  
Email: [info@dui.com.au](mailto:info@dui.com.au)

### ***Website***

[www.dui.com.au](http://www.dui.com.au)

### ***Bankers***

Australia and New Zealand Banking Group Limited  
National Australia Bank Limited

### ***Auditors***

KPMG  
Chartered Accountants

### ***Share Registry***

Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000  
Locked Bag A14  
Sydney South NSW 1235  
Tel: +61 1300 554 474  
Email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)  
Web: [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**

***Interim Financial Report  
for the six months ended 31 December 2021***

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# DIVERSIFIED UNITED INVESTMENT LIMITED

## *Directors' Report*

The Directors of Diversified United Investment Limited present their Directors' Report together with the financial report for the half-year ended 31 December 2021 and the auditor's review report thereon.

### **Directors**

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

<b>Name</b>	<b>Period of Directorship</b>
Charles Goode AC (Chairman)	Appointed September 1991
Anthony Burgess	Appointed September 2008
Stephen Hiscock	Appointed November 2011
Andrew Larke	Appointed March 2015

### **Review of Operations**

Profit after income tax for the half-year ended 31 December 2021 was \$19,238,000 (prior corresponding period: \$13,073,000). Profit after income tax includes unrealised losses on unlisted managed fund investments of \$720,000 after tax (prior corresponding period: gain of \$3,801,000) and special dividends of \$1,178,000 after tax (prior corresponding period: \$88,000).

Earnings per share based on profit after tax was 9.0 cents (prior corresponding period: 6.2 cents). Excluding unrealised losses on unlisted managed fund investments and special dividends received, earnings per share increased 104.7% to 8.8 cents per share (prior corresponding period: 4.3 cents).

At 31 December 2021, annualised operating expenses (excluding finance costs) were 0.12% of the average market value of the portfolio (previous corresponding period: 0.13%). Including the management fees of the international exchange traded funds and managed funds in which the Company is invested, the expense ratio was 0.17% (previous corresponding period: 0.18%).

### **Dividends**

The Board has declared an interim dividend of 7.0 cents per share fully franked (prior corresponding period: 7.0 cents per share fully franked).

### **Lead Auditor's Independence Declaration**

The Lead Auditor's Independence Declaration is set out on page 5 and forms part of the Directors' Report for the half-year ended 31 December 2021.

### **Rounding Off**

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the Interim Financial Report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors, for and on behalf of the Board.

Charles Goode  
Chairman  
16 February 2022



# 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 of Diversified United Investment Limited for the half-year ended 31 December 2021 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.

A stylized, handwritten-style version of the KPMG logo, where the letters are interconnected and the lines are thick and black.

KPMG

A handwritten signature in black ink, appearing to read 'Chris Sargent', written in a cursive, flowing style.

Chris Sargent

*Partner*

Melbourne

16 February 2022

**DIVERSIFIED UNITED INVESTMENT LIMITED**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**for the six months ended 31 December 2021**

	Note	31 December 2021 \$'000	31 December 2020 \$'000
Revenue from investment portfolio		22,891	12,555
Net unrealised (losses) / gains on unlisted investments		(1,029)	5,429
Administration and other expenses		(735)	(693)
Finance expenses		(1,078)	(1,259)
<b>Profit before income tax</b>		<b>20,049</b>	<b>16,032</b>
Income tax expense	8	(811)	(2,959)
<b>Profit</b>		<b>19,238</b>	<b>13,073</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Revaluation of investment portfolio		21,184	80,472
Provision for tax expense on revaluation of investment portfolio		(6,461)	(24,191)
<b>Other comprehensive profit net of income tax</b>		<b>14,723</b>	<b>56,281</b>
<b>Total comprehensive profit</b>		<b>33,961</b>	<b>69,354</b>
Basic and diluted earnings per share (cents)	4	9.0	6.2

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements set out on pages 10 to 13.

**DIVERSIFIED UNITED INVESTMENT LIMITED**

**Balance Sheet**  
**as at 31 December 2021**

	Note	31 December 2021 \$'000	30 June 2021 \$'000
<b>Current assets</b>			
Cash assets		3,778	5,156
Receivables		2,305	9,506
Other		116	117
<b>Total current assets</b>		6,199	14,779
<b>Non-current assets</b>			
Investment portfolio	7	1,302,946	1,242,603
<b>Total non-current assets</b>		1,302,946	1,242,603
<b>Total assets</b>		1,309,145	1,257,382
<b>Current liabilities</b>			
Payables		678	321
Current tax payable		358	714
Borrowings – interest bearing	10	72,500	-
<b>Total current liabilities</b>		73,536	1,035
<b>Non-current liabilities</b>			
Borrowings – interest bearing	10	72,500	117,500
Deferred tax liability	9	205,706	199,688
<b>Total non-current liabilities</b>		278,206	317,188
<b>Total liabilities</b>		351,742	318,223
<b>Net assets</b>		957,403	939,159
<b>Equity</b>			
Issued capital	6	444,476	442,098
Reserves		512,927	497,061
<b>Total equity</b>		957,403	939,159

The Balance Sheet is to be read in conjunction with the Notes to the Financial Statements set out on pages 10 to 13.

**DIVERSIFIED UNITED INVESTMENT LIMITED**

**Statement of Changes in Equity  
for the six months ended 31 December 2021**

	Issued Capital \$'000	Revaluation Reserve \$'000	Realisation Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
<b>As at 1 July 2020</b>	437,714	303,750	(7,455)	70,241	804,250
<b>Comprehensive Income</b>					
Revaluation of investment portfolio	-	80,472	-	-	80,472
Tax expense on revaluation	-	(24,191)	-	-	(24,191)
Net realised losses on investment portfolio	-	12,168	(12,168)	-	-
Tax benefit on net realised losses	-	(3,155)	3,155	-	-
Profit	-	-	-	13,073	13,073
Transfer unrealised gains on unlisted investments to Revaluation Reserve	-	5,429	-	(5,429)	-
Tax expense on unrealised gains on unlisted investments	-	(1,629)	-	1,629	-
	-	69,094	(9,013)	9,273	69,354
<b>Transactions with shareholders</b>					
Dividend reinvestment plan	2,414	-	-	-	2,414
Dividends	-	-	-	(18,010)	(18,010)
	2,414	-	-	(18,010)	(15,596)
<b>As at 31 December 2020</b>	440,128	372,844	(16,468)	61,504	858,008
	Issued Capital \$'000	Revaluation Reserve \$'000	Realisation Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
<b>As at 1 July 2021</b>	442,098	447,568	(17,483)	66,976	939,159
<b>Comprehensive Income</b>					
Revaluation of investment portfolio	-	21,184	-	-	21,184
Tax expense on revaluation	-	(6,461)	-	-	(6,461)
Net realised losses on investment portfolio	-	3,166	(3,166)	-	-
Tax benefit on net realised losses	-	(950)	950	-	-
Profit	-	-	-	19,238	19,238
Transfer unrealised losses on unlisted investments to Revaluation Reserve	-	(1,029)	-	1,029	-
Tax benefit on unrealised losses on unlisted investments	-	309	-	(309)	-
	-	16,219	(2,216)	19,958	33,961
<b>Transactions with shareholders</b>					
Dividend reinvestment plan	2,378	-	-	-	2,378
Dividends	-	-	-	(18,095)	(18,095)
	2,378	-	-	(18,095)	(15,717)
<b>As at 31 December 2021</b>	444,476	463,787	(19,699)	68,839	957,403

The Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements set out on pages 10 to 13.

# DIVERSIFIED UNITED INVESTMENT LIMITED

## Statement of Cash Flows for the six months ended 31 December 2021

	31 December 2021 \$'000	31 December 2020 \$'000
<b>Cash flows from operating activities</b>		
Interest received	5	106
Dividends and trust distributions received	23,460	11,109
Foreign income	6,408	4,038
Option premium income received	-	63
Administration and other expenses paid	(541)	(503)
Finance costs paid	(914)	(1,364)
Income taxes paid	(1,420)	(1,498)
<b>Net cash flow from operating activities</b>	<b>26,998</b>	<b>11,951</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	36,733	35,756
Purchases of investments	(76,892)	(76,716)
<b>Net cash flow used in investing activities</b>	<b>(40,159)</b>	<b>(40,960)</b>
<b>Cash flows from financing activities</b>		
Dividends paid net of dividend reinvestment plan	(15,717)	(15,596)
Proceeds from borrowings	27,500	15,000
<b>Net cash flow from / (used in) financing activities</b>	<b>11,783</b>	<b>(596)</b>
Net decrease in cash held	(1,378)	(29,605)
Cash and cash equivalents at 1 July	5,156	33,092
<b>Cash and cash equivalents at 31 December</b>	<b>3,778</b>	<b>3,487</b>

The Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements set out on pages 10 to 13.

# DIVERSIFIED UNITED INVESTMENT LIMITED

## *Notes to the Financial Statements for the six months ended 31 December 2021*

### **1. Reporting Entity**

Diversified United Investment Limited (the 'Company') is a for-profit Company domiciled in Australia.

The Annual Financial Report of the Company as at and for the year ended 30 June 2021 is available on the Company's website 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 2021.

This Interim Financial Report was approved by the Board of Directors on 16 February 2022.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 and in accordance with the Instrument, amounts in the Interim Financial Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

### **3. Basis of preparation**

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 as at and for the year ended 30 June 2021.

The interim financial report is prepared on a going concern basis. DUI has prepared an assessment of its ability to continue as a going concern, taking into account all available information for a period of 12 months from the date of these financial statements. The net deficiency of current assets over current liabilities for the period ended 31 December 2021 of \$67.3 million arises due to \$72.5 million of borrowing facilities being due within 12 months. These facilities are expected to renew before expiry in July 2022. In addition, DUI has access to cash from its highly liquid equity portfolio should funds be required.

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

	<b>31 December 2021 Cents</b>	<b>31 December 2020 Cents</b>
Basic and diluted earnings per share	9.0	6.2
Basic and diluted earnings per share excluding special dividends and unrealised (losses) / gains on unlisted managed fund investments	8.8	4.3

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

Unrealised losses on unlisted investments after tax included in earnings were \$720,000 for the half year ended 31 December 2021 (prior corresponding period: gain of \$3,800,000).



# DIVERSIFIED UNITED INVESTMENT LIMITED

## *Notes to the Financial Statements for the six months ended 31 December 2021*

### 4. *Earnings per share (continued)*

Special dividends of \$1,178,000 after tax were received for the half year ended 31 December 2021 (prior corresponding period: \$88,000).

The earnings per share for the half-year are calculated on a weighted average adjusted number of ordinary shares of 213,132,809 (prior corresponding period: 212,224,731) taking into account the shares issued in the dividend reinvestment plan.

### 5. *Dividends*

	31 December 2021 \$'000	31 December 2020 \$'000
Dividends recognised in the current period by the Company are:		
Final fully franked dividend of 8.5 cents per share paid on 23 September 2021 (prior corresponding period: 8.5 cents)	18,095	18,010
Since 31 December 2021, the Directors have declared the following dividend payable on 18 March 2022:		
Interim dividend of 7.0 cents per share fully franked (prior corresponding period: 7.0 cents)	14,934	14,873
The financial effect of this dividend has not been brought to account in the Interim Financial Report for the period ended 31 December 2021.		

### 6. *Issued Capital*

	31 December 2021 \$'000	30 June 2021 \$'000
213,340,526 ordinary fully paid shares (30 June 2021: 212,885,526)	444,476	442,098
Movements in issued capital:		
Balance at beginning of period	442,098	437,714
Shares issued		
Dividend reinvestment plan (i)	2,378	4,384
	444,476	442,098

(i) In respect of the 2021 final dividend paid on 23 September 2021, 455,000 shares were issued at \$5.2388 each under the dividend reinvestment plan.

# DIVERSIFIED UNITED INVESTMENT LIMITED

## *Notes to the Financial Statements for the six months ended 31 December 2021*

### 7. *Net Fair Values of Financial Assets and Liabilities*

#### *Valuation approach*

Net fair values of financial assets and liabilities are determined by the Company on the following basis:

#### *Recognised financial instruments*

Listed securities included in "Investments" are readily traded on organised markets in a standardised form. The net fair value of listed securities is determined by valuing them at the last quoted market price as 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.

The net fair value of unlisted managed funds is determined by valuing them at the net asset value provided by the fund manager as at balance date. Unlisted managed funds included in "Investments" are considered "Level 2" under the fair value measurement hierarchy, which is defined as inputs other than quoted prices, which can be observed either directly (as prices) or indirectly (derived from prices).

As at 31 December 2021, the Company's Level 1 investments totalled \$1,264,918,000 (30 June 2021: \$1,203,547,000) and Level 2 investments totalled \$38,028,000 (30 June 2021: \$39,056,000).

#### *Fixed interest borrowings*

At 31 December 2021, the fair value of the Company's fixed interest rate borrowings was \$33,539,000 (30 June 2021: \$33,946,000) while the face value was \$32,500,000 (30 June 2021: \$32,500,000).

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

### 8. *Taxation*

	31 December 2021 \$'000	31 December 2020 \$'000
<b>Income Tax and Other Adjustments</b>		
Prior year over / (under) provision on deferred tax	78	(390)
Deferred tax adjustments	443	(1,536)
Current income tax expense	(1,332)	(1,033)
<b>Tax expense attributable to profit</b>	<b>(811)</b>	<b>(2,959)</b>

### 9. *Deferred Tax Assets and Liabilities*

	31 December 2021 \$'000	30 June 2021 \$'000
Revaluation Reserve – Provision for tax on net unrealised gains on the equity investment portfolio	208,443	201,033
Tax effect of sundry items	286	844
Tax benefit of capital losses carried forward	(3,023)	(2,189)
<b>Net deferred tax liabilities</b>	<b>205,706</b>	<b>199,688</b>

# DIVERSIFIED UNITED INVESTMENT LIMITED

## *Notes to the Financial Statements for the six months ended 31 December 2021*

### 10. Borrowings

	31 December 2021 \$'000	30 June 2021 \$'000
<b>Current</b>		
Bank borrowings - secured	72,500	-
<b>Non-current</b>		
Bank borrowings - secured	72,500	117,500
	145,000	117,500

The total face value of the drawn facilities at period end was \$145.0 million (30 June 2021: \$117.5 million).

At 31 December 2021 the market value of investments secured against the loan facility was \$347 million (30 June 2021: \$365 million).

### 11. Segment Reporting

The Company operates as an investment company in Australia.

At 31 December 2021, \$1,049,837,000 or 80.2% of the investment portfolio is in Australian equities (30 June 2021: \$1,008,417,000 or 80.2%) and \$253,109,000 or 19.3% of the investment portfolio is in international equities (30 June 2021: \$234,186,000 or 18.6%).

Income received from these segments during the period totalled \$20,980,000 or 91.7% of total investment portfolio revenue from Australian equities (prior corresponding period: \$10,622,000 or 84.6%) and \$1,905,000 or 8.3% of total investment portfolio revenue from international equities (prior corresponding period: \$1,783,000 or 14.2%).

### 12. Contingent Liabilities and Capital Commitments

There were no contingent liabilities or capital commitments as at 31 December 2021.

### 13. Related Parties

All arrangements with related parties are consistent with those disclosed in the Annual Financial Report as at and for year ended 30 June 2021.

### 14. 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 items, transactions or events 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 6 to 13, 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 2021 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.

Signed in accordance with a resolution of the Directors.

Charles Goode  
Chairman  
16 February 2022



# Independent Auditor's Review Report

To the shareholders of Diversified United Investment Limited

## Report on the Interim Financial Report

### Conclusion

We have reviewed the accompanying **Interim Financial Report** of Diversified United Investment Limited.

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 does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the six months ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Balance sheet as at 31 December 2021;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the six months ended on that date;
- Notes 1 to 14 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



## Responsibilities of the Directors 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*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the six months ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.

KPMG

Chris Sargent  
*Partner*

Melbourne  
16 February 2022