

Diversified United
Investment Limited

ABN 33 006 713 177

Annual Financial Report 2009

Directory

Directors

C B Goode AC - Chairman
G E Moir
M K Myer AO
R H Myer AM
A R Burgess

Company Secretary

Andrew J Hancock FCA

Registered Office

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101 Collins Street
Melbourne VIC 3000
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Email: info@dui.com.au
Website: www.dui.com.au

Bankers

Australia and New Zealand Banking Group Limited
National Australia Bank Limited

Auditors

KPMG
Chartered Accountants

Share Registry

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford Vic 3067
Tel: 1300 850 505 or (613) 9415 5000
Fax: (613) 9473 2500
Website: www.computershare.com

Securities Exchange

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

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Chairman's Report

I present the seventeenth Annual Report of Diversified United Investment Ltd which is for the year ended 30 June 2009.

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, fixed interest securities, listed property trusts and short term deposits. During the year the Company did not hold any investments in international equities.

Operating profit after tax was \$18,134,000 which is a decrease of 9% on the previous year or a decrease of 3.7% if special dividends received in both periods are excluded.

The total result for the year is a loss of \$3,630,000 after including realised losses after tax of \$5,979,000, and unrealised impairment losses after tax of \$15,785,000 required to be transferred to the income statement from the revaluation reserve under current accounting standards. The unrealised impairment charge does not affect the Company's net asset backing per share as the portfolio is revalued to market prices continuously. Unrealised impairment losses are not part of operating profit which is used by directors as the basis for determining the amount to be paid as dividends

The weighted average number of ordinary shares for the year was 143,813,000 as against 130,929,000 in the previous year, an increase of 9.8%.

The operating earnings per share based on the weighted average number of shares on issue for the year was 12.6 cents per share (12.5 cents excluding the special dividends) compared to 15.3 cents for the year to 30 June 2008 (14.3 cents excluding special dividends).

Income earned during the year was \$23,148,000 comprising \$20,351,000 dividends and trust distributions and \$2,797,000 interest. The Company incurred operating expenses of \$926,000 before interest which is equivalent to 0.19% of the average value of the portfolio.

This year a special dividend totalling \$105,000, after tax, was received from St. George Bank. In 2008, special dividends of \$1,302,000, after tax were received from Alinta, Henderson Group, Southern Cross Broadcasting, Macquarie Airports, Macquarie Capital Alliance and Village Roadshow.

Leaving aside the special dividends, the year's result reflects a 11% decrease in income from dividends and trust income, a 78% increase in interest income and 4% higher interest expense.

\$18,885,250 of new equity was raised through the share purchase plan in April this year by the issue of 9,442,625 new shares at \$2.00 per share.

Bank borrowings were \$65 million at the end of the financial year (previous year \$40 million) amounting to around 14% of the investment portfolio at market values. Cash on hand, cash on deposit and short term receivables were \$56 million, or 12% of the investment portfolio at market values (previous year \$46 million, or 9%). Annual interest expense was covered 6.6 times by investment revenue.

The net asset backing per share before estimated tax on unrealised gains and before provision for the final dividend was \$2.67 at 30 June 2009, compared to \$3.54 at 30 June 2008.

The year saw significant declines in world equities with the Australian S&P/ASX 200 price index falling 24.2%, the Dow Jones Index falling 25.6%, the Standard & Poors 500 falling 28.2%, the FTSE 100 falling 24.5% and the Nikkei-225 falling 26.1%.

The Directors have declared a fully franked final dividend of 7¢ per share for the year to 30 June 2009, which with the interim dividend of 6¢ per share fully franked makes a total fully franked dividend of 13¢ per share for the year, unchanged from the previous year. This year's dividend payment dates are several weeks earlier than in previous years and directors intend to continue this timetable in future.

The final dividend will not include a Listed Investment Company capital gain dividend.

Dividends paid or payable for each of the last 5 financial years are as follows:

| | |
|---------|----------------------|
| 2004/05 | 8.5 cents per share |
| 2005/06 | 9.5 cents per share |
| 2006/07 | 12.0 cents per share |
| 2007/08 | 13.0 cents per share |
| 2008/09 | 13.0 cents per share |

The Company's reported net tangible asset backing per share before provision for the final dividend (based on investments at market values and after the tax effect of net realised gains and losses but not on unrealised gains and losses) over the last 5 years was as follows:

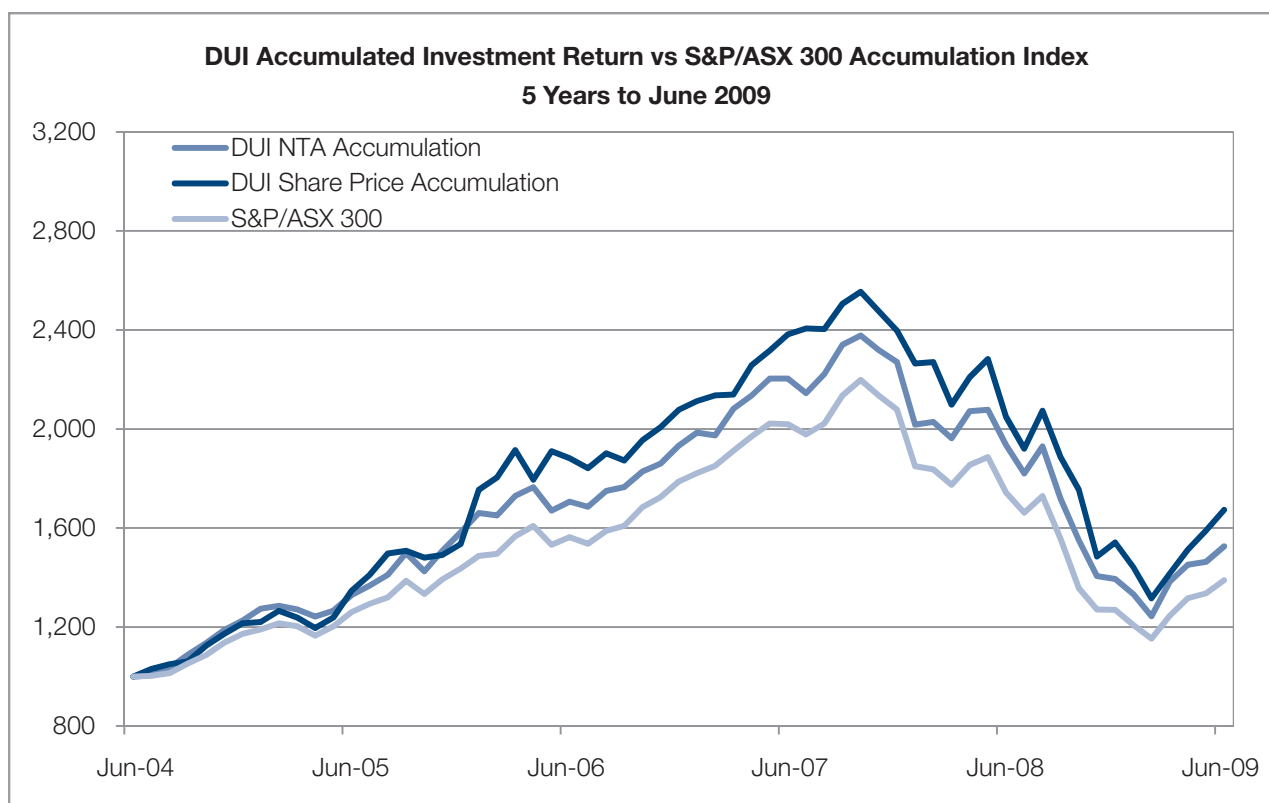
| | |
|--------------|---|
| 30 June 2005 | \$2.76 |
| 30 June 2006 | \$3.32 (after one for five rights issue at \$2.70, May 2006). |
| 30 June 2007 | \$4.16 |
| 30 June 2008 | \$3.54 (after placement of 15,350,000 shares at \$3.46, March 2008) |
| 30 June 2009 | \$2.67 (after share purchase plan – 9,442,625 shares at \$2.00, April 2009) |

The Australian equities portfolio is mainly in leading companies and at 30 June 2009 in terms of market values, 92% of the Australian equities portfolio was in the leading 50 companies (81% in the top 20 companies and 11% in the next 30 companies), with a further 4% invested in the second 50 companies and 4% invested in companies other than the largest 100 companies.

The Company's net asset backing accumulation performance in recent years (assuming all dividends were re-invested) is as follows:

| | DUI Accumulation % p.a. | S&P ASX 300 Accumulation Index % p.a. |
|---------|-------------------------|---------------------------------------|
| 1 Year | (21.1) | (20.3) |
| 3 Years | (3.6) | (3.9) |
| 5 Years | 8.8 | 6.8 |

The following graph show the accumulation performance of the Company's net asset backing (before the tax effect of unrealised gains and losses) assuming all dividends were re-invested, as compared to the S&P/ASX 300 Accumulation Index over the last five years.



Source: Goldman Sachs JB Were

Chairman's Report

| Company | Market Value \$'000 | % of Market Value of Total Investments |
|---|------------------------|---|
| 1. BHP Billiton Ltd | 52,080 | 11.2% |
| 2. Woodside Petroleum Ltd | 43,210 | 9.3% |
| 3. Westpac Banking Corporation Ltd | 32,400 | 7.0% |
| 4. ANZ Banking Group Ltd | 31,331 | 6.7% |
| 5. Commonwealth Bank of Australia Ltd | 31,200 | 6.7% |
| 6. Rio Tinto Ltd | 27,091 | 5.8% |
| 7. QBE Insurance Group Ltd | 23,880 | 5.1% |
| 8. National Australia Bank Ltd | 22,889 | 4.9% |
| 9. CSL Ltd | 16,075 | 3.4% |
| 10. Westfield Group | 15,576 | 3.3% |
| 11. Woolworths Ltd | 10,544 | 2.3% |
| 12. Alumina Ltd | 10,317 | 2.2% |
| 13. Wesfarmers Ltd Ordinary & Wesfarmers Ltd PPS | 9,962 | 2.1% |
| 14. AGL Energy Ltd | 8,743 | 1.9% |
| 15. Telstra Corporation Ltd | 6,780 | 1.5% |
| 16. Washington H Soul Pattinson & Co Ltd | 6,450 | 1.4% |
| 17. Transurban Group | 6,270 | 1.3% |
| 18. Brambles Ltd | 5,960 | 1.3% |
| 19. Perpetual Ltd | 5,710 | 1.2% |
| 20. Santos Ltd Non Cum Prefs (FUELS) | 5,012 | 1.1% |
| 21. AXA Asia Pacific Holdings Ltd | 4,668 | 1.0% |
| 22. Australian Infrastructure Fund | 4,050 | 0.9% |
| 23. Leighton Holdings Ltd | 3,891 | 0.8% |
| 24. News Corporation Inc Class A Common CDI | 3,483 | 0.7% |
| 25. Orica Ltd | 3,258 | 0.7% |
| | 390,830 | 83.8% |
| Total Investments at Market Value and Cash | 466,238 | |



Charles Goode
Chairman

Corporate Governance Statement

The Company has adopted corporate governance principles in accordance with the Australian Securities Exchange Corporate Governance Council's "Good Corporate Governance Principles and Recommendations." Any material departures from the recommendations are referred to in this statement.

1. Accountability and Responsibility

The Board is accountable to the shareholders and is responsible for:

- Setting strategic and financial objectives;
- Monitoring the Company's performance and financial position and overseeing the financial accounts and reporting;
- Identifying and managing business and compliance risks;
- Managing the Company's investment portfolio;
- Overseeing relationships with outside service providers;
- Appointing the Company Secretary, and setting and overseeing responsibilities delegated to the Company Secretary; and
- Setting ethical standards for the Company.

2. Composition

The Board currently comprises 5 directors. The Company's constitution requires 3 to 6 directors. The Company has no executives or executive directors. If a vacancy arises the Nomination and Remuneration Committee chooses the best available candidate after wide, and if necessary professional consultation for appointment and subsequent consideration by shareholders at the next Annual General Meeting.

The Chairman, M K Myer and R H Myer are associated with substantial shareholders. These directors bring significant relevant experience to the Board. However in that the Chairman of the Board is not independent and there is not a majority of independent directors, the Company departs from the Australian Securities Exchange Corporate Governance Council's Recommendations. A lead independent director is not considered necessary given the small size of the Board. Appointed directors must stand for election at the next Annual General Meeting. One third of directors stand for re-election at each Annual General Meeting. There is no set retirement age or term for directors. Extensive experience in the investment markets is valued. Directors are not required to own shares in the Company. Directors have agreed not to enter into any margin loans over their shareholdings in the Company.

3. Operation

The Board usually meets ten times each year and consults on investment matters between meetings. The Board has day-to-day responsibility for management of the investment portfolio. Transaction levels are low as the portfolio is held for the long term. The Board reviews financial statements, forecasts, the investment portfolio, the net asset backing per share, and compliance reports monthly. The Company Secretary is responsible for either providing the information or co-ordinating it from outside service providers.

4. Delegation

The duties and responsibilities of the Company Secretary, the Company's only employee, are set out in a letter of engagement, which the Board approves. The Board also approves letters of engagement for the externally provided accounting, tax, custody and audit services. Share registry services are purchased on commercial terms.

5. Directors' Terms of Appointment, Remuneration and Performance

Directors' fees are reviewed annually by the Nomination and Remuneration Committee in the light of the Company's activity, changing responsibilities and in comparison to fee levels of a peer group of companies. Independent remuneration advice may be sought. The maximum total of directors' fees is set by the shareholders in general meeting. Details of directors' remuneration are set out in the Remuneration Report in the Annual Report.

Each director appointed before October 2006 entered into a Retirement Agreement at that time to convert accrued retirement benefits into shares in the Company to be held until retirement in the Non-Executive Directors 2006 Accrued Entitlements Share Plan, as approved by shareholders.

Each director is entitled to enter a Deed of Access, Indemnity and Insurance with the Company and to be covered by the Company's Directors and Officers Liability Insurance.

The duties of directors are as set out in the Corporations Law and in this statement. In addition to board meetings directors are expected to attend, for no additional fee, 2 committee meetings per year where applicable. They are expected to make a pro-active contribution to the management of the Company's investment portfolio from their reading, research, and information collected outside of board meetings.

After prior discussion with the Chairman, directors are entitled to seek independent advice at the expense of the Company, which advice will then be made available to all other directors. Directors are entitled to unlimited access to the Company's records.

The Board reviews its performance annually by discussion and by individual communication with the Chairman and by reference to generally accepted Board performance standards. The Board also conducts an annual review of the performance of the Board Committees, the Company Secretary, and outside service providers.

6. Board Committees

The Board has a Nomination and Remuneration Committee comprising all directors and an Audit Committee comprising A R Burgess, M K Myer and G E Moir. The Audit Committee meets at least twice and the Nomination and Remuneration Committee at least once per annum. The Charter of each committee are reviewed by the Board annually. The Audit Committee Charter includes inter-alia, appointment of the auditor, assessing their independence, managing the audit relationship, and overseeing risk management. The external audit partner rotates every 5 years.

The Audit Committee has an independent Chairman and a majority of independent directors. All members are non-executive.

The Committee is considered to have sufficient relevant expertise and to comply with the Australian Securities Exchange Corporate Governance Council's Recommendations and Australian Securities Exchange listing rule 12.7.

The Nomination and Remuneration Committee considers and makes recommendations to the Board regarding Board composition and remuneration of the directors and the Company Secretary. The Company Secretary's remuneration is paid on a fee for services basis and is disclosed in the Remuneration Report in the Annual Report. No additional fees are paid to members of the Board committees.

Committee Members' qualifications and attendance at meetings are set out in the Directors' Report in the Annual Report.

7. Disclosure Procedures

The Company has established procedures to ensure compliance with the Australian Securities Exchange listing rule disclosure requirements including monthly disclosure of the Company's net tangible asset backing per share. These procedures include a timetable of the required disclosures which is overseen by the Company Secretary.

8. Shareholder Communication

The Company communicates with shareholders through:

- The annual report
- The half year report
- The website, including email contact.
- Telephone availability of the Company Secretary at the representative office.
- Annual General Meeting including Chairman's address and question time.
- Mailing of Chairman's Address to all shareholders and posting to website.

The external auditor is to be available for questioning at the Annual General Meeting.

9. Risk Management

The Audit Committee reviews the internal control system and the management of risk half yearly, after receiving reports from the Company Secretary on these matters and makes appropriate recommendations to the Board.

The Board receives a letter half yearly from the Company's external accountants regarding their procedures, and reporting that the financial records have been properly maintained and the financial statements comply with the Accounting Standards.

Based on his review of the internal control systems, management of risk, the financial statements and the letter from the Company's external accountants, the Company Secretary then provides half yearly the declarations required by Section 295A of the Corporations Act and confirms that in his opinion the financial statements and accompanying notes comply with the Accounting Standards and give a true and fair view.

Details of the Company's financial risk management are set out in the notes to the financial statements in the Annual Report.

10. Ethical Conduct

The Company has no employees other than directors and the Company Secretary. Each director and the Company Secretary is expected to adopt high ethical standards in acting for the Company and in the interests of the shareholders. Directors are required to disclose potential conflicts of interest and to refrain from involvement in Board decisions, or leave the room, during discussion of the conflicted matter. The directors and the Company Secretary are aware of the Corporations Law regarding dealing in securities in which they possess market sensitive information. The Company's net tangible asset backing per share is announced monthly to the Australian Securities Exchange and the Company has procedures to ensure compliance with Australian Securities Exchange continuous disclosure requirements.

The directors present their report together with the financial report of Diversified United Investment Limited for the financial year ended 30 June 2009 and the auditors' report thereon.

Directors' Report

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

Age 70

Appointed Chairman September 1991.

Mr Goode is the Chairman of the Boards of Australia and New Zealand Banking Group Limited (director since 1991), Australian United Investment Company Limited (since 1990), The Ian Potter Foundation Limited (governor since 1987) and Grosvenor Australia Properties Pty Limited (since 2008).

Formerly Mr Goode was a director of Woodside Petroleum Limited (1988 – 2007, Chairman 1999 – 2007) and Singapore Airlines Limited (1999 – 2006).

Graeme Moir B.Com (Univ. of NZ), ACA (NZ), ACIS.

Non-Executive Director

Age 77

Appointed September 1991.

Mr Moir is the principal of the investment management firm Moir's Investment Service Pty. Ltd. (since 1965), and is a director of Graeme Moir and Associates Pty. Ltd. (since 1965), and Australian United Investment Company Limited (since 1976).

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

Non-Executive Director

Age 51

Appointed September 1991.

Mr Myer is Chairman of CogState Ltd (since 1999), a director of SP AusNet Group (since 2005) and The Myer Family Company Pty Ltd (since 2007), and he is a member of the Council of the University of Melbourne (since 2009).

Formerly Mr Myer was a director of Coles Group Ltd (1996 – 2006) and the Florey Neuroscience Institutes (2007 – 2009), and was President of the Howard Florey Institute (2004 – 2007).

Rupert Myer AM, B.Com (Hons) (Melb), MA Cantab

Non-Executive Director

Age 51

Appointed November 2002.

Mr Myer is a director of AMCIL Limited (since 2000). He serves as Chairman of The Myer Family Company Pty Ltd (Group) (since 2004 and a director since 1991) and the National Gallery of Australia (since 2005), and is a director of Myer Pty Ltd (since 2006).

Anthony Burgess ASA, B.Com (Hons) (Melb), MBA (Dist'n) (Harvard)

Non-Executive Director

Age 50

Appointed 10 September 2008.

Mr Burgess has 27 years experience in corporate finance in London, New York and Melbourne. He is currently Joint Managing Partner of Palladio Partners, 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 Director of the St. Vincent's Institute Foundation. He is Chairman of the Company's Audit Committee.

Company Secretary

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

Company Secretary

Age 57

Appointed 23 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.

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.

Results and Review of Operations

For the year ended 30 June 2009 the Company earned an operating profit after tax before net realised and unrealised losses on the investment portfolio of \$18,134,000 (compared to \$20,028,000 in 2008) – a decrease of 9%.

If special dividends received are disregarded, operating profit before net realised and unrealised losses on investment portfolio decreased 3.7%. The operating profit includes \$105,000 of special dividends and distributions received. In 2008, the operating profit after tax included \$1,302,000 of special dividends and distributions received. The weighted average number of ordinary shares for the year was 143,813,000 as against 130,929,000 in the previous year, an increase of 9.8%. The basic and diluted earnings per share before net realised gains on investment portfolio and special dividends was 12.5 cents compared to 14.3 cents for the previous year (adjusted for the dilutionary effect of the April 2009 Share Purchase Plan).

The total net loss after tax for the year of \$3,630,000 is after an unrealised impairment loss transferred from the revaluation reserve of \$15,785,000. This charge does not affect the Company's net assets as investments are revalued to market prices continuously. In assessing impairments the Company complies with the auditing profession's interpretation of accounting standard AASB 139, which takes a shorter term view of movements in share prices and is not reflective of the Company's longer term view of the fair value of its investments. The directors regard the operating result before net realised and unrealised gains or losses as the relevant measure of profit.

The net tangible asset backing of each of the Company's shares at 30 June 2009 was \$2.67 (2008: \$3.54). This net tangible asset backing calculation is based on investments at market value and is after the tax effect of net realised gains and losses, before estimated tax on unrealised gains and losses and before the 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 be \$2.43 (2008: \$3.07).

The Company announced on 27 March 2009 an offer to existing shareholders under the Company's Share Purchase Plan which resulted in the issue of 9,442,625 fully paid ordinary shares on 30 April 2009 at a price of \$2.00 per share.

Borrowings as at 30 June 2009 were \$65 million (2008: \$40 million) amounting to around 14% of the investment portfolio at market values (2008: 7%). Cash on hand, cash deposits and short term receivables were \$56 million, or 12% of the investment portfolio at market values (2008 \$46 million, or 9%).

Directors' Report

The composition of the operating profit after income tax and before net realised and unrealised losses on the investment portfolio was as follows:

| | 2009 \$'000 | 2008 \$'000 |
|---|----------------|----------------|
| Revenue from investment portfolio | | |
| Dividends | 17,256 | 18,633 |
| Trust Distributions | 3,095 | 4,254 |
| Interest | 2,797 | 1,570 |
| Sub-underwriting Fees | - | 7 |
| | 23,148 | 24,464 |
| Expenses | | |
| Administration and other expenses: | | |
| Accounting and Custody Fees | 156 | 139 |
| Audit | 48 | 41 |
| Share Registry | 85 | 53 |
| Directors' Fees | 406 | 325 |
| ASX Fees | 64 | 56 |
| Company Secretary Fees | 70 | 65 |
| Insurance | 29 | 29 |
| Other | 68 | 57 |
| Finance Costs: | | |
| Interest | 3,514 | 3,380 |
| | 4,440 | 4,145 |
| Operating profit before income tax expense and net realised and unrealised losses on investment portfolio | 18,708 | 20,319 |
| Income tax (expense)/benefit | (574) | (291) |
| Net operating profit before net realised and unrealised losses on investment portfolio | 18,134 | 20,028 |

Expenses (excluding finance costs) were 0.19% of the average market value of the investment portfolio (2008: 0.14%)

Dividends

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

| | \$'000 |
|---|--------|
| Paid or declared during the year | |
| A final dividend in respect of the year ended 30 June 2008 of 7.0¢ per share fully franked payable on 17 October 2008. | 9,813 |
| An interim dividend in respect of the year ended 30 June 2009 of 6¢ per share fully franked paid on 25 March 2009. | 8,456 |
| Paid or declared after end of year | |
| A final dividend in respect of the year ended 30 June 2009 of 7.0¢ per share fully franked payable on 21 September 2009 | 10,627 |

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 | 12 | 12 | - | - | 1 | 1 |
| Graeme Moir | 12 | 12 | 2 | 2 | 1 | 1 |
| Martyn Myer | 11 | 12 | 2 | 2 | 1 | 1 |
| Rupert Myer | 12 | 12 | 1 | 1 | - | 1 |
| Anthony Burgess | 10 | 10 | 1 | 1 | 1 | 1 |

The Audit Committee comprises Mr A R Burgess, Chairman, Mr G E Moir, and Mr M K Myer. Mr R H Myer retired from the Audit Committee in September 2008.

All members of the board are members of the Nomination and Remuneration Committee.

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 | 1,286,753 | 2,105,356 | 140,000 |
| Graeme Moir | 130,000 | - | 70,000 |
| Martyn Myer | 1,445 | 106,010 | 70,000 |
| Rupert Myer | 6,523 | 122,955 | 14,000 |
| Anthony Burgess | - | 100,000 | - |

Note:

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

Directors' Report

Except as stated, 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.

Remuneration Report (audited)

| Non-executive Directors' Fees (1) | 2009 \$ | 2008 \$ |
|-----------------------------------|----------------|----------------|
| Charles Goode | 140,000 | 130,000 |
| Graeme Moir | 70,000 | 65,000 |
| Martyn Myer | 70,000 | 65,000 |
| Rupert Myer | 70,000 | 65,000 |
| Anthony Burgess | 56,477 | - |
| Total | 406,477 | 325,000 |

- (i) Directors fees include superannuation contributions elected by Directors to be paid to their nominated superannuation fund.
- (ii) 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.

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 amount of directors' fees is set by the shareholders in general meeting.

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. Amounts disclosed for Directors' remuneration exclude insurance premiums of \$28,889 paid by the Company in respect of Directors' and Officers' liability insurance as the contracts do not specify premiums paid in respect of individual directors and officers. Refer to Note 16 of the financial statements for information relating to the insurance contracts and the details of the Non-Executive Directors 2006 Accrued Entitlements Share Plan.

The Company Secretary, Mr Andrew J Hancock, received \$70,000 (2008: \$65,000) for services provided to the Company.

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.

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 \$6,270 for these services.

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 did 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.

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.

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.

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

The lead auditor's independence declaration is set out on page 14 and forms part of the Directors' report for the year ended 30 June 2009.

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 19th day of August 2009

Signed in accordance with a resolution of the directors:



Charles Goode
Director

Lead Auditor's Independence Declaration



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Diversified United Investment Limited

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 2009 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

msomerville

Michelle Somerville
Partner

Melbourne
19 August 2009

Income Statement for the Year Ended 30 June 2009

| | Note | 2009 \$'000's | 2008 \$'000's |
|---|------|------------------|------------------|
| Revenue from investment portfolio | 2 | 23,148 | 24,464 |
| Administration and other expenses | | (926) | (765) |
| Finance expenses | 2 | (3,514) | (3,380) |
| Operating profit before income tax expense and net gains/ (losses) on investment portfolio | | 18,708 | 20,319 |
| Income tax expense * | | (574) | (291) |
| Net operating profit before net gains/ (losses) on investment portfolio | | 18,134 | 20,028 |
| Net realised (losses)/ gains on investment portfolio transferred from revaluation reserve | | (8,541) | 13,941 |
| Income tax benefit/ (expense) thereon* | | 2,562 | (4,217) |
| Unrealised impairment losses on investment portfolio transferred from revaluation reserve | 1(d) | (21,687) | |
| Income tax benefit/ (expense) thereon* | | 5,902 | - |
| | | (21,764) | 9,724 |
| (Loss)/ Profit for the year | | (3,630) | 29,752 |
| * Total income tax benefit/ (expense) | 4(a) | 7,890 | (4,508) |
| Basic and diluted earnings per share (cents) | 18 | (2.5) | 22.7 |

Basic and diluted operating earnings per share (cents) before net realised and unrealised losses on investment portfolio are shown in Note 18.

The income statement is to be read in conjunction with the notes to the financial statements set out on pages 19 to 31.

Balance Sheet as at 30 June 2009

| | Note | 2009 \$'000's | 2008 \$'000's |
|--------------------------------------|-------|------------------|------------------|
| Assets | | | |
| Cash assets | 6 | 18,416 | 7,954 |
| Receivables | 7 | 2,970 | 3,583 |
| Investments | 8 | 35,000 | 34,623 |
| Other | 9 | - | 26 |
| Total current assets | | 56,386 | 46,186 |
| Investment portfolio | 8 | 409,852 | 494,674 |
| Total non-current assets | | 409,852 | 494,674 |
| Total assets | | 466,238 | 540,860 |
| Liabilities | | | |
| Current tax liability | 4(a) | 584 | 4,443 |
| Payables | 10 | 460 | 95 |
| Total current liabilities | | 1,044 | 4,538 |
| Borrowings – interest bearing | 11 | 64,629 | 39,880 |
| Deferred tax liability | 4(b) | 31,130 | 66,609 |
| Total non-current liabilities | | 95,759 | 106,489 |
| Total liabilities | | 96,803 | 111,027 |
| Net assets | | 369,435 | 429,833 |
| Equity | | | |
| Issued capital | 13(a) | 253,392 | 229,491 |
| Reserves | 13(b) | 116,043 | 200,342 |
| Total equity | | 369,435 | 429,833 |

The balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 19 to 31.

Statement of Changes in Equity for the Year Ended 30 June 2009

| | Note | 2009 \$'000's | 2008 \$'000's |
|---|-------|------------------|------------------|
| Total equity at the beginning of the year | | 429,833 | 420,842 |
| Revaluation of investment portfolio | 13(b) | (119,636) | (75,313) |
| Tax benefit on revaluation of investments | 13(b) | 35,472 | 21,896 |
| Net losses/ (gains) on investment portfolio after tax transferred to income statement | | 21,764 | (9,724) |
| Total direct equity adjustments | | (62,400) | (63,141) |
| (Loss)/ Profit for the year | | (3,630) | 29,752 |
| Total direct equity adjustments and Loss/ Profit for the year | | (66,030) | (33,389) |
| Transactions with shareholders | | | |
| Dividend reinvestment plan | 13(b) | 5,099 | 3,644 |
| Dividends paid from retained earnings | 13(b) | (9,299) | (14,600) |
| Dividends paid from realisation reserve * | 13(b) | (8,970) | (864) |
| Share placement net of costs | 13(a) | - | 53,045 |
| Share purchase plan net of costs | 13(a) | 18,802 | 1,155 |
| | | 5,632 | 42,380 |
| Total equity at the end of the year | | 369,435 | 429,833 |

* LIC dividend

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on page 19 to 31.

Statement of Cash Flows for the Year Ended 30 June 2009

| | Note | 2009 \$'000's | 2008 \$'000's |
|--|-------|------------------|------------------|
| Cash flows from operating activities | | | |
| Interest received | | 2,834 | 1,473 |
| Dividends and trust distributions received | | 21,028 | 21,726 |
| Sub-underwriting fees | | - | 7 |
| Administration and other expenses paid | | (891) | (767) |
| Finance costs paid | | (3,765) | (3,266) |
| Income taxes paid | | (4,440) | - |
| Net cash from operating activities | 17(b) | 14,766 | 19,173 |
| Cash flows from investing activities | | | |
| Proceeds from sale of investments | | 30,965 | 50,485 |
| Purchases of investments | | (65,901) | (72,110) |
| Net cash used in investing activities | | (34,936) | (21,625) |
| Cash flows from financing activities | | | |
| Proceeds from share placement net of costs | | - | 53,045 |
| Proceeds from share purchase plan net of costs | | 18,802 | 1,155 |
| Dividends paid net of dividend reinvestment plan | | (13,170) | (11,820) |
| Proceeds from borrowings | | 25,000 | - |
| Repayments of borrowings | | - | (33,000) |
| Net cash from financing activities | | 30,632 | 9,380 |
| Net increase/(decrease) in cash held | | 10,462 | 6,928 |
| Cash and cash equivalents at 1 July | 17(a) | 7,954 | 1,026 |
| Cash and cash equivalents at 30 June | 17(a) | 18,416 | 7,954 |

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 19 to 31.

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 19 August 2009.

(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 the 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.

The Company has not applied any Australian Accounting Standards or UIG Interpretations that have been issued as at balance date but are not yet operative for the year ended 30 June 2009 ("the inoperative standards"). The impact of the inoperative standards has been assessed and the impact has been identified as not being material. The Company only intends to adopt 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 classified as available-for-sale are stated at their fair value.

The preparation of financial statements requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. In particular, the significant area of estimation uncertainty and critical judgements in applying accounting policies that has the most significant effect on the amounts recognised in the financial statements is impairment.

(c) Investments

The Company is a long term investor. Under IFRS, investments are classified as available-for-sale. After initial recognition at fair value (being cost), investments are measured at fair value.

Unrealised gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

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 income statement.

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) Impairment

The Company reviews its investment portfolio at each balance sheet date to determine whether there is any objective evidence of impairment in the fair value of each investment. Where a decline in the fair value of an investment has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss (after tax) that had been recognised directly in equity is immediately recognised in the income statement. Any subsequent reversal of an impairment loss is not reversed through the income statement.

In assessing whether there is objective evidence of impairment the Company complies with the auditing professions' interpretation of accounting standard AASB 139, which takes a shorter term view of movements in share prices, and is not reflective of the Company's longer term view of the fair value of its investments.

(e) 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 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.

(f) Taxation

The income tax expense or revenue for the period is the tax payable 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 securities in the investment portfolio is recognised directly in equity and as a deferred tax liability. Where 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 equity is transferred to Net Profit and adjusted to income tax expense. The associated deferred tax liability is similarly adjusted and transferred to current tax payable.

When Capital Gains Tax rollover relief is elected on the disposal of securities, tax is still calculated on gains made (even though the income tax liability has been deferred until subsequent disposal of the replacement securities) and recognised in income tax expense for accounting purposes.

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.

(g) 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.

(h) Share Capital

Ordinary Shares

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

| | 2009 \$'000 | 2008 \$'000 |
|--|----------------|----------------|
| 2. Revenue and Expenses | | |
| (a) Revenue | | |
| Dividends received or due and receivable | 17,256 | 18,633 |
| Trust distributions received or due and receivable | 3,095 | 4,254 |
| Interest received or due and receivable | 2,797 | 1,570 |
| Sub-underwriting fees | - | 7 |
| | 23,148 | 24,464 |
| (b) Expenses | | |
| Finance expenses: | | |
| - Interest | 3,514 | 3,380 |

| | 2009 \$ | 2008 \$ |
|--|------------|------------|
|--|------------|------------|

3. Auditor's Remuneration

During the year KPMG, the Company's auditor, received the following remuneration (including GST):

| | | |
|---|--------|--------|
| - Audit and review of financial reports | 48,087 | 40,700 |
| - Taxation related services | 6,270 | 4,675 |

| | 2009 \$'000 | 2008 \$'000 |
|--|----------------|----------------|
|--|----------------|----------------|

4. Taxation

(a) Income Tax Expense

(i) Recognised in the income statement

Current tax expense

| | | |
|-----------------------------|------|-------|
| Current year | 584 | 4,443 |
| Adjustments for prior years | (31) | (39) |
| Current year tax paid | 28 | |
| | 581 | 4,404 |

Deferred Tax Expense

| | | |
|---|---------|---------|
| Tax deferred through CGT rollover relief | - | 1,092 |
| Tax benefit of capital losses carried forward | (4,502) | - |
| Impairment losses now realised | 113 | - |
| Temporary differences | (7) | 203 |
| Recognition of previously deferred tax | (785) | (1,191) |
| Tax benefit on impairment loss | (3,290) | - |
| | (8,471) | 104 |
| Total income tax (benefit)/ expense in income statement | (7,890) | 4,508 |

(ii) Reconciliation between tax expense and pre-tax net profit

| | | |
|---|---------|--------|
| Prima facie tax (benefit)/ expense calculated at 30% on the profit for the year | (3,456) | 10,278 |
|---|---------|--------|

Increase in tax expense due to:

| | | |
|--|-------|-------|
| Franking/ foreign tax credits gross up on dividends received | 1,982 | 2,089 |
| Sundry items | 640 | - |

Decrease in tax expense due to:

| | | |
|---|---------|---------|
| Tax deferred distributions received | (419) | (698) |
| Sundry items | - | (160) |
| Franking/ foreign tax credits on dividends received | (6,606) | (6,962) |
| Tax (benefit)/ expense on operating profit | (7,859) | 4,547 |
| Over provision prior year | (31) | (39) |

| | | |
|---|----------------|--------------|
| Tax (benefit)/ expense attributable to Profit for the year | (7,890) | 4,508 |
|---|----------------|--------------|

(iii) Deferred tax liability recognised directly in equity

| | | |
|---|--------|--------|
| Decrease in provision for tax on unrealised gains on investment portfolio | 35,472 | 21,896 |
|---|--------|--------|

Notes to the Financial Statements for the Year Ended 30 June 2009

| | 2009 \$'000 | 2008 \$'000 |
|---|----------------|----------------|
| (b) Deferred Tax Assets and Liabilities | | |
| Recognised deferred tax assets and liabilities | | |
| Revaluation reserve – Provision for tax on unrealised gains on investment portfolio | (35,620) | (66,590) |
| Other | (12) | (19) |
| Tax benefit of capital losses carried forward | 4,502 | - |
| Net Tax assets/(liabilities) | (31,130) | (66,609) |

5. Dividends

Dividends recognised in the current year by the Company are:

| | | |
|---|--------|--------|
| (i) 2008 final dividend of 7.0¢ per share (2007: 6.5¢) fully franked paid 17 October 2008 | 9,813 | 8,025 |
| (ii) 2009 interim dividend of 6.0¢ per share (2008: 6.0¢) fully franked paid 25 March 2009 | 8,456 | 7,439 |
| | 18,269 | 15,464 |

Subsequent to reporting date:

Since 30 June 2009, the directors have declared the following dividend payable on 21 September 2009:

| | | |
|--|--------|-------|
| - Final dividend of 7.0 cents per share fully franked (2008: 7.0¢) | 10,627 | 9,813 |
|--|--------|-------|

The final dividend will not contain a Listed Investment Company capital gain dividend (2008: 6.4 cents per share).

The financial effect of the final dividend has not been brought to account in the financial statements for the year ended 30 June 2009.

Dividend Franking Account:

The balance of the Franking Account at 30 June 2009 is \$12,585,655 (2008: \$17,605,575) after adjusting for:

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

After allowing for the final 2009 dividend, which is not provided for in the 30 June financial statements, the balance of the franking account would be \$8,031,227 (2008: \$13,401,080).

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

LIC Capital Gain Account:

The balance of the Listed Investment Company (LIC) Capital Gain Account at 30 June 2009 was \$125,092 (2008: \$9,094,682). 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.

| | 2009 \$'000 | 2008 \$'000 |
|--|----------------|----------------|
| 6. Cash Assets | | |
| Cash at bank | - | 29 |
| Units in Cash Management Trusts and Deposits at Call | 18,416 | 7,925 |
| | 18,416 | 7,954 |
| 7. Receivables | | |
| <i>Current</i> | | |
| Sundry debtors and other receivables | 2,970 | 3,583 |
| | | |
| 8. Investments | | |
| <i>Current</i> | | |
| Bank Bills endorsed by trading banks – at amortised cost | - | 34,623 |
| Term Deposits | 35,000 | - |
| | 35,000 | 34,623 |
| <i>Non-Current</i> | | |
| Investments quoted on prescribed stock exchanges (at fair value) | 409,852 | 494,674 |
| | | |
| 9. Other Assets | | |
| <i>Current</i> | | |
| Prepayments | - | 26 |
| | | |
| 10. Payables | | |
| <i>Current</i> | | |
| Trade Creditors and outstanding settlements | 460 | 95 |
| | | |
| 11. Interest Bearing Liabilities | | |
| <i>Non-Current</i> | | |
| Multi-option Facility – Secured | 64,629 | 39,880 |
| | | |

The face value of the drawn facility is \$65 million (2008: \$40 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.

| | 2009 \$'000 | 2008 \$'000 |
|--|----------------|----------------|
| 12. Financing Arrangements | | |
| The Company has access to the following lines of credit: | | |
| <i>Total facility available</i> | | |
| Multi-option Facility – Secured | 65,000 | 65,000 |
| <i>Facilities utilised at balance date</i> | | |
| Multi-option Facility – Secured | 65,000 | 40,000 |

13. Capital and Reserves

(a) Issued Capital

Issued and paid-up share capital

| | | |
|---|---------|---------|
| 151,814,270 ordinary fully paid shares (2008: 140,149,844) | 253,392 | 229,491 |
| <i>Movements in issued capital</i> | | |
| Balance at beginning of the year | 229,491 | 171,647 |
| <i>Shares issued</i> | | |
| - Dividend re-investment plan (i) (ii) | 5,099 | 3,644 |
| - Share Placement | - | 53,045 |
| - Share Purchase Plan – net of costs (iii) | 18,802 | 1,155 |
| | 253,392 | 229,491 |

- (i) In respect of the 2008 final dividend, 782,256 shares were issued at \$3.04 each under the dividend re-investment plan.
- (ii) In respect of the 2009 interim dividend, 1,439,545 shares were issued at \$1.89 each under the dividend re-investment plan.
- (iii) On 30 April 2009, the Company issued 9,442,625 fully paid ordinary shares in accordance with the terms of the Company's Share Purchase Plan. The issue raised \$18,885,250 at the purchase price of \$2.00 per share.

(b) Reconciliation of movements in capital and reserves

| | Issued Capital (\$'000) | Revaluation Reserve (\$'000) | Realisation Reserve (\$'000) | Impairment Reserve (\$'000) | Retained Earnings (\$'000) | Total Equity (\$'000) |
|--|-------------------------------|------------------------------------|------------------------------------|-----------------------------------|----------------------------------|-----------------------------|
| Balance at 1 July 2007 | 171,647 | 202,160 | 15,101 | - | 31,934 | 420,842 |
| Revaluation of investment portfolio | - | (75,313) | - | - | - | (75,313) |
| Tax benefit on revaluation | - | 21,896 | - | - | - | 21,896 |
| Net realised and unrealised losses on investment portfolio | - | (13,941) | - | - | 13,941 | - |
| Tax benefit on net realised and unrealised losses | - | 4,217 | - | - | (4,217) | - |
| Net operating profit for the period | - | - | - | - | 20,028 | 20,028 |
| Share placement | 53,045 | - | - | - | - | 53,045 |
| Share purchase plan | 1,155 | - | - | - | - | 1,155 |
| Dividend reinvestment plan | 3,644 | - | - | - | - | 3,644 |
| Dividends paid | - | - | (864) | - | (14,600) | (15,464) |
| Realised gains transferred after tax | - | - | 9,724 | - | (9,724) | - |
| Balance at 30 June 2008 | 229,491 | 139,019 | 23,961 | - | 37,362 | 429,833 |
| Balance at 1 July 2008 | 229,491 | 139,019 | 23,961 | - | 37,362 | 429,833 |
| Revaluation of investment portfolio | - | (119,636) | - | - | - | (119,636) |
| Tax benefit on revaluation | - | 35,472 | - | - | - | 35,472 |
| Net gains and losses on investment portfolio | - | 30,228 | - | (21,687) | (8,541) | - |
| Tax benefit on net realised and unrealised losses | - | (8,464) | - | 5,902 | 2,562 | - |
| Net operating profit for the period | - | - | - | - | 18,134 | 18,134 |
| Share purchase plan | 18,802 | - | - | - | - | 18,802 |
| Dividend reinvestment plan | 5,099 | - | - | - | - | 5,099 |
| Dividends paid | - | - | (8,970) | - | (9,299) | (18,269) |
| Realised losses transferred after tax | - | - | (12,334) | 6,355 | 5,979 | - |
| Balance at 30 June 2009 | 253,392 | 76,619 | 2,657 | (9,430) | 46,197 | 369,435 |

(c) Nature and Purpose of Reserves

Revaluation Reserve

Increments or decrements on the revaluation of long term investments after provision for deferred tax are recorded in this reserve. When an investment has been sold or de-recognised realised or unrealised gains or losses (after tax) are transferred from the revaluation reserve to the income statement. When an investment has been determined to be impaired the cumulative loss (after tax) that had been recognised directly in the revaluation reserve is transferred to the income statement.

Realisation Reserve

The realisation reserve records realised gains and losses (after tax) from sale of investments which are transferred from retained profits. At the time that an investment is sold any impairment (after tax) that has been transferred to the impairment reserve is transferred to the realisation reserve.

Impairment Reserve

The impairment reserve records unrealised impairment losses transferred from the revaluation reserve through the income statement to this reserve. When an investment is sold any impairment (after tax) that has been recorded in the impairment reserve is transferred to the realisation reserve.

14. Directors' Remuneration

Details of the directors' remuneration are set out in the Remuneration Report that forms part of the Directors' Report.

15. Contingent Liabilities and Capital Commitments

There were no contingent liabilities or capital commitments as at 30 June 2009.

16. Related Parties

The names of persons holding the position of director of the Company during the year were Messrs C B Goode, G E Moir, M K Myer, R H Myer and A R Burgess.

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.

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 2009 to 18 June 2010.

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, except A R Burgess, entered into a director's retirement agreement with the Company in 2006, converting accrued retirement entitlements into shares in the Company, to be held in a Share Plan until retirement.

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 30/6/08 | Purchases | Sales | Held at 30/6/09 |
|------------------|------------------------|------------------|--------------|------------------------|
| Charles Goode | 3,327,492 | 204,617 | - | 3,532,109 |
| Graeme Moir | 200,000 | - | - | 200,000 |
| Martyn Myer | 177,455 | - | - | 177,455 |
| Rupert Myer | 129,086 | 14,392 | - | 143,478 |
| Anthony Burgess | - | 100,000 | - | 100,000 |

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 and share purchase plan which were made on the same terms and conditions offered to other shareholders, and/or purchases on the open market.

Other

During the year the Company paid management fees to The Myer Family Office Ltd of which Rupert Myer is a director. The Myer Family Office 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, of which Charles Goode is a director.

The terms and conditions of the transactions with the ANZ Banking Group Ltd and The Myer Family Office 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.

| | 2009 \$'000 | 2008 \$'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:

| | | |
|--|--------|-------|
| Cash at bank | - | 29 |
| Units in Cash Management Trusts and Deposits at Call | 18,416 | 7,925 |
| | 18,416 | 7,954 |

(b) Reconciliation of operating profit after income tax to net cash provided by operating activities

| | | |
|--|---------|---------|
| (Loss)/ Profit for the year | (3,630) | 29,752 |
| Add/(less) net realised and unrealised capital losses | 21,764 | (9,724) |
| Net cash provided by operating activities before changes in assets and liabilities | 18,134 | 20,028 |
| Adjustments for: | | |
| Decrease in prepayments | 26 | 4 |
| (Increase)/decrease in debtors | 613 | (700) |
| (Increase)/decrease in interest receivable | 97 | (97) |
| (Increase)/decrease in deferred tax asset | (4,502) | 269 |
| Increase in current tax | 643 | 15 |
| (Increase)/decrease in prepaid interest | (251) | 114 |
| Increase / (decrease) in deferred tax liability | (7) | 8 |
| Non cash dividend received | - | (465) |
| Increase/(decrease) in creditors | 13 | (3) |
| Net cash provided by operating activities | 14,766 | 19,173 |

(c) Financing facilities

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

Notes to the Financial Statements for the Year Ended 30 June 2009

| | 2009 Cents | 2008 Cents |
|--|---------------|---------------|
| 18. Earnings per Share * | | |
| Basic earnings per share | (2.5) | 22.7 |
| Basic earnings per share before net realised and unrealised losses on investment portfolio | 12.6 | 15.3 |
| Basic earnings per share before special dividends and net realised and unrealised losses on investment portfolio | 12.5 | 14.3 |

Net realised losses on the investment portfolio for the year include the non-cash scrip based deemed sales arising from the schemes of arrangement affecting our holdings in Westpac Banking Corporation Ltd and St George Bank Ltd.

* Adjusted for the dilutionary effect of the Share Purchase Plan on 30 April 2009.

| | 2009 \$'000 | 2008 \$'000 |
|---|----------------|----------------|
| Profit reconciliation used in the calculation of earnings per share | | |
| (Loss)/ Profit for the year | (3,630) | 29,752 |
| Net realised and unrealised losses on investment portfolio | 21,764 | (9,724) |
| Net profit before net realised and unrealised losses on investment portfolio | 18,134 | 20,028 |
| Special dividends received | (105) | (1,302) |
| Net profit before net realised and unrealised losses on investment portfolio and special dividends received | 18,029 | 18,726 |

Earnings per share for the 2009 year are calculated on a weighted average adjusted number of shares, taking into account the new issues in April 2009.

| | 2009 Shares | 2008 Shares |
|---|----------------|----------------|
| Weighted average number of ordinary shares* | | |
| Issued ordinary shares at 1 July | 141,296,130 | 125,454,547 |
| Effect of placement shares issued in March 2008 | - | 4,947,942 |
| Effect of purchase plan shares issued in April 2008 | - | 81,404 |
| Effect of dividend reinvestment plan in October 2008 | 553,138 | 323,791 |
| Effect of dividend reinvestment plan in April 2009 | 385,693 | 121,815 |
| Effect of purchase plan shares issued in April 2009 | 1,578,083 | - |
| Weighted average number of ordinary shares for the year | 143,813,044 | 130,929,499 |

* Adjusted for the dilutionary effect of the Share Purchase Plan on 30 April 2009.

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.

The Company's capital will fluctuate with prevailing market movements and it 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. 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 their 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.

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.

Management does not expect any counterparty to fail to meet its obligations. Additionally, none of these assets are over due 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 (2008: \$40 million) gearing the investment portfolio by around 14%. The Company has an interest bearing commercial bill facility in place with the ANZ Banking Group Ltd which includes both a fixed and floating rate bill component. This facility expires on various intervals through to 2 July 2012, unless it is renewed. Annual interest expense was covered 7 times by investment revenue (2008: 7 times).

The major cash inflows for the Company include dividends, distributions, sales proceeds received and the issuing of further shares to shareholders. The major cash outflows are the purchase of securities and dividends paid to shareholders, both of which are manageable.

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 \$14,345,000 (or 4%) and \$28,690,000 (or 8%) respectively.

Notes to the Financial Statements for the Year Ended 30 June 2009

Market risk is moderated 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 relevant market sectors are reviewed by the Board frequently.

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

The Company's investment by sector is set out below:

| | 2009 % | 2008 % |
|----------------------------|-----------|-----------|
| Energy | 11 | 13 |
| Materials | 20 | 25 |
| Industrials | 6 | 6 |
| Consumer Discretionary | 1 | 3 |
| Consumer Staples | 5 | 4 |
| Health Care | 3 | 4 |
| Financials | 35 | 28 |
| Telecommunication Services | 1 | 2 |
| Utilities | 2 | 2 |
| Real Estate | 4 | 5 |
| Cash | 12 | 8 |
| | 100 | 100 |

All of the company's investments are quoted in Australian dollars therefore avoiding any direct exposure to currency risk.

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:

| | Note | Floating Interest Rate \$'000 |
|--------------------------------|------|-------------------------------------|
| 2009 | | |
| <i>Financial Assets</i> | | |
| Cash | 6 | 18,416 |
| Weighted average interest rate | | 4.45% |
| 2008 | | |
| <i>Financial Assets</i> | | |
| Cash | 6 | 7,954 |
| Weighted average interest rate | | 6.96% |

Borrowings

The Company has a facility of \$65,000,000 with ANZ Banking Group Ltd which will expire as to \$20,000,000 in July 2010, \$15,000,000 in July 2011 and \$30,000,000 in July 2012.

At 30 June 2009 drawn borrowings comprised \$20,000,000 fixed at a rate of 6.77%, \$15,000,000 fixed at 6.82%, \$10,000,000 fixed at a rate of 6.88%, \$10,000,000 variable at a rate of 3.36% and \$10,000,000 variable at a rate of 3.16%.

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

| Equities | No. of Shares | Value at 30 June 2009 \$'000 |
|------------------------|---------------|---------------------------------|
| BHP Billiton Ltd | 1,500,000 | 52,080 |
| NAB Ltd | 900,000 | 20,196 |
| Woodside Petroleum Ltd | 1,000,000 | 43,210 |
| Rio Tinto Ltd | 518,976 | 27,091 |
| Total | | 142,577 |

The terms of the agreement require the market value of the securities to satisfy a minimum LVR of 70%. At 30 June this was 45.6%.

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. 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.

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.

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 15 to 31, and the remuneration disclosures that are contained in the Remuneration report on page 12 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 2009 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; and
 - (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 2009.

Dated at Melbourne this 19th day of August 2009.

Signed in accordance with a resolution of the directors.



Charles Goode
Director



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 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a statement of significant accounting policies and other explanatory notes 1 to 23 and the directors' declaration set out on page 32.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies 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 and fair presentation of the financial report 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 (including the Australian Accounting Interpretations), a 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 2009 and of its performance 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 as disclosed in note 1.

Report on the remuneration report

We have audited the Remuneration Report included on page 12 of the directors' report for the year ended 30 June 2009. 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 2009, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Msomerville

Michelle Somerville
Partner

Melbourne

19 August 2009

Distribution of shareholders as at 31 July 2009

| Category Holders | Ordinary Shares | No of Holders | % |
|------------------|-----------------|---------------|--------|
| 1 - 1,000 | 101,696 | 509 | 0.07 |
| 1,001 – 5,000 | 2,725,332 | 918 | 1.79 |
| 5,001 – 10,000 | 6,917,515 | 940 | 4.56 |
| 10,001 – 100,000 | 46,751,188 | 1,882 | 30.79 |
| 100,001 and over | 95,318,539 | 102 | 62.79 |
| | 151,814,270 | 4,351 | 100.00 |

There were 341 ordinary shareholders holding less than a marketable parcel (179 shares) at 31 July 2009.

Substantial Shareholders

The number of shares held by the substantial shareholders and their associates as at 31 July 2009 are set out below:

| Shareholder | Ordinary Shares |
|--|-----------------|
| The Myer Family Company Pty Ltd | 12,868,971 |
| The Ian Potter Foundation Ltd, Dundee Trading Pty Ltd and Australian United Investment Company Limited | 32,427,089 |
| Australian Foundation Investment Company Limited | 12,030,202 |
| Argo Investments Limited | 14,863,469 |

Voting Rights

All ordinary shares carry equal voting rights.

Additional Information

Top Twenty Shareholders

The number of shares held by the top twenty shareholders listed in the Company's register as at 31 July 2009 were:

| Shareholder | Ordinary Shares | % Held |
|--|-----------------|--------|
| 1. Argo Investments Limited | 14,863,469 | 9.79 |
| 2. The Ian Potter Foundation Ltd | 14,034,079 | 9.24 |
| 3. M F Custodians Ltd | 13,162,347 | 8.67 |
| 4. Australian Foundation Investment Company Ltd | 12,030,202 | 7.92 |
| 5. Australian United Investment Company Ltd | 12,000,000 | 7.90 |
| 6. Dundee Trading Pty Ltd | 6,393,010 | 4.21 |
| 7. Beta Gamma Pty Ltd | 1,586,494 | 1.05 |
| 8. Mr Charles Barrington Goode | 1,286,753 | 0.85 |
| 9. Mr Daryl Albert Dixon & Mrs Katherine Dixon | 945,139 | 0.62 |
| 10. Mutual Trust Pty Ltd | 892,918 | 0.59 |
| 11. Yelgarn Pty Ltd | 600,912 | 0.40 |
| 12. UBS Wealth Management Australia Nominees Pty Ltd | 600,288 | 0.40 |
| 13. Primrose Properties Pty Ltd | 585,986 | 0.39 |
| 14. Mr James Vincent Chester Guest | 558,312 | 0.37 |
| 15. Amcil Ltd | 500,000 | 0.33 |
| 16. Chabar Pty Ltd | 443,297 | 0.29 |
| 17. Questor Financial Services Ltd | 402,021 | 0.26 |
| 18. Somoke Pty Ltd | 392,007 | 0.26 |
| 19. Pardis Pty Ltd | 391,928 | 0.26 |
| 20. Mr James Vincent Chester Guest | 356,006 | 0.23 |
| | 82,025,168 | 54.03 |

Brokerage Paid

The amount of brokerage paid or charged to the Company during the financial year ended 30 June 2009 totalled \$100,189 (2008: \$82,476). None of that brokerage was paid to any stock or sharebroker, or any employee or nominee of any stock or sharebroker, who is an officer of the Company.

List of Investments as at 30 June 2009

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

| | 30/6/09 | | % of Portfolio at Market Value | 30/6/08 |
|---|--------------------|------------|--------------------------------------|------------|
| | Market Value \$ | Units Held | | Units Held |
| Australian Equities | | | | |
| <i>Retailing</i> | | | | |
| Metcash Ltd | 2,155,000 | 500,000 | 0.5 | 500,000 |
| Wesfarmers Ltd | 2,912,156 | 128,572 | 0.6 | 200,000 |
| Wesfarmers Ltd PPS | 7,050,000 | 300,000 | 1.5 | 100,000 |
| Woolworths Ltd | 10,544,000 | 400,000 | 2.3 | 400,000 |
| <i>Oil & Gas</i> | | | | |
| Santos Ltd | 2,928,000 | 200,000 | 0.6 | - |
| Woodside Petroleum Ltd | 43,210,000 | 1,000,000 | 9.3 | 1,000,000 |
| <i>Chemicals</i> | | | | |
| Orica Ltd | 3,258,000 | 150,000 | 0.7 | 100,000 |
| <i>Construction Material</i> | | | | |
| Bluescope Steel Ltd | - | - | - | 250,000 |
| <i>Construction & Engineering</i> | | | | |
| Leighton Industries Ltd | 3,891,177 | 165,582 | 0.8 | - |
| <i>Metals & Mining</i> | | | | |
| Alumina Ltd | 10,317,300 | 7,140,000 | 2.2 | 3,250,000 |
| BHP Billiton Ltd | 52,080,000 | 1,500,000 | 11.2 | 1,500,000 |
| Rio Tinto Ltd | 27,090,547 | 518,976 | 5.8 | 350,000 |
| <i>Trading Co & Distributors</i> | | | | |
| Alesco Corporation Ltd | - | - | - | 600,000 |
| <i>Commercial Services Supplies</i> | | | | |
| Brambles Ltd | 5,960,000 | 1,000,000 | 1.3 | 1,000,000 |
| <i>Transportation Infrastructure</i> | | | | |
| Australian Infrastructure Fund | 4,050,000 | 3,000,000 | 0.9 | 2,000,000 |
| ConnectEast Group | 1,830,000 | 6,000,000 | 0.4 | 6,000,000 |
| Macquarie Airports | 1,732,500 | 750,000 | 0.4 | 750,000 |
| Macquarie Communications Infrastructure Group | 2,970,000 | 1,000,000 | 0.6 | 1,000,000 |
| Transurban Group | 6,270,000 | 1,500,000 | 1.3 | 1,500,000 |
| <i>Hotels Restaurants & Leisure</i> | | | | |
| Tabcorp Holdings Ltd | - | - | - | 1,000,000 |
| <i>Media</i> | | | | |
| Consolidated Media Holdings Ltd | 1,488,103 | 655,552 | 0.3 | 468,220 |
| News Corporation Inc Class A Common CDI | 3,483,000 | 300,000 | 0.7 | 300,000 |
| Village Roadshow Ltd 'A' Class Pref | 960,000 | 1,500,000 | 0.2 | 1,500,000 |

List of Investments as at 30 June 2009

| | 30/6/09 | | 30/6/08 | |
|---|--------------------|------------|--------------------------------------|------------|
| | Market Value \$ | Units Held | % of Portfolio at Market Value | Units Held |
| Australian Equities (Continued) | | | | |
| <i>Health Care Providers & Services</i> | | | | |
| CSL Ltd | 16,075,000 | 500,000 | 3.4 | 500,000 |
| Ramsay Health Care Ltd | - | - | - | 300,000 |
| <i>Banks</i> | | | | |
| Australian & New Zealand Banking Group Ltd | 31,331,000 | 1,900,000 | 6.7 | 1,200,000 |
| Commonwealth Bank of Australia Ltd | 31,200,000 | 800,000 | 6.7 | 500,000 |
| National Australia Bank Ltd | 22,888,800 | 1,020,000 | 4.9 | 750,000 |
| St George Bank Ltd | - | - | - | 340,000 |
| Westpac Banking Corporation Ltd | 32,400,000 | 1,600,000 | 7.0 | 800,000 |
| <i>Diversified Financials</i> | | | | |
| IOOF Holdings Ltd | - | - | - | 700,000 |
| Macquarie Capital Alliance Group | - | - | - | 500,000 |
| Perpetual Ltd | 5,710,000 | 200,000 | 1.2 | 200,000 |
| Suncorp-Metway Ltd | - | - | - | 700,000 |
| Washington H Soul Pattinson & Company Ltd | 6,450,000 | 600,000 | 1.4 | 600,000 |
| <i>Insurance</i> | | | | |
| AXA Asia Pacific Holdings Ltd | 4,668,000 | 1,200,000 | 1.0 | 1,000,000 |
| Henderson Group Plc | 1,930,000 | 1,000,000 | 0.4 | 1,000,000 |
| QBE Insurance Group Ltd | 23,880,000 | 1,200,000 | 5.1 | 1,200,000 |
| <i>Diversified Telecommunications Services</i> | | | | |
| Telstra Corporation Ltd | 6,780,000 | 2,000,000 | 1.5 | 2,000,000 |
| <i>Gas Utilities</i> | | | | |
| AGL Energy Ltd | 8,742,500 | 650,000 | 1.9 | 650,000 |
| SP AusNet | - | - | - | 3,000,000 |
| Total Australian Equities | 386,235,083 | | 82.8 | |
| Listed Fixed Interest | | | | |
| Santos Ltd Non Cum Prefs (FUELS) | 5,012,500 | 50,000 | 1.1 | - |
| Total Fixed Interest | 5,012,500 | | 1.1 | |
| Listed Property Trusts | | | | |
| Australand Property Group | 1,680,000 | 3,500,000 | 0.4 | 3,500,000 |
| Stockland Units | 1,348,200 | 420,000 | 0.3 | 300,000 |
| Westfield Group Ltd | 15,575,647 | 1,368,686 | 3.3 | 1,200,000 |
| Total Listed Property Trusts | 18,603,847 | | 4.0 | |
| Cash, Bills of Exchange & Short Term receivables | 56,386,569 | | 12.1 | |
| Total | 466,237,999 | | 100.0 | |

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DUI Annual Financial Report 2009

(ABN 33 006 713 177)