

DIVERSIFIED UNITED INVESTMENT LIMITED

ABN 33 006 713 177

APPENDIX 4E STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the year ended 30 June 2013 with the corresponding period being the year ended 30 June 2012.

Results for announcement to the market

- Revenue from ordinary activities was \$28.1 million, up 4% from the prior corresponding period.
- Profit after tax and before net realised and unrealised losses/gains on the investment portfolio was \$23.6 million, up 9% from the prior corresponding period. Net realised gains and losses are recorded in the Asset Realisation Reserve.
- This year special dividends of \$922,225 after tax were received. Last year no special dividends were received.
- Earnings per share based on profit after tax were 14.0 cents, an increase of 7% from the prior corresponding period. Excluding the special dividends received, earnings per share rose 3% to 13.5 cents per share. The weighted average number of ordinary shares for the year was 168,447,029 as against 166,437,026 in the previous year, an increase of 1.2%.
- The final dividend is 7.5 cents per share (7.0 cents for the previous period) fully franked, making total dividends for the year 13.5 cents fully franked, an increase of 3.8% on the previous year. The final dividend is payable on 25 September 2013. The record date for determining entitlement to the final dividend is 29 August 2013.
- The final 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 \$3.28 at 30 June 2013, compared to \$2.72 at the end of the previous corresponding period, a rise of 21%. These calculations are after the tax effect of realised gains, before estimated tax on net unrealised gains/losses and before provision for the final 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 traded on the Australian Securities Exchange on the Record Date of 29 August 2013 and the three business days immediately preceding that date, without any discount. The last day for receipt of an election notice for participation in the plan is 29 August 2013.

DIVERSIFIED UNITED INVESTMENT LIMITED

ABN 33 006 713 177

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101 COLLINS STREET
MELBOURNE VIC 3000
Australia

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

15 August 2013

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 Year Ended 30 June 2013

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

Profit and Realised Capital Gains

Profit after income tax for the year ended 30 June 2013 was \$23,639,000 (previous corresponding period: \$21,729,000) a rise of 8.8%, or 4.5% before special dividends received of \$922,225 after tax (previous corresponding period: nil).

The profit for the year excludes net realised gains and losses which are transferred directly to the Asset Revaluation Reserve. The net realised losses on the investment portfolio after tax for the year were \$5,973,000 (previously losses of \$6,311,000).

Operating expenses (excluding interest) were 0.17% of the average market value of the portfolio (previously 0.17%).

Earnings Per Share

Earnings per share based on the weighted average number of shares on issue for the year were 14.0 cents per share compared to 13.1 cents for the year to 30 June 2012. Excluding the special dividends, earnings per share rose 3% to 13.5 cents. The weighted average number of ordinary shares for the year was 168,447,029 as against 166,437,026 in the previous year, an increase of 1.2%.

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Dividends

The Directors have declared a final dividend of 7.5 cents per share fully franked to shareholders registered on 29 August 2013, to be paid on 25 September 2013. The comparable 2012 final dividend was 7 cents per share fully franked. Together with the interim dividend of 6 cents per share, total dividends for the year are 13.5 cents per share, fully franked.

LIC Capital Gains

The final 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 average selling price of shares traded on the Australian Securities Exchange on the Record Date of 29 August 2013 and the three business days immediately preceding that date, without any discount. The last day for the receipt of an election notice for participation in the plan is 29 August 2013.

Asset Backing

The net tangible asset backing per share based on the market valuation of investments was \$3.28 at 30 June 2013 and \$3.47 at 31 July 2013. These calculations are after the tax effect of realised gains, before estimated tax on net unrealised gains and losses and before provision for the final 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 \$2.91 at 30 June 2013 and \$3.04 at 31 July 2013.

Performance

The Company's net asset backing accumulation performance (assuming all dividends were reinvested, and after all expenses and tax) for the year to 30 June 2013 was a rise of 25.7% while the S&P/ASX 300 accumulation index rose 21.9% over the same period. The Company's accumulation performance is after all expenses, tax, and the impact of the Company's gearing, and such items are not included in the S&P/ASX index.

Annual General Meeting

The Annual General Meeting of the Company will be held on Tuesday 15 October 2013 at 9.00 am at the offices of KPMG, 147 Collins Street, Melbourne.

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Investment Portfolio

As at 30 June 2013 the twenty-five largest shareholdings of the company, at market values were:

Company	Market Value \$'000	% of Market Value of Total Investments
1. Commonwealth Bank of Australia Ltd	55,344	8.9%
2. ANZ Banking Group Ltd	54,302	8.8%
3. Westpac Banking Corporation Ltd	51,984	8.4%
4. BHP Billiton Ltd	50,192	8.1%
5. Woodside Petroleum Ltd	36,761	5.9%
6. National Australia Bank Ltd	35,616	5.7%
7. CSL Ltd	34,793	5.6%
8. Rio Tinto Ltd	28,804	4.6%
9. Woolworths Ltd	22,967	3.7%
10. Transurban Group	20,280	3.3%
11. Wesfarmers Ltd PPS and Ordinary	18,042	2.9%
12. QBE Insurance Group Ltd	15,844	2.6%
13. AGL Energy Ltd	13,515	2.2%
14. Washington H Soul Pattinson & Co Ltd	13,150	2.1%
15. Westfield Group	11,440	1.8%
16. Mystate Ltd	11,024	1.8%
17. Asciano Ltd	10,040	1.6%
18. AMP Ltd	9,562	1.5%
19. Origin Energy Ltd	9,427	1.5%
20. Orica Ltd	8,260	1.3%
21. Worley Parsons Ltd	7,796	1.3%
22. Brambles Ltd	6,538	1.1%
23. Brickworks Ltd	6,350	1.0%
24. Computershare Ltd	6,162	1.0%
25. BT Investment Management Ltd	6,120	1.0%
	544,313	87.7%
Total Investments at Market Value, Short Term Receivables and Cash	620,329	

Yours faithfully,

A J Hancock
Company Secretary

DIVERSIFIED UNITED INVESTMENT LIMITED
(ABN 33 006 713 177)

ANNUAL FINANCIAL REPORT
30 JUNE 2013

DIVERSIFIED UNITED INVESTMENT LIMITED

Directors' Report

The directors present their report together with the financial report of Diversified United Investment Limited for the financial year ended 30 June 2013 and the auditor's report thereon.

Directors

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

Charles Goode AC, B.Com (Hons) (Melb), MBA (Columbia), Hon LLD (Melb), Hon LLD (Mon).

Non-Executive Chairman

Appointed Chairman September 1991

Mr Goode is the Chairman of the Boards of Australian United Investment Company Limited (since 1990), The Ian Potter Foundation Limited (governor since 1987) and Flagstaff Partners Pty Ltd (since 2010). Formerly Mr Goode was a director of Australia and New Zealand Banking Group Limited (1991 – 2010, Chairman 1996 – 2010), Woodside Petroleum Limited (1988 – 2007, Chairman 1999 – 2007) and Grosvenor Australia Properties Pty Limited (Chairman 2008 - 2012).

Anthony Burgess CPA, F.Fin, B.Com (Hons) (Melb), MBA (Dist'n) (Harvard)

Non-Executive Director

Appointed September 2008

Mr Burgess has 30 years' experience in corporate finance in Melbourne, London and New York. He is currently Chief Executive Officer of Flagstaff Partners Pty Ltd (since 2010), an independent corporate finance advisory firm. He was formerly Global Co-Head of Mergers and Acquisitions at Deutsche Bank AG, based in London. He is a Governor of The Ian Potter Foundation Limited (since 2013), Chairman of the Foundation for Business and Economics at the University of Melbourne and a Director of the Melbourne Business School Limited.

Stephen Hiscock B.Com (Melb), M.App.Fin (Macq), F.Fin

Non-Executive Director

Appointed 16 November 2011

Mr Hiscock is Chairman and a founding shareholder of SG Hiscock & Company Ltd (SGH), a fund manager specialising in Australian Equities and REITs. Prior to setting up SGH, Mr Hiscock was Chief Investment Officer, National Asset Management Ltd (NAM), a subsidiary of National Australia Bank Ltd and he was also the Chairman of their Asset Allocation Committee. Prior to that he was the Head of NAM's Australian Equities team (for 5 years) and the Head of NAM's Property Team. He is the Chairman of the Company's Nomination and Remuneration Committee.

Pierre Prentice CA, B. Com (Wellington N.Z.)

Non-Executive Director

Appointed 1 February 2012

In 1999 Mr Prentice co-founded JCP Investment Partners (JCP) of which he was a director until 2012. Until 2010, he was JCP's Head of Research. Prior to joining JCP, he worked in institutional broker research and became Executive Vice President of BT Australia where he was head of industrial research for BT Stockbroking and a member of their Executive Committee. His earlier career was as a Chartered Accountant and he was a partner of KPMG Peat Marwick. He is Chairman of the Company's Audit Committee.

DIVERSIFIED UNITED INVESTMENT LIMITED

Directors' Report (Continued)

Company Secretary

Andrew Hancock FCA, B.Ec (Mon), Grad. Dip. CDP (RMIT)

Company Secretary

Appointed September 1991

Mr Hancock is also Company Secretary of Australian United Investment Company Ltd (since 1995), has served as Chairman and is currently Secretary of the Australian Listed Investment Companies Association and is Chairman or a director of a number of private investment companies.

Operating and Financial Review

The principal activity of the Company is that of investment. The directors have sought to invest in a diversified portfolio of investments with the objective of obtaining current income and longer term capital gain within an acceptable level of risk. There has been no significant change in the nature of the Company's activities during the financial year.

For the year ended 30 June 2013 profit after tax before net gains and losses on the investment portfolio was \$23,639,000 (compared to \$21,729,000 in 2012) – a increase of 8.8%.

If special dividends received are disregarded, profit increased by 4.5%. In 2013, the profit after tax included \$922,225 of special dividends received. In 2012, there were no special dividends included in the profit. The weighted average number of ordinary shares for the year was 168,447,029 as against 166,437,026 in the previous year, an increase of 1.2%. The basic and diluted earnings per share were 14.0 cents (13.5 cents excluding special dividends) compared to 13.1 cents for the previous year.

The net tangible asset backing of each of the Company's shares at 30 June 2013 was \$3.28 (2012: \$2.72). This net tangible asset backing calculation is based on investments at market value and is after the tax effect of realised gains and losses, before estimated tax on net unrealised gains and losses and before the Company's final dividend. The Company is a long term investor and does not intend disposing of its total portfolio. If, however, estimated tax on unrealised portfolio gains were to be deducted, the net tangible asset backing per share would have been \$2.91 (2012: \$2.51).

Bank borrowings as at 30 June 2013 were \$65 million (2012: \$65 million) amounting to around 11% of the investment portfolio at market values (2012: 13%). Cash on hand, cash deposits and short term receivables were \$17 million, or 3% of the investment portfolio at market values (2012: \$23 million, or 5%). Annual interest expense was covered 7 times by profit before interest and tax (2012: 6 times).

During the year the accumulation performance of the Company's net asset backing (before provision for tax on unrealised gains) was a rise of 25.7%, as compared to the S&P/ASX 300 Accumulation Index rise of 21.9%.

Dividends declared by the Company for the 2013 financial year total 13.5 cents per share (2012: 13 cents per share).

It is the Directors' intention to continue to invest in a portfolio of listed securities for long term capital gain and current income. The risks to which the Company is exposed are set out in notes 20 and 21 to the Financial Statements.

DIVERSIFIED UNITED INVESTMENT LIMITED

Directors' Report (Continued)

The composition of the profit after income tax was:

	2013 \$'000	2012 \$'000
<i>REVENUE FROM INVESTMENT PORTFOLIO</i>		
Dividends	24,825	23,284
Trust Distributions	2,333	2,725
Interest	637	342
Option Premium Income	352	639
Sub-Underwriting Commission	-	86
	28,147	27,076
<i>EXPENSES</i>		
Administration and other expenses:		
Accounting and Custody Fees	171	167
Audit	45	44
Share Registry	73	73
Directors' Fees	350	350
ASX Fees	78	66
Company Secretary Fees	75	73
Insurance	39	39
Office rent, printing and other	115	112
Finance Costs:		
Interest	3,830	4,353
	4,776	5,277
Profit before income tax expense and net gains and losses on investment portfolio	23,371	21,799
Income tax benefit/ (expense)	268	(70)
	23,639	21,729
	23,639	21,729

Expenses (excluding finance costs) were 0.17% of the average market value of the investment portfolio (2012: 0.17%)

Dividends

Dividends paid or declared by the Company to members since the end of the previous financial year were:

	\$'000
<i>Paid or declared during the year</i>	
A final dividend in respect of the year ended 30 June 2012 of 7.0¢ per share fully franked paid on 21 September 2012.	11,715
An interim dividend in respect of the year ended 30 June 2013 of 6.0¢ per share fully franked paid on 15 March 2013.	10,111
<i>Paid or declared after end of year</i>	
A final dividend in respect of the year ended 30 June 2013 of 7.5¢ per share fully franked payable on 25 September 2013.	12,696

DIVERSIFIED UNITED INVESTMENT LIMITED

Directors' Report (Continued)

Directors' Meetings

The number of directors' meetings held (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year were:

Director	Directors' Meetings		Audit Committee Meetings		Nomination & Remuneration Committee Meetings	
	No. of Meetings attended	No. of Meetings eligible	No. of Meetings attended	No. of Meetings eligible	No. of Meetings attended	No. of Meetings eligible
Charles Goode	10	11	2*	-	1	1
Anthony Burgess	11	11	2	2	1	1
Stephen Hiscock	11	11	2	2	1	1
Pierre Prentice	11	11	2	2	1	1

* In attendance – not a committee member.

The Audit Committee comprises Mr P Prentice (Chairman, appointed 16 April 2013), Mr A R Burgess and Mr S Hiscock.

All members of the board are members of the Nomination and Remuneration Committee, which is chaired by Mr Hiscock.

Directors' Interests

As at the date of this report the relevant interest of each director in the issued capital of the Company as notified by the directors to the Australian Securities Exchange in accordance with Section 205G(1) of the Corporations Act 2001 is as follows:-

	SHARES		
	1	2	3
Charles Goode	1,593,853	2,680,535	140,000
Anthony Burgess	-	200,000	-
Stephen Hiscock	-	20,000	-
Pierre Prentice	-	-	-

Note:

1. Beneficial in own name
2. Held by an entity/related party in which the director has a relevant interest
3. Held for the Director in accordance with the terms of the Non-Executive Directors 2006 Accrued Entitlements Share Plan

Except as stated above, no director -

- (a) has any relevant interest in shares of the Company or a related body corporate;
- (b) has any relevant interests in debentures of, or interests in a registered scheme made available by, the Company or a related body corporate;
- (c) has any rights or options over shares in, debentures of, or interests in a registered scheme made available by, the Company or a related body corporate;
- (d) is a party to a contract, or is entitled to a benefit under a contract, that confers a right to call for or deliver shares in, or debenture of or interests in a registered scheme made available by the Company or a related body corporate.

DIVERSIFIED UNITED INVESTMENT LIMITED

Directors' Report (Continued)

Remuneration Report (audited)

Non-executive Directors' Fees (1)

	2013			2012		
	Fee \$	Superannuation \$	Total \$	Fee \$	Superannuation \$	Total \$
Charles Goode	128,440	11,560	140,000	128,440	11,560	140,000
Anthony Burgess	64,220	5,780	70,000	64,220	5,780	70,000
Stephen Hiscock	64,220	5,780	70,000	40,179	3,616	43,795
Pierre Prentice	55,668	14,332	70,000	14,167	15,000	29,167
Martyn Myer	-	-	-	24,371	2,193	26,564
Rupert Myer	-	-	-	37,462	3,371	40,833
Total	312,548	37,452	350,000	308,839	41,520	350,359

(1) No additional fees are paid to members of the board committees.

The Nomination and Remuneration Committee reviews and makes recommendations to the board on remuneration packages and policies applicable to the Company Secretary and directors of the Company including superannuation entitlements, retirement and termination entitlements, fringe benefits policies and professional indemnity and liability insurance policies. Other than the Company Secretary the Company has no Executives or Executive Directors.

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced directors. The Nomination and Remuneration Committee may seek independent advice on the appropriateness of remuneration packages, given trends in comparative companies and in light of Company activity and changing responsibilities. The remuneration structures are designed to attract suitably qualified candidates, and to effect the broader outcome of increasing the Company's net profit. Directors' fees are fixed and reviewed annually and the maximum total of directors' fees is set by the shareholders in general meeting.

Directors' fees are fixed annually taking into account the company's performance and market conditions. The Company's performance in respect of the current financial year and the previous four financial year was:

	2013	2012	2011	2010	2009
Profit (\$ Millions)	23.6	21.7	21.0	17.4	18.1
Earnings Per Share (including special dividends)	14.0	13.1	12.8	11.2	12.6
Dividends (cents per share)	13.5	13.0	13.0	13.0	13.0
Management Expense Ratio	0.17%	0.17%	0.17%	0.20%	0.19%
Share Price 30 June	\$3.00	\$2.37	\$2.71	\$2.82	\$2.54
Net Asset backing Per Share 30 June	\$3.28	\$2.72	\$3.08	\$2.94	\$2.67
S&P/ASX 300 Index 30 June	4,759	4,084	4,608	4,293	3,949

Each director has entered into a Deed of Access, Indemnity and Insurance with the Company and is covered by the Company's Directors and Officers Liability Insurance. Refer to Note 16 of the financial statements for information relating to the insurance contracts. No director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

The Company Secretary, Mr Andrew J Hancock, received \$75,000 (2012: \$73,000) for services provided to the Company.

DIVERSIFIED UNITED INVESTMENT LIMITED

Directors' Report (Continued)

Events Subsequent to Balance Date

There has not arisen in the interval between the end of the financial 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 years.

Likely Developments

The directors do not anticipate any particular developments in the operations of the Company which will affect the results of future financial years other than the value of the investment portfolio is expected to fluctuate broadly in line with market movements.

State of Affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Company that occurred during the financial year under review other than the value of the investment portfolio fluctuated broadly in line with market movements.

Non-audit services

During the year KPMG, the Company's auditor, has provided taxation services in addition to their statutory duties. They received fees of \$8,800 for these services including GST.

The board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the audit committee, is satisfied that the provision of those non-audit services is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Environmental Regulation

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

Indemnification

Details of directors' indemnification are set out in Note 16 to the financial statements.

DIVERSIFIED UNITED INVESTMENT LIMITED

Directors' Report (Continued)

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

The lead auditor's independence declaration is set out on page 8 and forms part of the Directors' report for the year ended 30 June 2013.

Rounding Of Amounts

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 15th day of August 2013

Signed in accordance with a resolution of the directors:

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 audit for the financial year ended 30 June 2013 there have been:

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

KPMG

KPMG

Michelle Hinchliffe

Michelle Hinchliffe
Partner

Melbourne

15 August 2013

DIVERSIFIED UNITED INVESTMENT LIMITED

Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 30 June 2013

	Note	2013 \$'000's	2012 \$'000's
Revenue from investment portfolio	2	28,147	27,076
Administration and other expenses		(946)	(924)
Finance expenses	2	(3,830)	(4,353)
Profit before income tax expense		23,371	21,799
Income tax benefit/ (expense)	4(a)	268	(70)
Profit		23,639	21,729
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Revaluation of investment portfolio		93,237	(58,988)
Provision for tax (expense)/ benefit on revaluation of investment portfolio		(28,090)	17,253
Other comprehensive income/ (loss) net of income tax		65,147	(41,735)
Total comprehensive income for the year		88,786	(20,006)
Basic and diluted earnings per share (cents)	18	14.0	13.1

The Statement of Profit and Loss and Other Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements set out on pages 13 to 26.

DIVERSIFIED UNITED INVESTMENT LIMITED

Statement of Financial Position as at 30 June 2013

	Note	2013 \$'000's	2012 \$'000's
ASSETS			
Cash assets	6	10,732	13,877
Receivables	7	5,772	9,582
Other	9	43	41
Current tax refundable	4(a)	-	12
TOTAL CURRENT ASSETS		16,547	23,512
Investment portfolio	8	603,824	496,426
Other	9	-	10
TOTAL NON-CURRENT ASSETS		603,824	496,436
TOTAL ASSETS		620,371	519,948
LIABILITIES			
Payables	10	72	116
TOTAL CURRENT LIABILITIES		72	116
Borrowings – interest bearing	11	64,710	64,499
Deferred tax liability	4(b)	63,589	35,725
TOTAL NON-CURRENT LIABILITIES		128,299	100,224
TOTAL LIABILITIES		128,371	100,340
NET ASSETS		492,000	419,608
EQUITY			
Issued capital	13(a)	304,214	298,782
Reserves	13(b)	187,786	120,826
TOTAL EQUITY		492,000	419,608

The Balance Sheet is to be read in conjunction with the Notes to the Financial Statements set out on pages 13 to 26.

DIVERSIFIED UNITED INVESTMENT LIMITED

Statement of Changes in Equity for the Year Ended 30 June 2013

	<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 2011	294,414	125,087	(6,257)	43,572	456,816
Comprehensive Income					
Revaluation of investment portfolio	-	(58,988)	-	-	(58,988)
Tax benefit on revaluation	-	17,253	-	-	17,253
Net realised gains and losses on investment portfolio	-	7,984	(7,984)	-	-
Tax benefit on net realised gains and losses	-	(1,673)	1,673	-	-
Net profit for the year	-	-	-	21,729	21,729
	-	(35,424)	(6,311)	21,729	(20,006)
Transactions with shareholders					
Dividend reinvestment plan	4,368	-	-	-	4,368
Dividends paid	-	-	-	(21,570)	(21,570)
	4,368	-	-	(21,570)	(17,202)
Balance at 30 June 2012	298,782	89,663	(12,568)	43,731	419,608
Balance at 1 July 2012	298,782	89,663	(12,568)	43,731	419,608
Comprehensive Income					
Revaluation of investment portfolio	-	93,237	-	-	93,237
Tax expense on revaluation	-	(28,090)	-	-	(28,090)
Net realised gains and losses on investment portfolio	-	7,904	(7,904)	-	-
Tax benefit on net realised gains and losses	-	(1,931)	1,931	-	-
Net profit for the year	-	-	-	23,639	23,639
	-	71,120	(5,973)	23,639	88,786
Transactions with shareholders					
Dividend reinvestment plan	5,432	-	-	-	5,432
Dividends paid	-	-	-	(21,826)	(21,826)
	5,432	-	-	(21,826)	(16,394)
Balance at 30 June 2013	304,214	160,783	(18,541)	45,544	492,000

The Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements set out on pages 13 to 26.

DIVERSIFIED UNITED INVESTMENT LIMITED

*Statement of Cash Flows
for the Year Ended 30 June 2013*

	<i>Note</i>	<i>2013</i> \$'000's	<i>2012</i> \$'000's
Cash flows from operating activities			
Interest received		637	342
Dividends and trust distributions received		26,527	25,513
Other income		352	725
Administration and other expenses paid		(938)	(981)
Finance costs paid		(3,620)	(4,523)
Income taxes refunded/ (paid)		12	(97)
Net cash from operating activities	17(b)	22,970	20,979
Cash flows from investing activities			
Proceeds from sale of investments		46,790	38,915
Purchases of investments		(56,511)	(29,087)
Net cash (used in)/ from investing activities		(9,721)	9,828
Cash flows from financing activities			
Dividends paid		(16,394)	(17,202)
Net cash used in financing activities		(16,394)	(17,202)
Net (decrease)/ increase in cash held		(3,145)	13,605
Cash and cash equivalents at 1 July	17(a)	13,877	272
Cash and cash equivalents at 30 June	17(a)	10,732	13,877

The Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements set out on pages 13 to 26.

DIVERSIFIED UNITED INVESTMENT LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2013

1. Statement of significant accounting policies

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

The financial report was authorised for issue by the directors on 15 August 2013.

(a) Statement of compliance

This financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The financial report of the Company also complies with International Financial Reporting Standards ('IFRSs') and interpretations adopted by the International Accounting Standards Board.

(b) Basis of preparation

The financial report is presented in Australian dollars. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

From 1 July 2012 the Company applied amendments to AASB 101 *Presentation of Financial Statements* outlined in AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income*. The change in accounting policy only relates to disclosures and has no impact on earnings per share or net income. The changes have been applied retrospectively and require the Company to separately present those items of other comprehensive income that may be reclassified to profit or loss in the future from those that will never be reclassified to profit or loss. These changes are included in the Statement of Profit or Loss and Other Comprehensive Income.

The Company has not applied any Australian Accounting Standards that have been issued as at balance date but are not yet operative for the year ended 30 June 2013 ("the inoperative standards").

The impact of inoperative standards has been assessed and the impact has been identified as not being material. The Company only intends to adopt other inoperative standards at the date at which their adoption becomes mandatory.

The financial report is prepared on a historical cost basis except that financial instruments are stated at their fair value.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

(c) Investments

The Company is a long term investor. Under IFRS, equity investments are classified as fair value through other comprehensive income. After initial recognition at fair value (being cost), equity investments are measured at fair value.

Unrealised gains or losses on equity investments are recognised in the Asset Revaluation Reserve until the investment is sold, collected or otherwise disposed of, at which time the cumulative gain or loss is transferred to the Asset Realisation Reserve.

DIVERSIFIED UNITED INVESTMENT LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2013

1. Statement of significant accounting policies (continued)

(c) Investments (continued)

The Company derecognises an investment when it is sold or it transfers the investment and the transfer qualifies for derecognition in accordance with AASB 139. Upon derecognition, unrealised gains/losses net of tax relating to the investment are transferred from the revaluation reserve to the realisation reserve.

Interest bearing investments are recognised at fair value and then measured at amortised cost. Amortised cost is calculated with any difference between cost and redemption value being recognised in the income statement over the period of the investment on an effective interest basis.

(d) Revenue from investment portfolio

The activity of the Company is that of an investment company, returns being in the form of dividends, interest income, trust income, option premiums and sub-underwriting income. Dividend income is recognised in the income statement at ex-dividend date and all other income is recognised on an accruals basis. Special Dividends are those dividends received which have been designated as special and non recurring by the declaring company.

(e) Taxation

The income tax expense or revenue for the period is the tax payable or receivable on the current period's taxable income based on the company tax rate adjusted by changes in deferred tax assets and liabilities which arise from items being brought to account in different periods for income tax and accounting purposes.

The expected tax on disposal of equity securities in the investment portfolio is recognised directly in equity and as a deferred tax liability. When the Company disposes of such securities, tax is calculated on gains made according to the particular parcels allocated to the sale for tax purposes and offset against any capital losses carried forward. At this time, the tax recognised directly in the Revaluation Reserve is transferred to the Realisation Reserve and adjusted for income tax expense. The associated deferred tax liability is similarly adjusted and transferred to current tax payable.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(f) Interest bearing borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs.

Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowing on an effective interest basis.

DIVERSIFIED UNITED INVESTMENT LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2013

1. *Statement of significant accounting policies (continued)*

(g) Ordinary Shares

Ordinary shares are classified as equity. Costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

	<i>2013</i>	<i>2012</i>
	<i>\$'000's</i>	<i>\$'000's</i>
2. <i>Revenue and Expenses</i>		
(a) Revenue		
Ordinary dividends received or due and receivable	23,903	23,284
Special dividends received or due and receivable	922	-
	24,825	23,284
Trust distributions received or due and receivable	2,333	2,725
Interest received or due and receivable	637	342
Option Premium Income	352	639
Sub-Underwriting Commission	-	86
	28,147	27,076
(b) Expenses		
Finance expenses:		
- Interest	3,830	4,353
3. <i>Auditor's Remuneration</i>	<i>2013</i>	<i>2012</i>
	<i>\$</i>	<i>\$</i>
During the year KPMG, the Company's auditor, received the following remuneration (including GST):		
- Audit and review of financial reports	45,000	44,000
- Taxation related services	8,800	9,790
4. <i>Taxation</i>	<i>2013</i>	<i>2012</i>
	<i>\$'000's</i>	<i>\$'000</i>
(a) Income Tax Expense		
<i>(i) Recognised in the income statement</i>		
Current tax expense		
Current year tax refund accrued	-	12
Over/ (Under) provision for prior years	125	(24)
Current year tax received/ (paid)	-	(54)
	125	(66)
Deferred Tax Expense		
Tax benefit of excess imputation credits carried forward	154	-
Temporary differences	(11)	(4)
	143	(4)
Total income tax expense in income statement	268	(70)

DIVERSIFIED UNITED INVESTMENT LIMITED

*Notes to the Financial Statements
for the Year Ended 30 June 2013*

	2013 \$'000's	2012 \$'000's
4. Taxation (continued)		
<i>(ii) Reconciliation between tax expense and pre-tax net profit</i>		
Prima facie tax expense calculated at 30% on the profit for the year	(7,011)	(6,540)
Increase in tax expense due to:		
Franking credits gross up on dividends received	(2,931)	(2,636)
Decrease in tax expense due to:		
Tax deferred distributions received	118	228
Franking credits on dividends received	9,771	8,785
Sundry items	196	117
	143	(46)
Tax benefit/ (expense) on profit	125	(24)
Over/ (Under) provision prior year	268	(70)
Tax benefit/ (expense) attributable to Profit for the year	268	(70)
<i>(iii) Deferred tax liability recognised directly in equity</i>		
(Increase)/ Decrease in provision for tax on net unrealised gains on the equity investment portfolio	(28,090)	17,253
(b) Deferred Tax Assets and Liabilities		
	2013 \$'000	2012 \$'000
<i>Recognised deferred tax assets and liabilities</i>		
Revaluation reserve – Provision for tax on net unrealised gains on the equity investment portfolio	(74,965)	(44,945)
Other	(29)	(17)
Tax benefit of capital losses carried forward	11,059	9,045
Tax benefit of excess franking credits carried forward	346	192
	(63,589)	(35,725)
Net tax liabilities	(63,589)	(35,725)

DIVERSIFIED UNITED INVESTMENT LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2013

	2013 \$'000's	2012 \$'000
5. Dividends		
Dividends recognised in the current year by the Company are:		
(i) 2012 final dividend of 7¢ per share (2012: 7.0¢) fully franked paid 21 September 2012	11,715	11,587
(ii) 2013 interim dividend of 6¢ per share (2012: 6.00¢) fully franked paid 15 March 2013	<u>10,111</u>	<u>9,983</u>
	<u>21,826</u>	<u>21,570</u>
Subsequent to reporting date:		
Since 30 June 2013, the directors have declared the following dividend payable on 25 September 2013:		
- Final dividend of 7.5 cents per share fully franked (2012: 7.0¢)	<u>12,696</u>	<u>11,715</u>

The final dividend will not contain a Listed Investment Company capital gain dividend (2012: no LIC capital gain dividend).

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2013.

Dividend Franking Account:

The balance of the Franking Account at 30 June 2013 is \$15,193,993 (2012: \$14,376,717) after adjusting for:

- (a) franking credits that will arise from any current income tax liability
- (b) franking credits that will arise from the receipt of dividends recognised as receivables at year-end

After allowing for the final 2013 dividend, which is not provided for in the 30 June financial statements, the balance of the franking account would be \$9,752,755 (2012: \$9,357,264).

The ability to utilise the franking credits is dependent upon the ability of the Company to declare dividends.

LIC Capital Gain Account:

The balance of the Listed Investment Company (LIC) Capital Gain Account at 30 June 2013 was \$125,092 (2012: \$125,092). When distributed, LIC capital gains may entitle certain shareholders to a special deduction in their taxation return, as set out in the relevant dividend statement.

DIVERSIFIED UNITED INVESTMENT LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2013

	2013 \$'000's	2012 \$'000's
6. Cash Assets		
Units in Cash Management Trusts and Deposits at Call	10,732	13,877
7. Receivables		
<i>Current</i> Sundry debtors and outstanding settlements	5,772	9,582
8. Investments		
<i>Non-Current</i> Investments in equities quoted on prescribed stock exchanges (at fair value)	603,824	496,426
9. Other Assets		
<i>Current</i> Prepayments	43	41
<i>Non-Current</i> Leasehold improvements	-	10
10. Payables		
<i>Current</i> Trade Creditors and outstanding settlements	72	116
11. Interest Bearing Liabilities *		
<i>Non-Current</i> Loan Facility – Secured	64,710	64,499

* The face value of the drawn facility is \$65 million (2012: \$65 million). The amount disclosed above is held at amortised cost. For more information about the company's exposure to interest risk and liquidity risk, see notes 20 and 21.

DIVERSIFIED UNITED INVESTMENT LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2013

	<i>Note</i>	<i>2013 \$'000</i>	<i>2012 \$'000</i>
12. Financing Arrangements			
The Company has access to the following lines of Credit:			
<i>Total facility available</i>			
Loan Facility – Secured		65,000	65,000
<i>Facilities utilised at balance date</i>			
Loan Facility – Secured		65,000	65,000
13. Capital and Reserves			
(a) Issued Capital			
Issued and paid-up share capital			
169,282,980 ordinary fully paid shares (2012: 167,315,099)		304,214	298,782
Movements in issued capital			
Balance at beginning of the year		298,782	294,414
Shares issued			
- Dividend re-investment plan (i)		5,432	4,368
		304,214	298,782
 (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. In respect of the 2013 interim dividend, paid on 15 March 2013, 821,462 shares were issued at \$3.0759 each under the dividend re-investment plan.			
(b) Reserves			
Retained Earnings		45,544	43,731
Revaluation Reserve		160,783	89,663
Realisation Reserve		(18,541)	(12,568)
		187,786	120,826

Revaluation Reserve

Increments or decrements arising from the revaluation of long term equity investments after provision for deferred tax are recorded in this reserve. When an investment has been sold or de-recognised, realised gains or losses (after tax) are transferred from the revaluation reserve to the realisation reserve.

Realisation Reserve

The realisation reserve records realised gains and losses (after tax) from the sale of investments in equities which are transferred from the revaluation reserve.

DIVERSIFIED UNITED INVESTMENT LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2013

14. Directors' Remuneration

Details of the directors' remuneration are set out in the Remuneration Report that forms part of the Directors' Report. Total remuneration received by the directors for 2013 was \$350,000 (2012: \$350,359).

15. Contingent Liabilities and Capital Commitments

There were no contingent liabilities or capital commitments as at 30 June 2013.

16. Related Parties

The names of persons holding the position of director of the Company during the year were Messrs C B Goode, A R Burgess, S Hiscock and P Prentice.

The Company has indemnified each current director and the Company Secretary against all liabilities to another person (other than the Company or a related body corporate) that may arise from his position with the Company except where the liability arises out of conduct involving a lack of good faith. The agreements stipulate that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has paid insurance premiums in respect of directors' and officers' liability and legal expenses insurance, for current and former directors and officers, insuring them against liabilities, costs and expenses arising out of conduct which does not involve a wilful breach of duty. This insurance premium covers the period from 18 June 2013 to 18 June 2014.

DIRECTORS' HOLDINGS OF SHARES

The relevant interests of directors and their director related entities in shares of the Company at year end are set out below:

Directors	Held at 1/7/12	Purchases	Sales	Held at 30/6/13
Charles Goode	4,213,495	200,893	-	4,414,388
Anthony Burgess	200,000	-	-	200,000
Stephen Hiscock	20,000	-	-	20,000
Pierre Prentice	-	-	-	-

DIRECTORS' TRANSACTIONS IN SHARES

The movement in directors' holdings of ordinary shares resulted from the issue of shares under the Company's dividend reinvestment plan which were made on the same terms and conditions offered to other shareholders, and/or purchases on the open market.

DIVERSIFIED UNITED INVESTMENT LIMITED

Notes to the Financial Statements for the year ended 30 June 2013

	2013 \$'000	2012 \$'000
17. Notes to the Statement of Cash Flows		
a) RECONCILIATION OF CASH		
For the purposes of the statement of cash flows, cash includes cash on hand and at bank and short term deposits at call. Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:		
Units in Cash Management Trusts and Deposits at Call	<u>10,732</u>	<u>13,877</u>
b) RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Profit for the year	<u>23,639</u>	<u>21,729</u>
Net cash provided by operating activities before changes in assets and liabilities	23,639	21,729
Adjustments for:		
(Increase)/ decrease in prepayments	(2)	9
(Increase)/ decrease in debtors	(530)	(496)
(Increase)/decrease in deferred tax asset	(237)	-
(Increase)/ decrease in current tax	12	(72)
(Increase)/ decrease in prepaid interest	210	(171)
Increase/ (decrease) in deferred tax liability	11	4
Increase/ (decrease) in creditors	(44)	(26)
(Increase)/decrease in other assets	10	2
Non-cash dividends received	<u>(99)</u>	<u>-</u>
Net cash provided by operating activities	<u>22,970</u>	<u>20,979</u>
c) FINANCING FACILITIES		
The Company's financing facilities are set out in note 12 of these Financial Statements		

DIVERSIFIED UNITED INVESTMENT LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2013

18. Earnings Per Share	<i>2013 Cents</i>	<i>2012 Cents</i>
Basic and diluted earnings per share	14.0	13.1
Earnings per share excluding special dividends (refer Note 1(d))	13.5	13.1

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 year are calculated on a weighted average adjusted number of ordinary shares of 168,447,029 (2012: 166,437,026) taking into account the shares issued in the dividend re-investment program.

19. Capital Management

The Company's objective in managing capital is to continue to provide shareholders with dividends and capital appreciation over the longer term within acceptable levels of risk.

The Company's capital will fluctuate with prevailing market movements and the Company may adjust the amount of dividends paid, issue new shares or sell assets to reduce debt.

There were no changes in the Company's approach to capital management during the year other than the Company announced an extension to the on-market buy-back facility which has a potential of purchasing up to 8.1 million shares from 1st June 2013 to the 31st of May 2014. The Company is not subject to any externally imposed capital requirements.

20. Financial Risk Management

AASB 7 – Financial Instruments: Disclosures identifies three types of risk associated with financial instruments (i.e. investments, receivables, payable and borrowings).

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The credit risk exposure of the Company lies principally in its cash and receivables to the extent of their carrying values and any accrued unpaid interest. Refer Notes 7 and 17..

DIVERSIFIED UNITED INVESTMENT LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2013

20. *Financial Risk Management (Continued)*

Cash

The company invests in short term bank backed securities, cash management units with the MF Cash Management Fund and cash deposits with Australian banks, with a direct or underlying AA or A-1 credit rating assigned by Standard & Poor's, being a Recognised Rating Agency.

Receivables

Receivables are non-interest bearing and represent dividends, proceeds of sales and distributions yet to be received. The credit risk exposure of the Company in relation to receivables is the carrying amount.

Given the nature of the counterparties with which the Company deals management does not expect any counterparty to fail to meet its obligations. Additionally, none of these assets is overdue or considered to be impaired.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities as they fall due. The Company monitors its cash flow requirements and ensures that it has cash or access to sufficient borrowing facilities to meet all its financial obligations as they fall due.

Bank Borrowings were \$65 million at the end of the financial year (2012: \$65 million) gearing the investment portfolio by around 10%. The Company has interest bearing loan facilities in place with the Australia and New Zealand Banking Group Ltd which includes both a fixed and floating rate components. This facility expires at various intervals through to 2 July 2018, unless these are renewed. Annual interest expense was covered 7 times by profit before interest and tax (2012: 6 times).

The major cash inflows for the Company include dividends, distributions, sales proceeds received and the proceeds from the issue of further shares to shareholders. The major cash outflows are the purchase of securities, interest expense and dividends paid to shareholders, which can be managed by the Company.

The Company's investments are quoted on a prescribed stock exchange and are able to be realised if required.

Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

Inherently, the Company is not free of market risk as it invests its capital in securities whose market prices can fluctuate.

Based on a tax rate of 30%, a general movement in market prices of 5% and 10% would lead to a change in the Company's equity of \$21,133,836 (or 4%) and \$42,267,672 (or 8%) respectively.

DIVERSIFIED UNITED INVESTMENT LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2013

20. *Financial Risk Management (Continued)*

Market risk is minimised by ensuring that the Company's investment portfolio is not over exposed to one company or one particular sector. The relative weightings of the individual securities and the relative market sector weightings are reviewed by the Board at each Directors' meeting.

The Company also has exposure to interest rate risk on its borrowings as detailed in Note 21 which is minimised through conservative levels of gearing and ensuring that there is appropriate interest cover at all times.

21. *Financial Instruments Disclosure*

INTEREST RATE RISK

The Company's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities which bear interest is set out below:

2013	<i>Note</i>	<i>Floating Interest Rate</i>
		<i>\$'000</i>
<i>Financial Assets</i>		
Cash	6	10,732
Weighted average interest rate		3.57%
2012	<i>Note</i>	<i>Floating Interest Rate</i>
		<i>\$'000</i>
<i>Financial Assets</i>		
Cash	6	13,877
Weighted average interest rate		4.58%

Borrowings

The Company has facilities totalling \$65,000,000 (fully drawn) with Australia and New Zealand Banking Group Ltd as follows:

Amount	Maturity	Interest Rate⁽¹⁾
\$10,000,000	2 July 2014	Fixed 5.89%
\$15,000,000	2 July 2015	Fixed 5.78%
\$20,000,000	2 July 2016	Floating 4.62%
\$10,000,000	2 July 2017	Fixed 4.90%
\$10,000,000	2 July 2018	Fixed 5.19%

(1) Interest rate includes bank margins and fees.

Based on a tax rate of 30%, a change of 1% in the floating interest rates at the reporting date would lead to a change in the Company's profit of \$140,000 (or 0.6%) and a change in the Company's equity of \$140,000 (or 0.03%).

DIVERSIFIED UNITED INVESTMENT LIMITED

Notes to the Financial Statements for the Year Ended 30 June 2013

21. *Financial Instruments Disclosure (continued)*

The Company has pledged as collateral for the secured borrowing facilities, the following equity investments:

Equities	No. of Shares	Value at 30 June 2013
		<i>\$'000</i>
BHP Billiton Ltd	1,500,000	47,055
NAB Ltd	900,000	26,712
Woodside Petroleum Ltd	1,000,000	35,010
Rio Tinto Ltd	495,126	25,930
Total		134,707

The terms of the agreement require that the loan to value ratio should not exceed 70% of the market value of the securities. At 30 June this was 48% (2012: 51%).

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. The net fair value of investments is set out in Notes 8 and 24.

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

22. *Segment Reporting*

The Company operates as an investment company in Australia.

23. *Events Subsequent to Balance Date*

There has not arisen in the interval between the end of the financial 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

Notes to the Financial Statements for the Year Ended 30 June 2013

24. Holdings of Securities as at 30 June 2013

The following is a list of The Company's top 25 Investments as at 30 June 2013, which represent 88% of the total investment portfolio (2012: 87%). All Investments are valued at fair value through Other Comprehensive Income.

		2013			2012
Company		Market Value \$'000's	Company		Market Value \$'000's
1	Commonwealth Bank Of Australia Ltd	55,344	BHP Billiton Ltd		47,175
2	ANZ Banking Group Ltd	54,302	Commonwealth Bank Of Australia Ltd		42,480
3	Westpac Banking Corporation Ltd	51,984	ANZ Banking Group Ltd		41,857
4	BHP Billiton Ltd	50,192	Westpac Banking Corporation Ltd		33,808
5	Woodside Petroleum Ltd	36,761	Woodside Petroleum Ltd		32,571
6	National Australia Bank Ltd	35,616	Rio Tinto Ltd		29,667
7	CSL Ltd	34,793	National Australia Bank Ltd		28,248
8	Rio Tinto Ltd	28,804	CSL Ltd		22,272
9	Woolworths Ltd	22,967	QBE Insurance Group Ltd		21,074
10	Transurban Group	20,280	Woolworths Ltd		18,760
11	Wesfarmers Ltd	18,042	Transurban Group		17,070
12	QBE Insurance Group Ltd	15,845	Wesfarmers Ltd		13,953
13	AGL Energy Ltd	13,515	AGL Energy Ltd		13,785
14	Washington H Soul Pattinson & Company Ltd	13,150	Washington H Soul Pattinson & Company Ltd		12,411
15	Westfield Group	11,440	Australian Infrastructure Fund		10,800
16	Mystate Ltd	11,024	Westfield Group		9,464
17	Asciano Ltd	10,040	Mystate Ltd		7,930
18	AMP Ltd	9,563	AMP Ltd		7,700
19	Origin Energy Ltd	9,428	Consolidated Media Holdings Ltd		6,552
20	Orica Ltd	8,260	Asciano Ltd		6,525
21	Worley Parsons Ltd	7,796	Worley Parsons Ltd		6,275
22	Brambles Ltd	6,538	Orica Ltd		6,173
23	Brickworks Ltd	6,350	Brickworks Ltd		5,050
24	Computershare Ltd	6,162	Origin Energy Ltd		4,880
25	BT Investment Management Ltd	6,120	Alumina Ltd		4,740
Total Top 25 Investments		544,316			451,220
Total Investments at Market Value, Short Term Receivables and Cash		620,328			519,885

DIVERSIFIED UNITED INVESTMENT LIMITED

Directors' Declaration

1. In the opinion of the directors of Diversified United Investment Limited ("the Company"):
 - (a) The financial statements and notes set out on pages 9 to 26, and the remuneration disclosures that are contained in the Remuneration Report on page 5 of the Directors' Report, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company as at 30 June 2013 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
 - (b) The financial report also complies with International Financial Reporting Standards.
 - (c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2013.

Signed in accordance with a resolution of the directors.

Charles Goode
Director
Melbourne 15th August 2013



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

Report on the financial report

We have audited the accompanying financial report of Diversified United Investment Limited (the Company), which comprises the balance sheet as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 24 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In note 1(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Diversified United Investment Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a).

Report on the remuneration report

We have audited the Remuneration Report included on page 5 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Diversified United Investment Limited for the year ended 30 June 2013, complies with Section 300A of the *Corporations Act 2001*.

KPMG

Michelle Hinchliffe
Partner

Melbourne

15 August 2013