

ANNUAL FINANCIAL REPORT 2002

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Diversified United Investment Limited
(ABN 33 006 713 177)

Directors

C B Goode AC - Chairman
 J W Hopkins
 G E Moir
 M K Myer
 G W Sinclair – Alternate for M K Myer

Company Secretary

Andrew Justin Hancock FCA
 Level 4
 45 Exhibition Street
 Melbourne Vic 3000
 Tel: (03) 9654 0499
 Fax:(03) 9654 3499

Principal Registered Office

Diversified United Investment Limited
 C/- KPMG
 Level 4
 161 Collins Street
 Melbourne VIC 3000

Bankers

Australia and New Zealand Banking Group Limited
 National Australia Bank Limited

Auditors

KPMG
 Chartered Accountants

Share Registry

Computershare Investor Services Pty Ltd
 Level 12
 565 Bourke Street
 Melbourne Vic 3000
 Tel: (03) 9611 5711
 Fax:(03) 9611 5710

Stock Exchange

The Company is listed on the Australian Stock Exchange Ltd.

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CHAIRMAN'S REPORT

I am pleased to present the eleventh Annual Report of Diversified United Investment Ltd which is for the year ended 30 June 2002.

The objective of the Company is to seek a mixture of income and longer term capital gain within an acceptable level of risk.

The investment philosophy of the Company is to take a medium to long term view and to invest in Australian equities, international equities, fixed interest securities, listed property trusts and short term deposits.

The operating profit after tax and before net gains on sales of long term investments was \$6,943,000 which is an increase of 1.6% on the previous year and is equivalent to earnings per share of 7.1 cents.

Income earned during the year was \$8,919,000 comprising \$8,539,000 dividends and trust distributions, \$326,000 interest and \$54,000 profit from the trading, options, sub underwriting and foreign exchange activities. The Company incurred operating expenses of \$488,000 before interest which is equivalent to 0.22% of the average value of the portfolio.

The year's result reflects a good increase in income from dividends (\$622,000) and trust income (\$331,000) offset by higher borrowing costs (\$387,000) and a reduction in the profits from trading and options income (\$539,000).

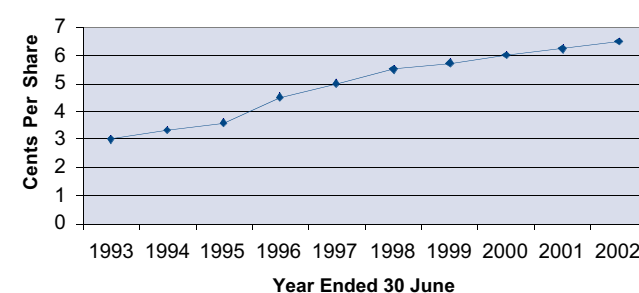
The Company has elected to revalue its non-current investments to market value on a continuous basis. This means that realised gains and losses arising from the disposal of non-current investments are transferred from the Asset Revaluation Reserve to Retained Profits and are not recognised in the Statement of Financial Performance. This is a change in accounting policy which directors believe will provide more relevant information particularly in the Statement of Financial Position. The policy has been applied as at 1 July 2001 and the net effect on the half-year Financial Statements to 31 December is set out in Note 29 to the accounts.

The year saw a fall in world equity markets with the Dow Jones Index falling by 12% and the Standard & Poors 500 by 19%, the FTSE by 17.5% and the Australian All Ordinaries Index by 7.6%.

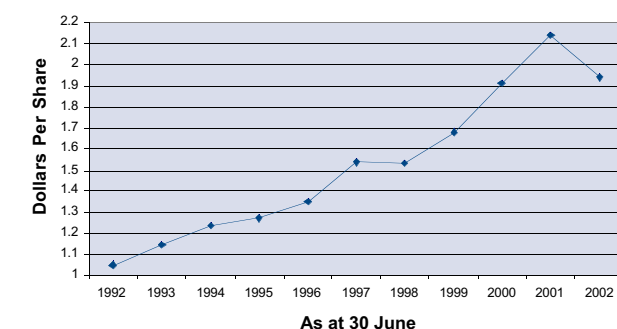
The Directors have declared a fully franked final dividend of 4.00 cents per share for the year to 30 June 2002, which with the interim dividend of 2.50 cents per share fully franked makes a total fully franked dividend of 6.50 cents per share for the year. This is an increase of 4.0% over last year.

The dividends paid for each of the full financial years since listing and the net asset backing per share after provision for final dividend (based on investments at market values and after provision for tax on net realised gains but not on unrealised gains) have grown as shown in the following graphs.

Dividends Paid



Net Asset Backing

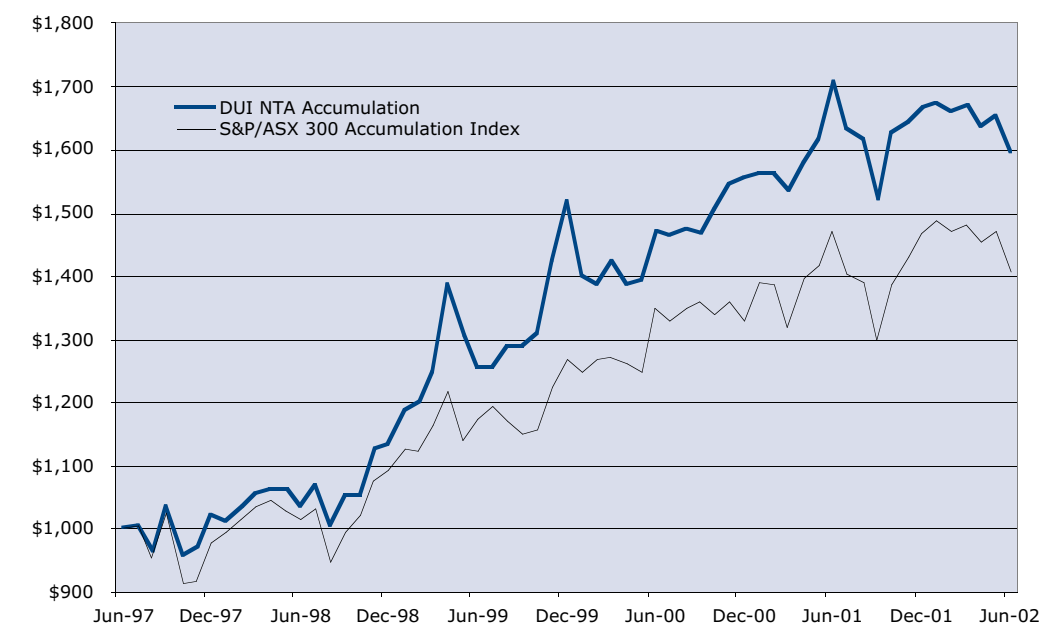


CHAIRMAN'S REPORT (Cont...)

The following graph shows the performance of the Company's Net Asset Backing (after tax on realised gains but before provision for tax on unrealised gains) assuming all dividends were re-invested, as compared to the S&P/ASX 300 Accumulation Index over the last five years. The S&P/ASX 300 Accumulation Index also assumes the re-investment of all dividends, making it an appropriate benchmark with which to compare the Company's performance.

It is pleasing to note that the DUI index rose 9.8% per annum compound over the five years while the S&P/ASX 300 Accumulation Index rose 7% per annum compound.

Net Asset Backing Accumulation



Source: J B Were

The investment portfolio at market values was invested as follows:

	Target	As at 30.6.02	As at 30.6.01
	%	%	%
Australian Equities	85	89	87
International Equities	2.5	2	3
Fixed Interest Securities	2.5	3	2
Property Companies and Trusts	5	6	3
Short Term Deposits	5	0	5
	100	100	100

The Australian equities portfolio is mainly in leading companies and at 30 June 2002, in terms of market values, 79% of the Australian equities portfolio was in the leading 50 companies (56% in the top 20 companies and 23% in the next 30 companies), with a further 11% invested in the second 50 companies and 10% invested in companies other than the largest 100 companies.

CHAIRMAN'S REPORT (Cont...)

As at 30 June 2002 the twenty-five largest shareholdings of the company, at market values were:

Company	Market Value \$'000	% of Market Value of Total Investments
1. ANZ Banking Group Ltd	16,049	7.3%
2. National Australia Bank Ltd	14,160	6.5%
3. Commonwealth Bank of Australia Ltd	13,172	6.0%
4. Tabcorp Holdings Ltd	12,500	5.7%
5. Woodside Petroleum Ltd	12,213	5.6%
6. WMC Limited	12,044	5.5%
7. Westpac Banking Corporation Ltd	9,744	4.4%
8. Mayne Group Ltd	9,704	4.4%
9. Foster's Group Ltd	7,080	3.2%
10. Perpetual Trustees Ltd	6,954	3.2%
11. Australand Holdings Ltd		
- Ordinary	2,960	1.4%
- Reset Preference Shares	3,797	1.7%
12. Rio Tinto Ltd	6,704	3.1%
13. QBE Insurance Group Ltd	5,976	2.7%
14. Australian Gas Light Company Ltd	5,910	2.7%
15. Telstra Corporation Ltd	5,592	2.6%
16. CSL Ltd	4,988	2.3%
17. AMP Ltd	4,680	2.1%
18. Foodland Associated Ltd	4,278	2.0%
19. Transurban Ltd	4,200	1.9%
20. Westfield Trust	3,740	1.7%
21. Washington H. Soul Pattinson & Co.	3,720	1.7%
22. Vision Systems Ltd	3,503	1.6%
23. Brambles Industries Ltd	3,304	1.5%
24. TAB Limited	3,110	1.4%
25. Southern Cross Broadcasting (Aust) Ltd	2,691	1.2%
	182,773	83.4%

The total investment portfolio including cash and bills of exchange had a market value at 30 June 2002 of \$219,038,000 (2001: \$233,204,000).


Chairman

Corporate Governance Statement

The Board operates in a strong corporate governance environment. The directors of the Company both recognise and support the need for strong ethical standards and accountability for the conduct of the affairs of the Company. Directors actively participate in their roles, both on the Board and through the Audit Committee, and have established business and professional credentials to provide the required range of skills, knowledge and experience to fulfil their responsibilities. The Board as a whole reviews risk management procedures and considers Board composition.

The Company has an Audit Committee which monitors the Company's internal controls and financial systems, and holds discussions with the auditors, KPMG. All directors are members of the Committee.

The broad remuneration policy is to ensure the remuneration package properly reflects the directors' and company secretary's duties and responsibilities.

Directors' Report

The Directors present their report together with the financial report of Diversified United Investment Limited for the year ended 30 June 2002 and the auditors' report thereon.

Directors

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

**Charles B. Goode AC, B.Com. (Hons) (Melb), MBA (Columbia), Hon LLD (Melb).
Non-Executive Chairman
Age 63**

Appointed Chairman September 1991.

Mr Goode is the Chairman of the Boards of Australia and New Zealand Banking Group Limited, Woodside Petroleum Limited, Australian United Investment Company Limited and The Ian Potter Foundation Limited. He is a director of Singapore Airlines Limited.

**John W Hopkins A.S.I.A.
Non-Executive Director
Age 55**

Appointed November 1996.

Mr Hopkins has had a long career in investment management including as Investment Manager of Elders Finance Ltd, Director Investments at Potter Warburg Ltd and Managing Director of Hopkins Partners Asset Management Ltd.

**Graeme E. Moir B.Com (Univ. of NZ), ACA (NZ), ACIS.
Non-Executive Director
Age 70**

Appointed September 1991.

Mr Moir is the principal of the investment management firm, Moir's Investment Service Pty. Ltd., is a director of Graeme Moir and Associates Pty. Ltd., and Australian United Investment Company Limited.

Martyn K. Myer B.Eng, MEng.(Mon), MSM (MIT), FIE (Aust).

Non-Executive Director

Age 44

Appointed September 1991.

Mr Myer is a Director of Merlyn Asset Management Pty Ltd, and is a Director of Coles Myer Ltd and The Myer Family Company Pty Ltd Group.

**Graeme W. Sinclair B.Com, ACA, ACIS.
Non-Executive Alternate Director for Martyn K. Myer
Age 55**

Appointed 1 August 2002.

Mr Sinclair is Managing Director of The Myer Family Company Pty Ltd Group and a Director of a number of private companies.

Directors' and Officers' Emoluments

Details of the nature and amount of each major element of the emoluments of each director of the Company are detailed below:

Director	Base Emolument \$	Superannuation Contributions \$	Total \$
Charles Goode	1,000	69,000	70,000
John Hopkins	32,407	2,593	35,000
Graeme Moir	23,155	11,845	35,000
Martyn Myer	32,407	2,593	35,000

Mr A J Hancock received remuneration of \$20,625 for Company Secretarial and related services provided by him and his staff during the year.

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	
	No. of Meetings attended	No. of Meetings held	No. of Meetings attended	No. of Meetings held
Charles Goode	11	11	2	2
John Hopkins	10	11	2	2
Graeme Moir	10	11	2	2
Martyn Myer	9	11	2	2

Principal Activity

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.

Directors' Report (Cont...)

Results and Review of Operations

The Company's target asset allocation and the portfolio's actual asset allocation will both vary from time to time and at 30 June 2002 were as follows:

	Target %	Investments At Market Value %
Australian Equities	85	89
International Equities	2.5	2
Fixed Interest Securities	2.5	3
Property Companies and Trusts	5	6
Short Term Deposits	5	0

The Company's profitability in its tenth full year of operations has been positive. For the year ended 30 June 2002 the Company earned an operating profit after tax and before net gains on long-term investments of \$6,943,000 (compared to \$6,837,000 in 2001). The profit after net gains on long-term investments and after income tax for the year, was \$6,943,000 (compared to \$9,703,000 in 2001). As set out in Note 1 to the financial statements the Company elected to revalue its non-current investments to market value continuously from 1 July 2001. This means that realised gains and losses arising from the disposal of non-current investments are transferred from the Asset Revaluation Reserve to Retained Profits and are no longer recognised in the Statement of Financial Performance.

During the year the unrealised gain in the value of listed non-current assets decreased from \$89,352,000 to \$58,731,000. The net tangible asset backing of each of the Company's shares at 30 June 2002 was \$1.94 (2001: \$2.14) after provision for the final dividend. This net tangible asset backing calculation is based on investments at market value and is after provision for tax on net realised gains and before tax on unrealised gains. 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 be \$1.74 (2001: \$1.87).

The Board has maintained the Company's borrowings at \$25 million which means the investment portfolio at market value is geared to the extent of around 11%. The change in the prior year to the taxation on unfranked dividend income had the consequential effect of increasing the taxable income against which an interest charge could be deducted.

The composition of the operating profit after income tax was as follows:

	2002 \$'000	2001 \$'000
INCOME		
Dividends	7,610	6,988
Trust Distributions	929	598
Interest	326	874
Sub Underwriting Commission	4	-
Trading and Options Related Net Profits/(Losses)	68	607
Foreign Exchange Gains/ (Losses)	(18)	(11)
	<u>8,919</u>	<u>9,056</u>

OPERATING EXPENSES

Administration expenses:		
Accounting & Custody fees	112	92
Audit	31	26
Share Registry	41	30
Directors' Fees	175	180
Directors' Retirement Provision	58	80
ASX Fees	26	26
Other	45	34
Borrowing Costs:		
Interest	1,424	1,044
Other	27	20
	<u>1,939</u>	<u>1,532</u>

Profit from ordinary activities before tax and net gains on long term investments	6,980	7,524
Income tax expense	37	687
Profit from ordinary activities after tax before net gains on long term investments	<u>6,943</u>	<u>6,837</u>

Net gains on long term investments before tax	*	3,250
Income tax expense	*	384
Net gains on long term investments after tax	<u>*</u>	<u>2,866</u>

Profit from ordinary activities after related income tax expense	<u>6,943</u>	<u>9,703</u>
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* Refer to the change in accounting policy detailed in Note 1b(ii) in the financial statements.

Operating expenses (excluding borrowing costs) were 0.22% of the average market value of the investment portfolio (2001: 0.22%)

Directors' Report (Cont...)

Dividends

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

	\$'000
a) In respect of the current financial year, an interim dividend of 2.50¢ per share fully franked paid on 11 April 2002.	2,445
b) A final dividend of 4.00¢ per share fully franked declared by the directors of the Company in respect of the year ended 30 June 2002 payable on 9 October 2002.	3,940
Total dividends provided for or paid in respect of the year ended 30 June 2002	<u>6,385</u>

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.

Environmental regulation

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

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 subsequent 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.

Directors' Interests

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

Directors	Shares	
	1	2
Charles B Goode	984,527	1,114,673
John W Hopkins	6,250	-
Graeme E Moir	62,500	-
Martyn K Myer	5,008	-
Graeme W Sinclair	-	3,000

Note:

- Beneficial in own name
- Held by an entity in which the Director has a beneficial interest

Since the end of the previous financial year no director has declared any interest in a contract or proposed contract with the Company in accordance with Section 191(1) of the Corporations Act 2001. Furthermore, except as stated below, since the end of the previous financial year, no director has received, or become entitled to receive, a benefit because of a contract that the director, or a firm of which the director is a member, or an entity in which the director has a substantial financial interest, has made (during that or any other financial year) with the Company, or an entity that the Company controlled, or a related party that was related to the Company when the contract was made or when the director received, or became entitled to receive, the benefit (if any), not being a benefit included in the aggregate amount of emoluments received, or due and receivable, by directors shown, in accordance with the regulations in force for the purposes of Section 297, in the Company's financial report, for the financial year.

Mr M K Myer has an interest in The Myer Family Investments Pty Ltd a related company of which, The Myer Family Office Pty Ltd, receives fees in the ordinary course of business and on normal terms and conditions for management services rendered under contract to the Company and on short term deposits placed by the Company during the year with the M F Cash Management Fund.

Further details of these transactions are set out in Note 22 to the financial report.

Indemnification

Details of Directors' indemnification are set out in Note 22 to the financial statements.

Rounding Of Amounts

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and amounts in this report and accompanying financial statements have been rounded to the nearest one thousand dollars in accordance with that Class Order.

Dated at Melbourne this 15th day of August 2002

Signed in accordance with a resolution of the Directors:



Charles Goode

Director

Statement of Financial Performance for the year ended 30 June 2002

	Note	2002 \$'000	2001 \$'000
Revenue from operating activities		11,381	23,869
Revenue from the sale of long term investments		<u>35,247</u>	<u>12,595</u>
Total ordinary revenue	2	46,628	36,464
Administrative expenses		(488)	(468)
Borrowing costs		(1,451)	(1,064)
Carrying Value of investments sold- Trading Stock		(2,462)	(14,813)
Carrying Value of investments sold- Long Term Investments		<u>(35,247)</u>	<u>(9,345)</u>
Profit from ordinary activities before related income tax expense		6,980	10,774
Income tax expense relating to ordinary activities	4(a)	<u>37</u>	<u>1,071</u>
Profit from ordinary activities after related income tax expense		6,943	9,703
Net profit	1(b)(ii)	6,943	9,703
Non-owner transaction changes in equity			
Increase in retained earnings arising from the sale of non-current assets*	17	10,289	-
Increase/(Decrease) in reserves			
Asset Revaluation Reserve*	16	<u>58,731</u>	<u>-</u>
Total changes in equity from non-owner related transactions	18	<u>75,963</u>	<u>9,703</u>
Basic earnings per share before net gains on long term investments	25	7.1 cps	7.2 cps
Basic earnings per share after net gains on long term investments	25	*	10.2 cps

* Refer to the change in accounting policy detailed in Note 1b(ii) in the financial statements.

The statement of financial performance is to be read in conjunction with the notes to the financial statements set out on pages 12 to 19.

Statement of Financial Position as at 30 June 2002

	Note	2002 \$'000	2001 \$'000
CURRENT ASSETS			
Cash assets	6	301	11,053
Receivables	7	1,335	1,789
Investments	8(a)	4,068	4,670
Other	9	1,094	1,160
Total Current Assets		6,798	18,672
NON-CURRENT ASSETS			
Investments	8(b)	214,669	128,034
Deferred tax assets	4(d)	139	122
Total Non-Current Assets		214,808	128,156
TOTAL ASSETS		221,606	146,828
CURRENT LIABILITIES			
Payables	10	112	225
Interest-bearing liabilities	11	25,407	25,000
Current tax liabilities	4(b)	196	626
Provisions	13	3,940	-
Other	14	-	72
		29,655	25,923
NON-CURRENT LIABILITIES			
Deferred tax liability	4(c)	385	382
Provisions	13	450	392
Total Non-Current Liabilities		835	774
TOTAL LIABILITIES		30,490	26,697
NET ASSETS		191,116	120,131
EQUITY			
Contributed equity	15	105,783	104,376
Asset Revaluation Reserve	16	58,731	-
Retained profits	17	26,602	15,755
TOTAL EQUITY	18	191,116	120,131

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 12 to 19.

Statement of Cash Flows for the year ended 30 June 2002

	Note	2002 \$'000	2001 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations			
Interest Received		331	876
Dividends & Trust Distributions Received		8,275	7,289
Proceeds from the trading portfolio		3,018	22,061
Other Items		(14)	(11)
Payments for trading portfolio		(2,419)	(12,789)
Cash payments in the course of operations		(485)	(485)
Interest paid		(1,360)	(1,111)
Income taxes paid	4(b)	(724)	(437)
Net cash provided by operating activities	24(b)	6,622	15,393
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Investments		(34,962)	(44,620)
Net payments/(receipts) for Bank Bills		-	10,983
Proceeds from the Sale of Investments		18,220	15,926
Net cash used in investing activities		(16,742)	(17,711)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net receipts/(payments) from Bank Loans		-	10,000
Dividends Paid (excluding dividend re-investment plan)		(1,039)	(3,461)
Net cash (used in)/provided by financing activities		(1,039)	6,539
Net increase/(decrease) in cash held		(11,159)	4,221
Cash at beginning of the financial year	24(a)	11,053	6,832
Cash at the end of the financial year	24(a)	(106)	11,053

This statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 12 to 19.

Notes to the Financial Statements for the year ended 30 June 2002

Notes to the Financial Statements for the year ended 30 June 2002

1. *Statement of Significant Accounting Policies*

The significant accounting policies which have been adopted in the preparation of this financial report are:

a) **BASIS OF PREPARATION**

This financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. It has been prepared on the basis of historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. The accounting policies have been consistently applied and, except where otherwise noted, are consistent with those of the previous year.

b) **INVESTMENTS**

(i) **Statement of Financial Position Classification**

Investments classified as "Current Assets" describe holdings of short term trading securities or assets which are intended to be converted to cash within 12 months. Investments classified as "Non-Current Assets" describe holdings of securities which are intended to be retained on a long term basis.

(ii) **Valuation of Non-Current Assets- Change in Accounting Policy**

The Company has elected to revalue its non-current investments to market value continuously. This means that realised gains and losses arising from the disposal of non-current investments are transferred from the Asset Revaluation Reserve to Retained Profits and are not recognised in the Statement of Financial Performance. This is a change in accounting policy which directors believe will provide more relevant information particularly in the Statement of Financial Position. The policy has been applied as at 1 July 2001 and the effect on the half-year Financial Statements to 31 December 2001 is set out in note 29.

(iii) **Revaluation of Non-Current Investments**

An increase in the value of non-current assets is credited to the Asset Revaluation Reserve. A decrease is debited to the Asset Revaluation Reserve to the extent of the balance of the Reserve, with any amount in excess of the balance debited to the Statement of Financial Performance for the year.

No provision for any potential capital gains tax liability is made when investments are revalued. Capital gains tax is provided for in the period in which an asset is sold.

(iv) **Valuation of Current Assets**

Realised gains and losses on sales of trading securities are taken into account in determining the operating profit. Current assets are carried at the lower of cost or net realisable value on an individual basis, or in aggregate for the options trading portfolio which includes shares and open option positions.

c) **TAXATION**

(i) **Income Tax**

The Company adopts the income statement liability method of tax effect accounting.

(i) **Income Tax (cont.)**

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future tax benefit or a provision for deferred income tax. Future tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt.

(ii) **Capital Gains Tax**

Capital gains tax is included in the period in which an asset is sold as shown in Note 17.

d) **DIVIDEND INCOME**

Dividend income is recognised on the "ex" dividend date. Foreign dividend income is recognised when received.

e) **FOREIGN CURRENCY**

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Investments, receivables and payables in foreign currencies at balance date are translated at the rates of exchange ruling on that date. Exchange differences relating to current amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses, in the statement of financial performance in the financial year in which the exchange rates change.

f) **BORROWING COSTS**

Borrowing costs include amortisation of premiums related to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of such borrowings and all interest costs. Borrowing costs are expensed as incurred.

g) **DERIVATIVES AND HEDGES**

The Company from time to time uses derivatives principally to hedge specific exposures. All hedge transactions are initially recorded at the market value on the date of the transaction. Hedges outstanding at balance date are translated at the market value ruling on that date and any differences are brought to account in the statement of financial performance.

h) **OPTIONS**

Premium income on options written is brought to account when the option is closed out, exercised or expires.

i) **COMPARATIVES**

Where necessary comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

j) **BANK LOANS**

Bank loans are carried on the statement of financial position at their principal amount. Interest expense is prepaid at a contracted rate and included in "other current assets".

k) **REVENUE**

Revenue from operating activities

The activity of the Company is that of an investment company, returns being in the form of dividends, interest income, trust income, trading income, options income and sub-underwriting income. Dividend income is recognised at the ex-dividend date.

Revenue from other than operating activities

The proceeds on sale of long term investments are considered to be other revenue of the Company.

2. *Revenue from ordinary activities*

	2002 \$'000	2001 \$'000
<i>From operating activities</i>		
Dividends received or due and receivable	7,610	6,988
Trust distributions received or due and receivable	929	598
Interest received or due and receivable	326	874
Revenue from trading portfolio and options	2,530	15,420
Other	(14)	(11)
	<u>11,381</u>	<u>23,869</u>
<i>From other than operating activities</i>		
Gross proceeds from sale of long term investments	35,247	12,595
Total revenue from ordinary activities	<u>46,628</u>	<u>36,464</u>
Profit from ordinary activities before income tax expense		
Profit from ordinary activities before income tax expense has been arrived at after (charging)/crediting the following items:		
Borrowing costs:		
- Interest	(1,424)	(1,044)
- Other	(27)	(20)
Profit on sale of long term investments	-	3,250
Trading and options related net profits	68	607
Foreign exchange loss	(18)	(11)
Provision for directors' retirement benefits	(58)	(80)

3. *Auditors' Remuneration*

	2002 \$'000	2001 \$'000
Audit services	31	26
Other services	4	5
	<u>35</u>	<u>31</u>

4. *Taxation*

	2002 \$'000	2001 \$'000
a) INCOME TAX EXPENSE		
Prima facie income tax expense calculated at 30% (2001 at 34%) on the profit from ordinary activities	2,094	3,663
<i>Increase/(decrease) in income tax expense due to non tax deductible (assessable) items:</i>		
Sundry items	(61)	(87)
Non taxable profits on long term investments	-	(721)
<i>Decrease in income tax expense due to:</i>		
Rebate on dividend income	(1,913)	(1,784)
Income tax expense on operating profit before individually significant income tax items		
	120	1,071
Under/(Over) provision prior year	(83)	34
<i>Income tax expense on operating profit before individually significant income tax items</i>		
	<u>37</u>	<u>1,105</u>
<i>Individually significant income tax items:</i>		
Restatement of deferred tax balances due to change in company tax rate	-	(34)
<i>Income tax expense attributable to operating profit</i>		
	<u>37</u>	<u>1,071</u>
<i>Income tax expense attributable to operating profit is made up of:</i>		
Current income tax provision	134	1,113
Deferred income tax provision	3	(95)
Future income tax benefit	(17)	19
Under/(Over) provision prior year	(83)	34
	<u>37</u>	<u>1,071</u>
<i>Income tax expense as disclosed in the statement of financial performance is attributable as follows:-</i>		
Operating profit before net gains on long term investments	37	687
Net gain on long term investments	-	384
	<u>37</u>	<u>1,071</u>

4. Taxation (Cont...)

	2002 \$'000	2001 \$'000
b) PROVISION FOR CURRENT INCOME TAX		
<i>Movements during the year were as follows:</i>		
Balance at the beginning of the year	626	(84)
Tax paid	(636)	(325)
Withholding Tax	(88)	(112)
Under/(Over) provision prior year	(83)	34
Current year's income tax on operating profit	134	-
Tax on disposal of long term investments	243	1,113
	<u>196</u>	<u>626</u>

c) PROVISION FOR DEFERRED INCOME TAX

Provision for deferred income tax comprises the estimated expense at the applicable rate of 30% (2001: 30%)

Balance at the beginning of the year	382	477
Movement during the year	3	(95)
	<u>385</u>	<u>382</u>

d) FUTURE INCOME TAX BENEFIT

Future income tax benefit comprises the estimated expense at the applicable rate of 30% (2001: 30%)

Balance at the beginning of the year	122	141
Movement during the year	17	(19)
	<u>139</u>	<u>122</u>

5. Dividends

Dividends provided for or paid by the Company are:

(i) An interim dividend of 2.50¢ per share (2001: 2.50¢) fully franked paid 11 April 2001	2,445	2,390
(ii) A final dividend of 4.00¢ per share (2001: 3.75¢) fully franked to be paid 9 October 2002	3,940	3,621
	<u>6,385</u>	<u>6,011</u>

Dividend Franking Account:

The balance of the Franking Account at 30 June 2002 is \$10,951,225, and after the adjustments referred to below is \$8,393,866 (compared to \$5,535,268 at 30% at 30 June 2001).

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

- (a) franking credits that will arise from the payment of the amount of the provision for income tax
- (b) franking debits that will arise from the payment of dividends recognised as a liability at year-end
- (c) franking credits that will arise from the receipt of dividends recognised as receivables at year-end
- (d) franking credits that the entity may be prevented from distributing in subsequent years

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

From 1 July 2002 the New Business Tax System (Imputation) Act 2002 requires measurement of franking credits based on the amount of income tax paid, rather than on after-tax profits. As a result the "franking credits available" were converted from \$10,951,225 to \$3,285,368 as at 1 July 2002. This change in the basis of measurement does not change the value of franking credits to shareholders who may be entitled to franking credit benefits.

LIC Capital Gain Account:

The balance of the LIC Capital Gain Account at 30 June 2002 was \$129,231.

6. Cash Assets

	Note	2002 \$'000	2001 \$'000
Cash at bank		1	28
Deposits in foreign currency	20	3	105
Units in Cash Management Trusts and Deposits at Call		297	10,920
		<u>301</u>	<u>11,053</u>

7. Receivables

Current			
Sundry debtors		1,222	968
Other- Investments not yet settled		113	821
		<u>1,335</u>	<u>1,789</u>

8. Investments

	2002		2001	
	Book Value \$'000	Market Value \$'000	Book Value \$'000	Market Value \$'000
a) CURRENT				
Ordinary shares at cost	5,101	4,068	6,588	4,765
Less provision for write down	(1,033)	-	(1,918)	-
Total Current Investments	<u>4,068</u>	<u>4,068</u>	<u>4,670</u>	<u>4,765</u>

Ordinary shares are classified as current if they form part of the trading portfolio. These shares have been written down to the lower of cost or their estimated realisable value.

	2002		2001	
	Book Value \$'000	Market Value \$'000	Book Value \$'000	Market Value \$'000
b) NON-CURRENT*				
Listed on Prescribed Stock Exchanges	214,669	214,669	128,034	217,386
Total Non-current Investments	<u>214,669</u>	<u>214,669</u>	<u>128,034</u>	<u>217,386</u>

*Refer to the change in accounting policy detailed in Note 1b(ii) & (iii).

9. Other Assets

	2002 \$'000	2001 \$'000
Current		
Prepayments	1,094	1,160

10. Payables

Current		
Trade Creditors	51	84
Other	61	141
	<u>112</u>	<u>225</u>

11. Interest Bearing Liabilities

Current		
Bank Overdraft	407	-
Fully Drawn Advance – Secured	20,000	15,000
Fixed Rate Commercial Bill - Secured	5,000	10,000
	<u>25,407</u>	<u>25,000</u>

12. Financing Arrangements

	Note	2002 \$'000	2001 \$'000
The Company has access to the following lines of credit:			
<i>Total facility available</i>			
Fully Drawn Advance- Secured		20,000	15,000
Fixed Rate Commercial Bill- Secured		5,000	10,000
Bank Overdraft - Unsecured		1,000	-
<i>Facilities utilised at balance date</i>			
Fully Drawn Advance- Secured		20,000	15,000
Fixed Rate Commercial Bill - Secured		5,000	10,000
Bank Overdraft - Unsecured		407	-

13. Provisions

Current			
Provision for dividend		3,940	-
Non-Current			
Provision for directors' retirement benefits	26	450	392

14. Other Liabilities

Deferred option premiums		-	72
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15. Contributed Equity

Issued and paid-up share capital 98,493,494 (2001: 97,800,174) ordinary fully paid shares	105,783	104,376
Movements in ordinary share capital		
Balance at beginning of the year	104,376	98,293
Shares issued		
- Dividend re-investment plan (i)	1,407	6,083
	<u>105,783</u>	<u>104,376</u>

(i) In respect of the 2002 interim dividend 693,320 shares were issued at \$2.03 each under the dividend re-investment plan.

16. Reserves

Asset revaluation reserve	58,731	-
Movements in reserves during the year:		
Asset Revaluation Reserve		
Balance at the beginning of the financial year	-	-
Revaluation of long term investments*	69,263	-
Less transfer of profit before tax realised on the disposal of long term investments*	(10,532)	-
Balance at the end of the financial year	<u>58,731</u>	<u>-</u>

* Refer to the change in accounting policy detailed in Note 1b(ii) in the financial statements.

Notes to the Financial Statements for the year ended 30 June 2002

Notes to the Financial Statements for the year ended 30 June 2002

17. Retained Profits

Note	2002 \$'000	2001 \$'000
Retained profits at the beginning of the year	15,755	12,063
Net profit	6,943	9,703
Increase in retained earnings arising from the sale of non-current assets	10,532	-
Tax on disposal of long term investments	(243)	-
Dividends provided for or paid	5 (6,385)	(6,011)
Retained profits at the end of the year	<u>26,602</u>	<u>15,755</u>

18. Total Equity Reconciliation

Total equity at the beginning of year	120,131	110,356
Total changes in equity recognised in the statement of financial performance	75,963	9,703
Dividends paid	(6,385)	(6,011)
Dividends re-invested	1,407	6,083
Total equity at end of year	<u>191,116</u>	<u>120,131</u>

19. Directors' Remuneration

	2002 \$'000	2001 \$'000
The number of directors of the Company whose income from the Company or any related party falls within the following bands:		
\$20,000 - \$29,999	-	4
\$30,000 - \$39,999	3	-
\$50,000 - \$59,999	-	1
\$60,000 - \$69,999	-	-
\$70,000 - \$79,999	1	-

Total income paid or payable, or otherwise made available, to all directors of the Company from the Company or any related party was \$175,000 (2001 - \$177,267).

The Company has paid insurance premiums in respect to Directors & Officers Insurance as set out in Note 22.

20. Amounts Payable/Receivable in Foreign Currencies

The Australian dollar equivalents of unhedged amounts payable or receivable in foreign currencies, calculated at year end exchange rates, are as follows:

	2002 \$'000	2001 \$'000
Swiss Franc amounts on deposit- Current	-	56
Euro amounts on deposit - Current	-	26
US Dollar amounts on deposit - Current	1	4
Singapore Dollar amounts on deposit - Current	2	18
Japanese Yen amounts on deposit - Current	-	1
Total foreign currency deposits	<u>3</u>	<u>105</u>

None of the above is hedged.

21. Segment Reporting

GEOGRAPHICAL SEGMENTS- Primary

	Aust 2002 \$'000	Foreign 2002 \$'000	Total 2002 \$'000	Aust 2001 \$'000	Foreign 2001 \$'000	Total 2001 \$'000
Revenue	44,186	2,442	46,628	33,491	2,973	36,464
Operating profit before tax	6,653	327	6,980	10,895	(121)	10,774
Income tax expense			(37)			(1,071)
Operating profit after tax			<u>6,943</u>			<u>9,703</u>
Segment Assets	216,754	4,852	221,606	144,190	2,638	146,828

INDUSTRY SEGMENTS- Secondary

All the Company's operating revenue and operating profit is derived from investment.

22. Related Parties

The names of persons holding the position of director of the Company during the year were Messrs C B Goode, J W Hopkins, G E Moir, and M K Myer.

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 their 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.

Since the end of the previous financial year, the Company has paid insurance premiums of \$27,830 (inclusive of GST) in respect of directors' and officers' liability and legal expenses insurance contracts, 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 2002 to 18 June 2003.

Apart from the details disclosed in this note, 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, other than each director has entered into a Director's Retirement Agreement with the Company as set out in Note 26.

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	SHARES 2002		SHARES 2001	
	1	2	1	2
Charles B Goode	984,527	1,114,673	972,549	1,102,112
John W Hopkins	6,250	-	6,250	-
Graeme E Moir	62,500	-	62,500	-
Martyn K Myer	5,008	-	5,008	-

- Beneficial in own name
- Held by an entity in which the Director has a beneficial interest

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.

OTHER

Mr M K Myer has an interest in the The Myer Family Investments Pty Ltd Group of Companies that includes The Myer Family Office Pty Ltd. This Company receives management fees in the ordinary course of business and on normal terms and conditions. These fees were \$110,000 plus GST for the year ended 30 June 2002 and \$90,000 for the year ended 30 June 2001. The Myer Family Office Pty Ltd also earned a fee on short term deposits placed by the Company during the year with the M F Cash Management Fund.

During the year the Company maintained loan facilities with ANZ Banking Group Ltd in which Mr C B Goode has an interest. The terms and conditions of the transactions with the ANZ Banking Group Ltd are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

23. Tax Liability on Unrealised Profits

The amount of additional income tax payable had the Company's investments been realised at market values at balance date, after allowing for realisation costs, would have been \$19,535,816 (2001: \$26,794,250).

Notes to the Financial Statements for the year ended 30 June 2002

Notes to the Financial Statements for the year ended 30 June 2002

24. 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:

	Note	2002 \$'000	2001 \$'000
Cash at bank	6	1	28
Deposits in foreign currency	6	3	105
Units in Cash Management Trusts and Bills of Exchange	6	297	10,920
Bank Overdraft	11	(407)	-
		<u>(106)</u>	<u>11,053</u>

b) RECONCILIATION OF OPERATING PROFIT AFTER INCOME TAX TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating profit after income tax:	6,943	9,703
Add/(Less) items classified as investing activities		
Profit on Sale of Investments*	-	(3,250)
Add/(less) non cash items:		
Increase/(decrease) in Tax Payable	(673)	709
Write (Up)/Down of Trading Portfolio	(885)	1,136
Net cash provided by operating activities before changes in assets and liabilities	5,385	8,298
Change in assets and liabilities:		
(Increase)/decrease in prepayments	66	(62)
(Increase)/decrease in debtors	(254)	4,651
(Increase)/decrease in future income tax benefit	(17)	19
(Increase)/decrease in current investments	1,486	2,517
Increase/(decrease) in provision for deferred income tax	3	(95)
Increase/(decrease) in non current provisions	58	(9)
Increase/(decrease) in creditors	(33)	15
Increase/(decrease) in other liabilities	(72)	59
Net cash provided by operating activities	<u>6,622</u>	<u>15,393</u>

* Refer to the change in accounting policy detailed in Note 1b(ii) in the financial statements.

c) FINANCING FACILITIES

The Company's financing facilities are set out in note 12 of these Financial Statements

25. Earnings Per Share

	2002 \$'000	2001 \$'000
Earnings used in the calculation of earnings per share before net gains on long term investments	6,943	6,837
Basic earnings per share (¢ per share) before net gains on long term investments	7.1¢	7.2¢
Earnings used in the calculation of earnings per share after net gains on long term investments	*	9,703
Basic earnings per share (¢ per share) after net gains on long term investments	*	10.2¢
Weighted average number of ordinary shares used in the calculation of the basic earnings per share	97,954,026	95,462,007

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

* Refer to the change in accounting policy detailed in Note 1b(i) in the financial statements.

26. Retirement Scheme

In accordance with a resolution of shareholders passed on 15 October 1991, the Company entered into a retirement agreement with the Directors to provide certain benefits to Directors who have served in that capacity.

The Company's liability for directors' retirement benefits, which is based on the number of years of service provided at the balance date, has been included in the provision for Directors' Retirement Benefits (Note 13).

27. Options Trading

The Company enters into option contracts, the purpose of which is to enhance returns, offset risk or to provide opportunity to acquire or sell stock at advantageous prices. All of the contracts are exchange traded share options and are entered into within the constraints and controls imposed by the Australian Options Market and the Australian Stock Exchange Ltd.

Collateral security to cover written option positions and actual and prospective margin calls is lodged with the Options Clearing House (operated by the Australian Stock Exchange Ltd).

Option related contracts are accounted for in accordance with accounting policy described in Note 1.

28. Additional Financial Instruments Disclosure

INTEREST RATE RISK

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

2002	Note	Floating Interest Rate \$'000	Non Interest Bearing \$'000	Total \$'000
<i>Financial Assets</i>				
Cash	6	301	-	301
Receivables	7	-	1,335	1,335
		<u>301</u>	<u>1,335</u>	<u>1,636</u>
Weighted average interest rate		3.67%		

2001	Note	Floating Interest Rate \$'000	Non Interest Bearing \$'000	Total \$'000
<i>Financial Assets</i>				
Cash	6	11,053	-	11,053
Receivables	7	-	1,789	1,789
		<u>11,053</u>	<u>1,789</u>	<u>12,842</u>
Weighted average interest rate		4.87%		

BORROWINGS

On 28 June 2002, the Company drew a Fully Drawn Advance of \$20,000,000 with ANZ Banking Group Ltd for a period of twelve months (2001: \$15,000,000). This loan bears a fixed interest rate of 4.97% (2001: 5.44%) and is fully secured by mortgage over certain share holdings of the Company.

On 28 June 2002 the Company entered a Fixed Rate Commercial Bill borrowing of \$5,000,000, with ANZ Banking Group Ltd at a fixed interest rate of 4.78% for a period of twelve months, fully secured by mortgage over certain share holdings of the Company.

FOREIGN EXCHANGE RISK

The Company maintains foreign currency deposits. These deposits are used to settle purchases and sales of investments in foreign currencies and collect foreign dividends. These accounts are regularly reviewed and exchanged into Australian dollars when not required. There is no hedge on these funds.

CREDIT RISK EXPOSURE

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The Company minimises concentration of credit risk by undertaking transactions with a number of counterparties which are principally recognised banks or members of the Australian Stock Exchange.

NET FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Valuation Approach

Listed shares, convertible notes and redeemable preference shares are readily traded on organised markets in a standard form. The unlisted shares and options held by the Company are also readily traded on an organised market.

On Statement of Financial Position Financial Instruments

The net fair value of listed shares, convertible notes and redeemable preference shares are determined by valuing them at current quoted market closing prices at balance date. No adjustment for transaction costs necessary to realise the asset or settle the liability has been included as these are deemed to be immaterial. The net fair value of investments is set out in Note 8.

29. Interim Financial Statements 31 December 2001

As set out in Note 1, the company has adopted a new accounting policy for valuation of non-current assets. The policy has been applied from 1 July 2001.

If the policy had been applied at the interim reporting period of the current financial year the interim Financial Statements to 31 December 2001 would have been affected as follows:

Statement of Financial Performance:

	As Reported \$'000	As Revised \$'000
Cost of Long-term investments sold	16,735	-
Carrying value of Long-term investments sold	-	28,485
Profit from ordinary activities before related income tax expense		
income tax expense	15,246	3,496
Income tax expense relating to ordinary activities	634	94
Net Profit	14,612	3,402
Earnings per share before net gains on Long-term Investments (cents per share)	3.5	3.5
<i>Statement of Financial Position:</i>		
Non-current Investments	150,719	220,508
Asset Revaluation Reserve	-	69,789
Retained Profits	27,923	27,923
Total Equity	132,299	202,088

Directors' Declaration

1. In the opinion of the directors of Diversified United Investment Limited:

- (a) the financial statements and notes, set out on pages 9 to 19, 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 2002 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 Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Melbourne this 15th day of August 2002.

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



C B Goode
Director

Independent Audit Report to the Members of Diversified United Investment Limited



Scope

We have audited the financial report of Diversified United Investment Limited for the financial year ended 30 June 2002, consisting of the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes, and the directors' declaration (set out on pages 9 to 20). The Company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the Company's financial position, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Diversified United Investment Limited is in accordance with:

- a) the Corporations Act 2001, including:
 - i. giving a true and fair view of the Company's financial position as at 30 June 2002 and its performance for the year ended on that date; and
 - ii. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia.



KPMG



D N Bartley
Partner
Melbourne
15 August, 2002

Additional Information for the Australian Stock Exchange

Distribution of shareholders as at 31 July 2002.

Ordinary Shares

Category Holders	Units	Ordinary Shares No of Holders	%
1 - 1,000	90,844	394	0.09%
1,001 – 5,000	2,053,326	671	2.09%
5,001 – 10,000	4,109,394	551	4.17%
10,001 – 100,000	16,957,032	689	17.22%
100,001 and over	75,282,898	54	76.43%
	98,493,494	2,359	100.0 %

There were 281 ordinary shareholders holding less than a marketable parcel (294 shares) at 31 July 2002.

The twenty largest shareholders hold 69,857,416 shares which is 70.93% of the issued capital. All ordinary shares carry equal voting rights.

Substantial Shareholders

The number of shares held by the substantial shareholders and their associates at 31 July 2002 are set out below:

Shareholder	Ordinary Shares
The Myer Family Investments Pty Ltd and associates	35,040,704
The Ian Potter Foundation Ltd, Dundee Trading Pty Ltd and Australian United Investment Company Limited	18,104,795

Class of Shares and Voting Rights

The voting rights attaching to the ordinary shares, set out in the Company's Articles of Association are:

"on a show of hands each person present as a member, proxy, attorney or representative has one vote and on a poll each member present in person or by proxy, attorney or representative has one vote for each share held by him."

Additional Information for the Australian Stock Exchange

Top Twenty Shareholders

The number of shares held by the top twenty shareholders listed in the Company's register as at 31 July 2002 were:

Ordinary Shares

Shareholder Name	No. of Shares Held	% Held
1. M F Custodians Ltd	35,040,704	35.58
2. The Ian Potter Foundation Ltd	9,000,000	9.14
3. Dundee Trading Pty Ltd	4,800,000	4.87
4. The University of Melbourne	4,400,181	4.47
5. Australian United Investment Company Ltd	4,304,795	4.37
6. Djerriwarrh Investments Ltd	3,624,122	3.68
7. Mutual Trust	1,335,000	1.36
8. Australian Foundation Investment Company Ltd	1,066,987	1.08
9. Mr Charles Barrington Goode	984,527	1.00
10. Melbourne Business School Ltd	867,864	0.88
11. Beta Gamma Pty Ltd (Walsh Street Super Fund A/C)	833,501	0.85
12. Mr Richard Raymond Hinds	620,380	0.63
13. Tower Trust Ltd	500,169	0.51
14. Mr James Vincent Chester Guest	472,343	0.48
15. Questor Financial Services Ltd	369,639	0.38
16. Mrs Katherine Dixon	361,347	0.37
17. Primrose Properties Pty Ltd	336,168	0.34
18. Pards Pty Ltd	322,440	0.33
19. Mr Daryl Albert Dixon	321,909	0.33
20. R J Craig Nominees Pty Ltd	295,340	0.30
	69,857,416	70.95%

Brokerage Paid

The amount of brokerage paid or charged to the Company during the financial year ended 30 June 2002 totalled \$145,032 (2001:\$201,509). None of that brokerage was paid to any stock or sharebroker, or any employee or nominee of any stock or share broker, who is an officer of the Company.

List of Investments as at 30 June 2002

Unless otherwise stated, the securities in this list are fully paid ordinary shares or stock units.

	Market Value \$	30/6/02 Units Held	% of Portfolio at Market Value	30/6/01 Units Held
Australian Equities				
<i>→ Other Metals</i>				
WMC Ltd	12,044,250	1,325,000	5.50	1,125,000
<i>→ Energy</i>				
Woodside Petroleum Ltd	12,213,000	900,000	5.58	811,000
<i>→ Diversified Resources</i>				
Rio Tinto Ltd	6,704,000	200,000	3.06	140,000
<i>→ Developers & Contractors</i>				
Australand Holdings Ltd	2,960,000	2,000,000	1.35	1,500,000
Lend Lease Corporation Ltd	2,845,800	270,000	1.30	270,000
<i>→ Alcohol & Tobacco</i>				
Foster's Group Ltd	8,024,000	1,700,000	3.66	1,412,000
<i>→ Retail</i>				
Foodland Associated Ltd	3,780,000	200,000	1.73	200,000
Foodland Associated Ltd (new)	498,420	27,000	0.23	-
<i>→ Paper & Packaging</i>				
Paperlinx Ltd	1,455,000	300,000	0.66	300,000
<i>→ Transport</i>				
Adsteam Marine Ltd	2,316,000	1,200,000	1.06	1,000,000
Brambles Industries Ltd	4,083,508	432,575	1.86	102,000
<i>→ Media and Communications</i>				
Cable & Wireless Optus Ltd	-	-	-	1,487,680
Fairfax Holdings Ltd	827,500	250,000	0.38	250,000
Singtel Ltd	985,163	729,750	0.45	-
Southern Cross Broadcasting (Aust) Ltd	2,691,000	300,000	1.23	277,000
Telstra Corporation Ltd	5,894,900	1,265,000	2.69	1,265,000
The News Corp Preferred Shares	2,073,687	253,507	0.95	251,765
West Australian Newspapers Hld Ltd	-	-	-	202,335
<i>→ Banks & Finance</i>				
ANZ Banking Group Ltd	16,049,280	832,000	7.33	832,000
Commonwealth Bank of Australia Ltd	13,172,000	400,000	6.01	400,000
National Australia Bank Ltd	14,160,000	400,000	6.46	400,000
Suncorp Metway Ltd	1,231,000	100,000	0.56	-
Westpac Banking Corporation Ltd	9,744,000	600,000	4.45	454,900

List of Investments as at 30 June 2002

	Market Value \$	30/6/02 Units Held	% of Portfolio at Market Value	30/6/01 Units Held
<i>→ Insurance</i>				
AMP Ltd	5,038,800	323,000	2.30	275,000
QBE Insurance Ltd	5,976,000	900,000	2.73	615,343
Tower Ltd	-	-	-	752,212
<i>→ Investment, Financial Services</i>				
Perpetual Trustees Ltd	6,954,090	162,100	3.17	162,100
Washington H Soul Pattinson & Co. Ltd	3,720,000	600,000	1.70	60,000
<i>→ Infrastructure & Utilities</i>				
Australian Gas Light Company Ltd	5,910,000	600,000	2.70	600,000
Transurban City Link Ltd	4,200,000	1,000,000	1.92	1,000,000
<i>→ Miscellaneous Services</i>				
E.R.G. Ltd	-	-	-	1,500,000
Lemarne Corporation Ltd	-	-	-	600,000
Lemvest Ltd	118,000	100,000	0.05	200,000
Nautronix Ltd	-	-	-	1,000,000
Solution 6 Ltd	188,536	342,792	0.09	1,200,200
Vision Systems Ltd	3,502,959	2,694,584	1.60	1,365,200
Vision Systems (New) Ex Prefs.	-	-	-	1,329,384
<i>→ Miscellaneous Industrial</i>				
Alesco Corporation Ltd	1,432,524	376,980	0.65	376,980
Coventry Group Ltd	-	-	-	167,090
Crane Group Ltd	1,287,000	150,000	0.59	95,000
<i>→ Health Care</i>				
Compumedics Ltd	320,000	1,000,000	0.14	-
CSL Ltd	4,987,900	155,000	2.28	154,588
F H Faulding & Co Ltd	-	-	-	1,000,000
Mayne Nickless Ltd	9,704,160	2,344,000	4.43	-
Res Med Inc.	514,000	100,000	0.23	-
<i>→ Tourism and Leisure</i>				
TAB Ltd	3,110,000	1,000,000	1.42	-
Tabcorp Holdings Ltd	12,500,000	1,000,000	5.71	900,000
Total Australian Listed Equities	193,216,477		88.21	
Total Australian Equities	193,216,477		88.21	

List of Investments as at 30 June 2002

	Market Value \$	30/6/02 Units Held	% of Portfolio at Market Value	30/6/01 Units Held
Listed Property Companies and Trusts				
AMP Industrial Trust	1,501,528	1,365,025	0.69	-
AMP Shopping Centre Trust	715,000	500,000	0.33	-
Colonial First State Property Trust Grp	1,105,000	500,000	0.50	-
Commonwealth Property Office Fund	1,210,000	1,000,000	0.55	1,000,000
Deutsche Diversified Trust	585,000	500,000	0.27	-
Deutsche Industrial Trust	830,000	500,000	0.38	-
Deutsche Office Trust	1,300,000	1,000,000	0.59	500,000
ING Office Fund	840,000	700,000	0.38	200,000
Macquarie Office Trust	234,000	180,000	0.11	-
Stockland Trust Group	1,317,004	300,001	0.60	284,984
Westfield America Trust	50,000	25,000	0.02	-
Westfield Trust	3,740,000	1,100,000	1.71	1,088,615
Total Listed Property Companies and Trusts	13,427,532		6.13	
Foreign Equities				
Bayer AG	-	-	-	15,000
Novartis bearer shares	1,002,752	12,800	0.45	12,800
Roche Holdings Genush FN	2,208,260	16,400	1.01	16,400
Singapore Airlines	832,000	64,000	0.38	64,000
Sony Corp ADR	808,659	8,550	0.37	8,550
Total Foreign Equities	4,851,671		2.21	
Australian Fixed Interest Converting Preference Shares				
→ <i>Developers & Contractors</i>				
Australand Holdings Ltd	3,797,500	35,000	1.74	10,000
→ <i>Miscellaneous Services</i>				
Village Roadshow	2,040,000	2,000,000	0.93	1,080,674
→ <i>Paper & Packaging</i>				
CPI Group Ltd	478,130	296,975	0.22	365,000
→ <i>Engineering</i>				
Smorgon Steel Group Ltd	-	-	-	496,496
Convertible Notes				
→ <i>Banking & Finance</i>				
Suncorp-Metway 8% Notes	-	-	-	100,000
→ <i>Miscellaneous Services</i>				
ERG Ltd 7.5% Notes	927,000	150,000	0.42	-
Total Australian Fixed Interest	7,242,630		3.31	
→ <i>Cash & Bills of Exchange</i>				
	300,637		0.14	
Total	219,038,947		100.00	

Additional Information Regarding the International Portfolio

Shareholders may not be familiar with the activities of the companies in our international equities portfolio and accordingly the following brief overviews are provided:

Novartis was formed from the merger between Santoz and Ciba Geigy, and our shareholding arises from our previous holding in Ciba Geigy. In the Fortune Global 500, it is No. 8 in the world pharmaceutical industry in terms of revenue and No. 6 in terms of profits.

Roche is the Swiss based pharmaceutical group with strong European, USA (owns 60% of Genentech), and Asian Pacific interests. The company concentrates on four business segments - pharmaceutical, vitamins, diagnostics, and fragrances and flavours. In the latest Fortune Global 500, Roche rates under the pharmaceutical category as No. 9 for sales and No. 10 for profits.

Singapore Airlines This is a leading Singapore based airline with a strong balance sheet.

Sony Corporation Under the heading of electronics and electrical equipment in the Fortune Global 500, Sony rates No. 3 in terms of revenue and No. 7 in terms of profits.

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