

DIVERSIFIED
UNITED
INVESTMENT
LIMITED

ABN 33 006 713 177

2015

ANNUAL
FINANCIAL
REPORT

FOR THE YEAR ENDED
30 JUNE 2015

Directory

Directors

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

Company Secretary

Andrew J Hancock FCA

Registered Office

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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

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

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 twenty-third Annual Report of Diversified United Investment Ltd which is for the year ended 30 June 2015.

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

The investment philosophy of the Company is to take a medium to long term view and to invest in Australian equities and short term deposits. Investments may also be made from time to time in listed property trusts, fixed interest securities, convertible notes or international equities.

In November 2014 the year the Company raised \$102.6M in a 1:5 renounceable rights issue at \$3.00 per share. The purpose of the issue was to diversify the investment portfolio including an allocation towards 10% in international investments. At 30 June 2015 international investments accounted for 9.8% of the market value of the portfolio. Any foreign exchange currency exposure is currently unhedged. These investments are all in exchange traded index funds investing in international equities.

Profit after tax was \$33,740,000 which is an increase of 27.7% on the previous year or an increase of 16.9% if special dividends received are excluded. The profit for the year excludes net realised gains and losses on the investment portfolio which are recorded in the Asset Realisation Reserve.

Income earned during the year was \$39,575,000 comprising \$35,760,000 from dividends and trust distributions, \$860,000 from foreign income, \$1,599,000 from foreign exchange gains and \$1,356,000 from interest and options. The Company incurred operating expenses of \$1,033,000 (before interest costs) which is equivalent to 0.13% of the average value of the portfolio (previous year 0.15%).

This year special dividends received totalled \$3,831,000 after tax. Special dividends were received from Wesfarmers, Oil Search, and included a non-cash special dividend of \$3,600,000 from the BHP Billiton/South 32 demerger. In 2014 special dividends of \$841,000 were received.

Leaving aside the special dividends, the year's result reflects a 9% increase in income from dividends and trust income, 50% increase in interest and options trading income, an 18% higher interest expense, plus the foreign exchange gains (last year nil) and an eleven fold increase in other foreign income.

The weighted average number of ordinary shares for the year having adjusted for the bonus element in the rights issue was 198,422,380 as against 175,216,517 in the previous year, an increase of 13.2%.

The earnings per share based on the weighted average number of shares on issue for the year were 17.0 cents per share compared to 15.1 cents for the year to 30 June 2014 having adjusted for the bonus element in the rights issue. Excluding special dividends, earnings per share rose 3.4% to 15.1 cents.

Bank borrowings were \$85 million at the end of the financial year (previous year \$65 million) amounting to around 10% of the investment portfolio at market values. Cash on hand, cash on deposit and net short term receivables were \$27 million, or 3% of the investment portfolio at market values (previous year \$13 million, or 2%). Annual interest expense was covered 9.7 times by profit before interest and tax.

The net asset backing per share before estimated tax on unrealised gains and before provision for the final dividend was \$3.68 at 30 June 2015, compared to \$3.69 at 30 June 2014 (adjusted for the bonus element in the rights issue), a decrease of 0.3%.

The year saw a generally positive performance in world equities markets with the Australian S&P/ASX 200 index rising 1.2%, the Dow Jones Index rising 4.7%, the Standard & Poors 500 rising 5.2%, the FTSE 100 falling 3.3% and the Nikkei-225 rising 33.5%.

The Directors have declared a fully franked final dividend of 7.5¢ per share for the year to 30 June 2015, which with the interim dividend of 6.5¢ per share fully franked makes a total fully franked dividend of 14.0¢ per share for the year, steady from the previous year. Shares issued in the 1:5 rights issue in November 2014 did not rank for the interim dividend.

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:

| | Cents Per Share | |
|---------|-----------------|-----------|
| | Reported | Adjusted* |
| 2014/15 | 14.0 | 14.0 |
| 2013/14 | 14.0 | 13.6 |
| 2012/13 | 13.5 | 13.1 |
| 2011/12 | 13.0 | 12.6 |
| 2010/11 | 13.0 | 12.6 |

* adjusted for bonus element in November 2014 1:5 Rights Issue.

The Company's net tangible asset backing per share before provision for the final dividend (based on investments at market value, after tax on realised gains, before any future tax benefit of realised losses and before estimated tax on net unrealised gains/losses) over the last 5 years was as follows:

| | Reported | Adjusted* |
|--------------|----------|-----------|
| 30 June 2015 | \$3.68 | \$3.68 |
| 30 June 2014 | \$3.79 | \$3.69 |
| 30 June 2013 | \$3.28 | \$3.19 |
| 30 June 2012 | \$2.72 | \$2.64 |
| 30 June 2011 | \$3.08 | \$2.99 |

* adjusted for bonus element in November 2014 1:5 Rights Issue.

The Australian equities portfolio is mainly in leading companies and at 30 June 2015 in terms of market values, 89% of the Australian equities portfolio was in the leading 50 companies (68% in the top 20 companies and 21% in the next 30 companies), with a further 4% invested in the second 50 companies and 7% invested in companies other than the largest 100 companies. The international equities portfolio comprised 9.8% of total investments.

The Company's performance in recent years (assuming all dividends paid by the Company were re-invested in its shares) is as follows:

| | DUI Net Asset Backing Accumulation % p.a.* | DUI Share Price Accumulation % p.a.* | S&P ASX 300 Accumulation Index % p.a. |
|----------|--|--|---|
| 1 Year | 3.6 | 4.3 | 5.6 |
| 3 Years | 16.2 | 20.2 | 14.7 |
| 5 Years | 9.7 | 9.5 | 9.5 |
| 10 Years | 7.8 | 8.6 | 6.9 |

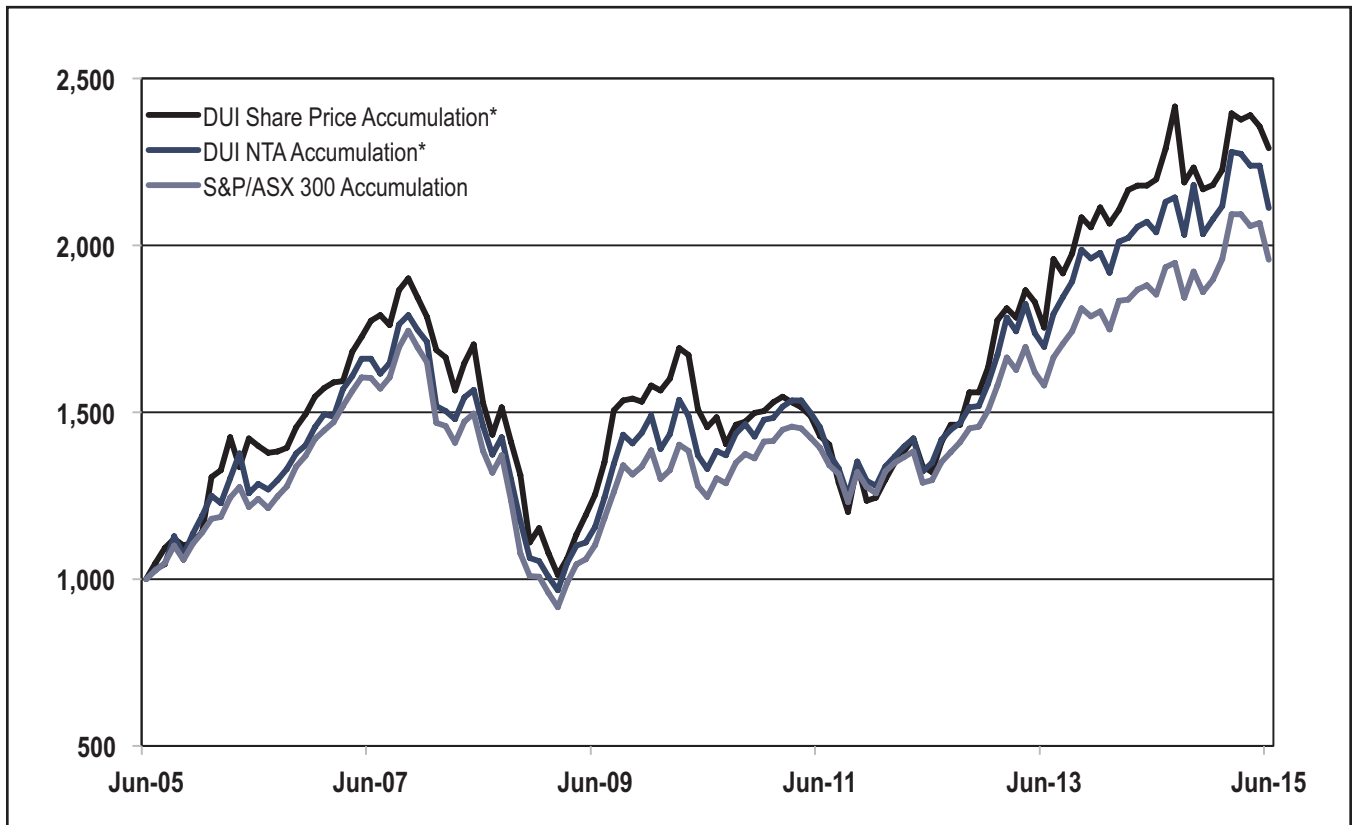
* adjusted for bonus element in November 2014 1:5 Rights Issue.

The Company's net asset backing accumulation performance is after all expenses, tax, and the impact of the Company's gearing. Such items are not included in the S&P/ASX indices.

Chairman's Report

The following graph shows the accumulation performance of the Company's net asset backing (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 ten years.

**DUI Accumulated Investment Return vs S&P/ASX 300 Accumulation Index
10 Years to 30 June 2015**



* adjusted for bonus element in November 2014 1:5 Rights Issue.

Source: Evans & Partners

The Company's top twenty-five investments at 30 June 2015 were as follows:

| Company | Market Value \$'000 | % of Market Value of Total Investments |
|---|------------------------|---|
| 1. Commonwealth Bank of Australia Ltd | 68,104 | 8.1% |
| 2. ANZ Banking Group Ltd | 61,180 | 7.3% |
| 3. Westpac Banking Corporation Ltd | 57,870 | 6.9% |
| 4. CSL Ltd | 51,882 | 6.1% |
| 5. National Australia Bank Ltd | 43,303 | 5.1% |
| 6. BHP Billiton Ltd | 43,280 | 5.1% |
| 7. Transurban Group | 34,410 | 4.1% |
| 8. Woodside Petroleum Ltd | 34,230 | 4.1% |
| 9. Rio Tinto Ltd | 32,250 | 3.8% |
| 10. Vanguard All-World Ex-US Shares Index ETF | 30,697 | 3.6% |
| 11. Medibank Private Ltd | 26,130 | 3.1% |
| 12. Vanguard US Total Market Shares Index ETF | 20,868 | 2.5% |
| 13. Woolworths Ltd | 18,872 | 2.2% |
| 14. Wesfarmers Ltd | 17,173 | 2.0% |
| 15. AMP Ltd | 15,050 | 1.8% |
| 16. Washington H Soul Pattinson & Co Ltd | 14,784 | 1.8% |
| 17. Asciano Ltd | 14,630 | 1.7% |
| 18. Origin Energy Ltd | 14,364 | 1.7% |
| 19. Oil Search Ltd | 14,260 | 1.7% |
| 20. Computershare Ltd | 12,881 | 1.5% |
| 21. Mystate Ltd | 12,558 | 1.5% |
| 22. Sonic Healthcare Ltd | 10,685 | 1.3% |
| 23. iShares Global Healthcare | 10,508 | 1.2% |
| 24. iShares USA Minimum Volatility ETF | 10,369 | 1.2% |
| 25. Vanguard Information Technology ETF | 10,208 | 1.2% |
| | 680,546 | 80.6% |
| Total Investments at Market Value, Net Short Term Receivables and Cash | 844,515 | |



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. This Statement is available in both the Company's Annual Report and on its website.

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 4 directors. The Company's constitution requires 3 to 6 directors. Other than the Company Secretary the Company has no executives or executive directors. If a vacancy arises the Nomination and Remuneration Committee chooses the best available candidate using professional advice if this is deemed necessary. In this process the Company has a neutral approach to gender diversity. A director who is appointed during the year is required to stand for election at the next Annual General Meeting.

Mr C B Goode and Mr Burgess are associated with The Ian Potter Foundation, a substantial shareholder. They bring significant relevant experience to the Board, but 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. Both other directors are regarded as independent. 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. Details of the qualifications, experience and length of service of directors are set out in the Annual Report.

3. Operation

The Board usually meets eleven times each year and consults on investment matters between meetings. The Board has responsibility for day to day 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 Company Secretary is directly accountable to the Board, through the Chairman. The Board also approves letters of engagement for the externally provided accounting, tax, custody and audit services. Share registry services are on commercial terms.

5. Directors' Terms of Appointment, Remuneration and Performance

Directors' terms of appointment are set out by letter at the time of their appointment and new directors are inducted by the Chairman and the Company Secretary.

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 in the Non-Executive Directors 2006 Accrued Entitlements Share Plan until retirement, as approved by shareholders.

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.

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

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.

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 and Risk Management Committee comprising all directors except the Chairman. The Audit and Risk Management Committee meets at least twice and the Nomination and Remuneration Committee at least once per annum. The Charter of each committee is reviewed by the Board annually and is published on the Company's website. The Audit and Risk Management Committee Charter includes inter-alia, appointment of the auditor, assessing its independence, managing the audit relationship, and overseeing internal controls and risk management. The external audit partner rotates every 5 years.

The Audit and Risk Management Committee has an independent Chairman and a majority of independent directors. The Committee is considered to have sufficient relevant expertise. All members are non-executive.

The Nomination and Remuneration Committee has an independent Chairman, and a majority of independent directors. It 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 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 and Share Trading

The Company has established policies and 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 on both a pre and post tax basis. Directors and the Company Secretary are prohibited from dealing in the Company's securities (other than to participate in the Dividend Reinvestment Plan or any Share Purchase Plan or rights issue) from 1 January to the day after the announcement of the Company's half year results and interim dividend, and from 1 July to the day after the announcement of the Company's financial year results and final dividend.

8. Shareholder Communication

The Company communicates with shareholders through:

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

Shareholders may opt to receive Company communications electronically.

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

9. Risk Management

The Company does not have an internal audit function. The Audit and Risk Management 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 and custodians (The Myer Family Company) regarding their procedures, and reporting whether the financial records have been properly maintained and the financial statements comply with the Accounting Standards. The Company receives a copy of The Myer Family Company's external report on their agreed upon procedures engagement with regard to The Myer Family Company's controls and certain of their custody procedures.

The Board receives a report half yearly from the auditors on matters arising from their audit procedures.

The Company Secretary, based on his review of the internal control systems, management of risk and the letter from the Company's external accountants, 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.

The Company does have direct material exposure to economic, environmental and social sustainability risk through its diversified portfolio of investments and through its borrowings. 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 executives or executive directors other than 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 a conflicted matter.

By approval of the Board
14 July 2015

Directors' Report

The directors of Diversified United Investment Limited present their Directors' Report together with the financial report for the financial year ended 30 June 2015 and the auditor's report thereon.

Directors

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

Charles Goode AC, B.Com (Hons) (Melb), MBA (Columbia), Hon LLD (Melb), Hon LLD (Mon)
Non Executive Chairman
Appointed Chairman September 1991

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

Anthony Burgess B.Com (Hons) (Melb), MBA (Dist'n) (Harvard), CPA, F.Fin
Non-Executive Director
Appointed September 2008

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

Stephen Hiscock B.Com (Melb), M.App.Fin (Macq), F.Fin
Non-Executive Director
Appointed 16 November 2011

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

Andrew Larke LLB (Melb), B.Com (Melb), Grad Dip (Corporations & Securities Law) (Melb)
Non-Executive Director
Appointed 17 March 2015

Mr Larke is the Managing Director and Chief Executive Officer of IXOM (formerly the chemicals division of Orica) until 1 October 2015, and thereafter Chairman. He is a Non-Executive Director of DuluxGroup Ltd. Formerly he has held senior corporate strategy roles in Orica Ltd and North Ltd and been involved in mergers, acquisitions and divestments as well as corporate advisory. He is Chairman of the Company's Audit and Risk Management Committee.

Pierre Prentice CA, B. Com (Wellington N.Z.)
Non-Executive Director
Appointed 1 February 2012
Retired 16 February 2015

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

Company Secretary

Andrew Hancock FCA, B.Ec (Mon), Grad. Dip. CDP (RMIT)
Company Secretary
Appointed September 1991

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

Operating and Financial Review

The principal activity of the Company is that of investment. The directors have sought to invest in a diversified portfolio of investments with the objective of obtaining current income and longer term capital gain within an acceptable level of risk. There has been no significant change in the nature of the Company's activities during the financial year, other than during the year the Company raised \$102.6M in a 1:5 renounceable rights issue at \$3.00 per share. The purpose of the issue was to diversify the investment portfolio including an allocation towards 10% in international investments. At 30 June international investments accounted for 9.8% of the market value of the portfolio. Any foreign exchange currency exposure is currently unhedged.

For the year ended 30 June 2015 profit after tax before net gains and losses on the investment portfolio was \$33,740,000 (compared to \$26,423,000 in 2014) – an increase of 27.7%.

If special dividends received are disregarded, profit increased by 16.9%. In 2015, the profit after tax included \$3,831,000 of special dividends received (2014: \$841,000). The weighted average number of ordinary shares for the year having adjusted for the bonus element in the November 2014 one for five renounceable rights issue was 198,422,380 as against 175,216,517 in the previous year, an increase of 13.2%.

Having adjusted for the bonus element in the November 2014 one for five renounceable rights issue, the earnings per share was 15.1 cents excluding special dividends (2014: 14.6 cents), or was 17.0 cents including special dividends (2014: 15.1 cents).

The net tangible asset backing of each of the Company's shares at 30 June 2015 was \$3.68 (2014: \$3.69, after adjusting for the bonus element in the rights issue). This net tangible asset backing calculation is based on investments at market value and is after tax on realised gains, before any future tax benefit of realised losses, and before estimated tax on net unrealised gains and losses, and before the Company's final dividend. The Company is a long term investor and does not intend disposing of its total portfolio. If, however, estimated tax on unrealised portfolio gains were to be deducted, the net tangible asset backing per share would have been \$3.24 (2014: \$3.27).

Bank borrowings as at 30 June 2015 were \$85 million (2014: \$65 million) amounting to around 10% of the investment portfolio at market values (2014: 9%). Cash on hand, cash deposits and net short term receivables were \$27 million, or 3% of the investment portfolio at market values (2014: \$13 million or 2%). Annual interest expense was covered 9.7 times by profit before interest and tax (2014: 9.0 times).

During the year the accumulation performance of the Company's net asset backing (before provision for tax on unrealised gains) was a rise of 3.6% (after adjusting for the bonus element in the rights issue), as compared to the S&P/ASX 300 Accumulation Index rise of 5.6%.

Dividends declared by the Company for the 2015 financial year total 14.0 cents per share (2014: 14.0 cents per share).

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

The composition of the profit after income tax was:

| | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| Revenue from investment portfolio | | |
| Dividends | 33,466 | 27,338 |
| Trust Distributions | 2,294 | 3,036 |
| Foreign Income | 860 | - |
| Interest | 855 | 404 |
| Option Premium Income | 501 | 501 |
| Net Foreign Exchange Gain | 1,599 | - |
| | 39,575 | 31,279 |
| Expenses | | |
| Administration and other expenses: | | |
| Accounting and Custody Fees | 182 | 177 |
| Audit | 47 | 45 |
| Share Registry | 70 | 74 |
| Directors' Fees | 384 | 375 |
| ASX Fees | 95 | 88 |
| Company Secretary - Remuneration | 80 | 78 |
| - Rights Issue | 42 | - |
| Insurance | 40 | 40 |
| Office rent, printing and other | 93 | 107 |
| Finance Costs: | | |
| Interest | 3,960 | 3,363 |
| | 4,993 | 4,347 |
| Profit before income tax expense and net gains and losses on investment portfolio | 34,582 | 26,932 |
| Income tax (expense)/ benefit | (842) | (509) |
| Net profit before net gains and losses on investment portfolio | 33,740 | 26,423 |

Expenses (excluding finance costs) were 0.13% of the average market value of the investment portfolio (2014: 0.15%).

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 2014 of 7.5¢ per share fully franked paid on 25 September 2014. | 12,837 |
| An interim dividend in respect of the year ended 30 June 2015 of 6.5¢ per share fully franked paid on 17 March 2015. | 11,152 |
| Paid or declared after end of year | |
| A final dividend in respect of the year ended 30 June 2015 of 7.5¢ per share fully franked payable on 25 September 2015. | 15,471 |

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 & Risk Management 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 | 13 | 13 | 2* | 2 | 2 | 2 |
| Anthony Burgess | 13 | 13 | 2 | 2 | 2 | 2 |
| Stephen Hiscock | 12 | 13 | 2 | 2 | 2 | 2 |
| Pierre Prentice | 9 | 9 | 2 | 2 | 1 | 1 |
| Andrew Larke | 4 | 4 | N/A | N/A | 1* | 1 |

* In attendance – not a committee member.

The Audit and Risk Management Committee comprises Mr Larke (Chairman, appointed 17 March 2015) Mr Burgess and Mr Hiscock. Mr Prentice was Chairman until his retirement on 16 February 2015.

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

Directors' Interests

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

| | SHARES | | |
|-----------------|-----------|-----------|---------|
| | 1 | 2 | 3 |
| Charles Goode | 2,060,223 | 3,401,543 | 140,000 |
| Anthony Burgess | - | 415,000 | - |
| Stephen Hiscock | - | 40,000 | - |
| Pierre Prentice | - | - | - |
| Andrew Larke | - | - | - |

Note:

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

Except as stated above, no director -

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

Remuneration Report (audited)

Non-executive Directors' Fees ⁽¹⁾

| | 2015 | | | 2014 | | |
|-----------------|----------------|----------------------|----------------|----------------|----------------------|----------------|
| | Fee \$ | Superannuation \$ | Total \$ | Fee \$ | Superannuation \$ | Total \$ |
| Charles Goode | 142,440 | 13,532 | 155,972 | 137,300 | 12,700 | 150,000 |
| Anthony Burgess | 71,220 | 6,766 | 77,986 | 68,650 | 6,350 | 75,000 |
| Stephen Hiscock | 71,220 | 6,766 | 77,986 | 68,650 | 6,350 | 75,000 |
| Pierre Prentice | 27,032 | 22,028 | 49,060 | 61,032 | 13,968 | 75,000 |
| Andrew Larke | 20,822 | 1,978 | 22,800 | - | - | - |
| Total | 332,734 | 51,070 | 383,804 | 335,632 | 39,368 | 375,000 |

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

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

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

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

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|--------|--------|--------|--------|--------|
| Profit (\$ Millions) | 33.7 | 26.4 | 23.6 | 21.7 | 21.0 |
| Earnings Per Share (excluding special dividends)* | 15.1 | 14.6 | 13.1 | 12.7 | 12.2 |
| Dividends (cents per share)* | 14.0 | 13.6 | 13.1 | 12.6 | 12.6 |
| Net Asset backing Per Share 30 June* | \$3.68 | \$3.69 | \$3.19 | \$2.64 | \$2.99 |
| Share Price 30 June* | \$3.51 | \$3.50 | \$2.92 | \$2.30 | \$2.63 |
| Management Expense Ratio | 0.13% | 0.15% | 0.17% | 0.17% | 0.17% |
| S&P/ASX 300 Index 30 June | 5,401 | 5,340 | 4,759 | 4,084 | 4,608 |

* Figures for the current and comparative years have been adjusted for the bonus element in the one for five renounceable rights issue, completed November 2014. Refer to Note 18 of the Financial Statements for details of the adjustment.

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

The Company Secretary, Mr Andrew J Hancock, received \$80,000 (2014: \$77,500) for services provided to the Company. In addition, Mr Hancock received a payment of \$42,500 for services provided in respect of the one for five renounceable rights issue.

Events Subsequent to Balance Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

Likely Developments

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

State of Affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Company that occurred during the financial year under review other than the one for five renounceable rights issue which raised \$102,581,000 in November 2014. The value of the investment portfolio fluctuated broadly in line with market movements.

Non-audit services

During the year KPMG, the Company's auditor, has provided taxation services in addition to its statutory duties. KPMG received fees of \$9,350 for these services including GST.

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

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

Environmental Regulation

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

Indemnification

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

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

The lead auditor's independence declaration is set out on page 15 and forms part of the Directors' Report for the year ended 30 June 2015.

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.

Signed in accordance with a resolution of the directors:



Charles Goode
Director

Dated at Melbourne this 17th day of August 2015

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

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 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

Maria Trinci

Maria Trinci
Partner

Melbourne
17 August 2015

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards legislation.

Statement of Profit or Loss and Other Comprehensive Income

for the Year Ended 30 June 2015

| | Note | 2015 \$'000 | 2014 \$'000 |
|---|------|----------------|----------------|
| Revenue from investment portfolio | 2 | 39,575 | 31,279 |
| Administration and other expenses | | (1,033) | (984) |
| Finance expenses | 2 | (3,960) | (3,363) |
| Profit before income tax | | 34,582 | 26,932 |
| Income tax benefit / (expense) | 4(a) | (842) | (509) |
| Profit | | 33,740 | 26,423 |
| Other Comprehensive Income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Revaluation of investment portfolio for the year | | (5,706) | 83,656 |
| Provision for tax benefit / (expense) on revaluation for the year of investment portfolio | | 234 | (25,229) |
| Other Comprehensive Income / (Loss) net of income tax | | (5,472) | 58,427 |
| Total Comprehensive Income for the year | | 28,268 | 84,850 |
| Basic and diluted earnings per share (cents) | 18 | 17.0 | 15.1 |

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements set out on pages 20 to 31.

Balance Sheet as at 30 June 2015

| | Note | 2015 \$'000 | 2014 \$'000 |
|--------------------------------------|-------|----------------|----------------|
| Assets | | | |
| Cash assets | 6 | 20,987 | 6,868 |
| Receivables | 7 | 6,460 | 6,480 |
| Other | 9 | 49 | 47 |
| Total Current Assets | | 27,496 | 13,395 |
| Investment portfolio | 8 | 817,767 | 700,101 |
| Total Non-Current Assets | | 817,767 | 700,101 |
| Total Assets | | 845,263 | 713,496 |
| Liabilities | | | |
| Payables | 10 | 798 | 159 |
| Current tax payable | 4(a) | 893 | 101 |
| Total Current Liabilities | | 1,691 | 260 |
| Provision for long service leave | | 18 | - |
| Borrowings – interest bearing | 11 | 85,199 | 64,780 |
| Deferred tax liability | 4(b) | 89,039 | 89,226 |
| Total Non-Current Liabilities | | 174,256 | 154,006 |
| Total Liabilities | | 175,947 | 154,266 |
| Net Assets | | 669,316 | 559,230 |
| Equity | | | |
| Issued capital | 13(a) | 416,171 | 310,364 |
| Reserves | 13(b) | 253,145 | 248,866 |
| Total Equity | | 669,316 | 559,230 |

The Balance Sheet is to be read in conjunction with the Notes to the Financial Statements set out on pages 20 to 31.

Statement of Changes in Equity for the Year Ended 30 June 2015

| | Issued Capital \$'000 | Revaluation Reserve \$'000 | Realisation Reserve \$'000 | Retained Earnings \$'000 | Total Equity \$'000 |
|---|-----------------------------|----------------------------------|----------------------------------|--------------------------------|---------------------------|
| Balance at 1 July 2013 | 304,214 | 160,783 | (18,541) | 45,544 | 492,000 |
| Comprehensive Income | | | | | |
| Revaluation of investment portfolio | - | 83,656 | - | - | 83,656 |
| Tax expense on revaluation | - | (25,229) | - | - | (25,229) |
| Net realised gains and losses on investment portfolio | - | (5,654) | 5,654 | - | - |
| Tax benefit on net realised gains and losses | - | 1,623 | (1,623) | - | - |
| Net profit for the year | - | - | - | 26,423 | 26,423 |
| | - | 54,396 | 4,031 | 26,423 | 84,850 |
| Transactions with Shareholders | | | | | |
| Dividend reinvestment plan | 6,150 | - | - | - | 6,150 |
| Dividends | - | - | - | (23,770) | (23,770) |
| | 6,150 | - | - | (23,770) | (17,620) |
| Balance at 30 June 2014 | 310,364 | 215,179 | (14,510) | 48,197 | 559,230 |
| Balance at 1 July 2014 | 310,364 | 215,179 | (14,510) | 48,197 | 559,230 |
| Comprehensive Income | | | | | |
| Revaluation of investment portfolio | - | (5,706) | - | - | (5,706) |
| Tax expense on revaluation | - | 234 | - | - | 234 |
| Net realised gains and losses on investment portfolio | - | (11,290) | 11,290 | - | - |
| Tax expense on net realised gains and losses | - | 3,555 | (3,555) | - | - |
| Net profit for the year | - | - | - | 33,740 | 33,740 |
| | - | (13,207) | 7,735 | 33,740 | 28,268 |
| Transactions with Shareholders | | | | | |
| Renounceable rights issue | 102,581 | - | - | - | 102,581 |
| Dividend reinvestment plan | 3,226 | - | - | - | 3,226 |
| Dividends | - | - | - | (23,989) | (23,989) |
| | 105,807 | - | - | (23,989) | 81,818 |
| Balance at 30 June 2015 | 416,171 | 201,972 | (6,775) | 57,948 | 669,316 |

The Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements set out on pages 20 to 31.

Statement of Cash Flows for the Year Ended 30 June 2015

| Note | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| Cash Flows from Operating Activities | | |
| | 858 | 402 |
| | 32,838 | 29,249 |
| | 1,599 | - |
| | 501 | 501 |
| | (983) | (997) |
| | (3,541) | (3,293) |
| | (3) | - |
| Net Cash from Operating Activities | 31,269 | 25,862 |
| Cash Flows from Investing Activities | | |
| | 71,217 | 42,987 |
| | (190,185) | (55,093) |
| Net Cash used in Investing Activities | (118,968) | (12,106) |
| Cash Flows from Financing Activities | | |
| | 102,581 | - |
| | 20,000 | - |
| | (20,763) | (17,620) |
| Net cash from / (used) in financing activities | 101,818 | (17,620) |
| | 14,119 | (3,864) |
| Cash and cash equivalents at 1 July | 6,868 | 10,732 |
| Cash and Cash Equivalents at 30 June | 20,987 | 6,868 |

The Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements set out on pages 20 to 31.

1. Statement of Significant Accounting Policies

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

The financial report was authorised for issue by the directors on 17 August 2015.

(a) Statement of compliance

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

(b) Basis of preparation

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

The Company has not applied any Australian Accounting Standards that have been issued as at balance date but are not yet operative for the year ended 30 June 2015 ("the inoperative standards").

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

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

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

(c) Investments

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

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

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

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

(d) Revenue from investment portfolio

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

1. Statement of Significant Accounting Policies (cont.)

(e) Taxation

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

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

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

(f) Interest bearing borrowings

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

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

(g) Ordinary Shares

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

(h) Foreign Currency

Transactions in foreign currencies are translated into Australian dollars at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Australian dollars at the exchange rate at the reporting date. Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the translation of available-for-sale equity investments are recognised in Other Comprehensive Income.

2. Revenue and Expenses

| | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| (a) Revenue | | |
| Ordinary dividends received or due and receivable | 29,604 | 26,373 |
| Special dividends received or due and receivable | 3,862 | 965 |
| | 33,466 | 27,338 |
| Trust distributions received or due and receivable | 2,294 | 3,036 |
| Foreign income received or due and receivable | 860 | - |
| Interest received or due and receivable | 855 | 404 |
| Option Premium Income | 501 | 501 |
| Net foreign exchange gain | 1,599 | - |
| | 39,575 | 31,279 |
| (b) Expenses | | |
| Finance expenses: | | |
| - Interest | 3,960 | 3,363 |

3. Auditor's Remuneration

| | 2015 \$ | 2014 \$ |
|---|------------|------------|
| During the year KPMG, the Company's auditor, received the following remuneration (including GST): | | |
| - Audit and review of financial reports | 47,179 | 45,364 |
| - Taxation related services | 9,350 | 9,350 |

4. Taxation

| | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| (a) Income Tax Expense | | |
| (i) Recognised in the income statement | | |
| Current tax expense | | |
| Current year tax refund accrued | (896) | (101) |
| Over provision for prior years | 266 | 15 |
| | (630) | (86) |
| Deferred tax expense | | |
| Recognition of tax losses and deferred tax balances | (211) | (406) |
| Temporary differences | (1) | (17) |
| | (212) | (423) |
| Total income tax (expense)/ benefit in income statement | (842) | (509) |
| (ii) Reconciliation between tax expense and pre-tax net profit | | |
| Prima facie tax expense calculated at 30% on the profit for the year | (10,375) | (8,080) |
| Increase in tax expense due to: | | |
| Franking credits gross up on dividends received | (3,355) | (3,163) |
| Foreign tax gross up on foreign income | (46) | - |
| Sundry items | (30) | - |
| Decrease in tax expense due to: | | |
| Tax deferred distributions received | 281 | 81 |
| Franking credits on dividends received | 11,184 | 10,544 |
| Foreign tax offsets on foreign income received | 153 | - |
| Non-taxable dividends received | 1,080 | - |
| Sundry items | - | 94 |
| Tax expense attributable to profit for the year | (1,108) | (524) |
| Over provision prior year | 266 | 15 |
| Tax expense attributable to profit for the year | (842) | (509) |
| (iii) Deferred tax liability recognised directly in equity | | |
| (Increase) / decrease in provision for tax on net unrealised gains on the equity investment portfolio | 234 | (25,229) |

| | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| 4. Taxation (cont.) | | |
| (b) Deferred Tax Assets and Liabilities | | |
| Recognised deferred tax assets and liabilities | | |
| Revaluation reserve – Provision for tax on net unrealised gains on the equity investment portfolio | (93,626) | (97,483) |
| Other | (46) | (46) |
| Tax benefit of capital losses carried forward | 8,303 | 11,059 |
| Tax benefit of income tax losses carried forward | 4,633 | 8,303 |
| Net deferred tax liabilities | (89,039) | (89,226) |
| (c) Current Tax Liability | | |
| Current year tax liability | (896) | (101) |
| Less: Tax instalment paid | 3 | - |
| Net current tax liability | (893) | (101) |

5. Dividends

Dividends recognised in the current year by the Company are:

| | | |
|---|--------|--------|
| (i) 2014 final dividend of 7.5¢ per share (2013: 7.5¢) fully franked paid 25 September 2014 | 12,837 | 12,699 |
| (ii) 2015 interim dividend of 6.5¢ per share (2014: 6.5¢) fully franked paid 17 March 2015 | 11,152 | 11,071 |
| | 23,989 | 23,770 |

Subsequent to reporting date:

Since 30 June 2015, the directors have declared the following dividend payable on 25 September 2015:

| | | |
|--|--------|--------|
| - Final dividend of 7.5 cents per share fully franked (2014: 7.5¢) | 15,471 | 12,833 |
|--|--------|--------|

The final dividend will not contain a Listed Investment Company capital gain dividend (2014: no LIC capital gain dividend).

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2015.

Dividend Franking Account:

The balance of the Franking Account at 30 June 2015 is \$14,673,416 (2014: \$15,617,194) after adjusting for:

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

After allowing for the final 2015 dividend, which is not provided for in the 30 June financial statements, the balance of the franking account would be \$8,043,129 (2014: \$10,117,250).

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

LIC Capital Gain Account:

The balance of the Listed Investment Company (LIC) Capital Gain Account at 30 June 2015 was \$125,092 (2014: \$125,092). When distributed, LIC capital gains may entitle certain shareholders to a special deduction in their taxation return, as set out in the relevant dividend statement.

Notes to the Financial Statements for the Year Ended 30 June 2015

| | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| 6. Cash Assets | | |
| Units in Cash Management Trusts and Deposits at Call | 20,987 | 6,868 |
| 7. Receivables | | |
| <i>Current</i> | | |
| Sundry debtors | 6,374 | 6,1948 |
| Outstanding settlements | 86 | 286 |
| | 6,480 | 6,480 |
| 8. Investments | | |
| <i>Non-Current</i> | | |
| Investments in equities quoted on prescribed stock exchanges (at fair value) | 817,767 | 700,101 |
| 9. Other Assets | | |
| <i>Current</i> | | |
| Prepayments | 49 | 47 |
| 10. Payables | | |
| <i>Current</i> | | |
| Trade Creditors | 99 | 64 |
| Outstanding settlements | 699 | 95 |
| | 798 | 159 |
| 11. Interest Bearing Liabilities* | | |
| <i>Non-Current</i> | | |
| Loan Facility – Secured | 85,199 | 64,780 |

* The face value of the drawn facility is \$85 million (2014: \$65 million). The amount disclosed above is held at amortised cost plus accrued interest. For more information about the company's exposure to interest risk and liquidity risk, see notes 20 and 21.

12. Financing Arrangements

The Company has access to the following lines of credit:

Total facility available

| | | |
|-------------------------|--------|--------|
| Loan Facility – Secured | 85,000 | 65,000 |
|-------------------------|--------|--------|

Facilities utilised at balance date

| | | |
|-------------------------|--------|--------|
| Loan Facility – Secured | 85,000 | 65,000 |
|-------------------------|--------|--------|

| | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| 13. Capital and Reserves | | |
| (a) Issued Capital | | |
| Issued and paid-up share capital | | |
| 206,275,605 ordinary fully paid shares (2014: 171,109,375) | 416,171 | 310,364 |
| <hr/> | | |
| Movements in issued capital | | |
| Balance at beginning of the year | 310,364 | 304,214 |
| Shares issued | | |
| - Dividend re-investment plan ⁽¹⁾ | 3,226 | 6,150 |
| - Renounceable rights issue (net of costs) ⁽²⁾ | 102,581 | - |
| | <hr/> 416,171 | <hr/> 310,364 |

(1) In respect of the 2014 final dividend, paid on 25 September 2014, 407,046 shares were issued at \$3.8326 each under the dividend re-investment plan. In respect of the 2015 interim dividend, paid on 17 March 2015, 454,695 shares were issued at \$3.6647 each under the dividend re-investment plan.

(2) In respect of the one for five renounceable rights issue on 10 November 2014, 34,304,489 shares were issued at \$3.00 each.

(b) Reserves

| | | |
|---------------------|---------------|---------------|
| Retained Earnings | 57,948 | 48,197 |
| Revaluation Reserve | 201,972 | 215,179 |
| Realisation Reserve | (6,775) | (14,510) |
| | <hr/> 253,145 | <hr/> 248,866 |

Revaluation Reserve

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

Realisation Reserve

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

14. Directors' Remuneration

Details of the directors' remuneration are set out in the Remuneration Report that forms part of the Directors' Report. Total remuneration received by the directors for 2015 was \$383,804 (2014: \$375,000).

15. Contingent Liabilities and Capital Commitments

There were no contingent liabilities or capital commitments as at 30 June 2015.

16. Related Parties

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

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

The Company has paid insurance premiums in respect of directors' and officers' liability and legal expenses insurance, for current and former directors and officers, insuring them against liabilities, costs and expenses arising out of conduct which does not involve a wilful breach of duty. This insurance premium covers the period from 18 June 2015 to 18 June 2016.

16. Related Parties (cont.)

Directors' Holdings Of Shares

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

| Directors | Held at 1/7/2014 | Purchases | Sales | Held at 30/6/15 |
|-----------------|------------------|-----------|-------|-----------------|
| Charles Goode | 4,600,142 | 1,001,624 | - | 5,601,766 |
| Anthony Burgess | 200,000 | 215,000 | - | 415,000 |
| Stephen Hiscock | 20,000 | 20,000 | - | 40,000 |
| Andrew Larke | - | - | - | - |

Directors' Transactions In Shares

The movement in directors' holdings of ordinary shares resulted from the issue of shares in the one for five renounceable rights issue and/or purchased 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.

| | 2015 \$'000 | 2014 \$'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 is shown in the statement of cash flows and in the balance sheet as follows:

| | | |
|--|--------|-------|
| Units in Cash Management Trusts and Deposits at Call | 20,987 | 6,868 |
|--|--------|-------|

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

| | | |
|---|---------|--------|
| Profit for the year | 33,740 | 26,423 |
| Adjustments for: | | |
| (Increase) / decrease in prepayments | (2) | (4) |
| (Increase) / decrease in debtors | (180) | (856) |
| (Increase) / decrease in deferred tax asset | (55) | 391 |
| Increase / (decrease) in current tax payable | 893 | 101 |
| Increase / (decrease) in deferred tax liability | 1 | 17 |
| (Increase) / decrease in prepaid interest | 419 | 70 |
| Increase / (decrease) in creditors | 35 | (8) |
| Increase / (decrease) in other liabilities | 18 | - |
| Non-cash dividends received | (3,600) | (272) |
| Net cash provided by operating activities | 31,269 | 25,862 |

(c) Financing Facilities

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

18. Earnings per Share

| | 2015 Cents | 2014 Cents |
|--|---------------|---------------|
| Basic and diluted earnings per share | 17.0 | 15.1 |
| Earnings per share excluding special dividends (refer Note 1(d)) | 15.1 | 14.6 |

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

The earnings per share for the year is calculated on a weighted average adjusted number of ordinary shares of 198,422,380 (2014: 175,216,517). The weighted average adjusted number of ordinary shares takes into account the shares issued in the dividend re-investment plan and the 1:5 renounceable rights issue and is also adjusted for the bonus element from the rights issue.

The bonus element arises as the subscription price of the shares issued in the rights issue was at a discount to the market price of the shares immediately prior to the rights issue. Accordingly, under the accounting standards, the weighted average number of shares is adjusted because the increase in ordinary shares from the rights issue did not result in a corresponding increase in resources for the Company. The prior year comparatives have also been adjusted for the bonus element arising from the rights issue.

19. Capital Management

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

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

In November 2014, a one for five renounceable rights issue raised \$102,581,000 of new issued capital. The Company announced an extension to the on-market buy-back facility which has a potential of purchasing up to 10 million shares from 1st June 2015 to 31st May 2016. The Company is not subject to any externally imposed capital requirements.

20. Financial Risk Management

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

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

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

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework, and receives advice from the Audit and Risk Management Committee.

Credit Risk

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

Cash

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

20. Financial Risk Management (cont.)

Receivables

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

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

Liquidity Risk

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

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

Bank Borrowings were \$85 million at the end of the financial year (2014: \$65 million) gearing the investment portfolio by around 10% (2014: 9%). The Company has interest bearing loan facilities in place with the Australia and New Zealand Banking Group Ltd which includes both fixed and floating rate components. This facility expires at various intervals through to 1 July 2020, unless these are renewed. Annual interest expense was covered 9.7 times by profit before interest and tax (2014: 9.0 times).

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

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

Market Risk

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

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

Based on a tax rate of 30%, a general movement in market prices of 5% and 10% would lead to a change in the Company's equity of \$28,622,000 (or 4%) and \$57,244,000 (or 9%) respectively.

Market risk is managed by ensuring that the Company's Australian investment portfolio is not overly exposed to one company or one particular sector relative to the S&P/ASX 200 index and the international portfolio is held through Exchange Traded Index funds invested across geographic regions and sectors. The Company's asset allocation, the relative weightings of the individual securities and the relative market sector weightings are reviewed by the Board at each Directors' meeting.

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

21. Financial Instruments Disclosure

Interest Rate Risk

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

| | Note | Floating Interest Rate \$'000 |
|--------------------------------|------|-------------------------------|
| 2015 | | |
| <i>Financial Assets</i> | | |
| Cash | 6 | 20,987 |
| Weighted average interest rate | | 2.85% |
| 2014 | | |
| <i>Financial Assets</i> | | |
| Cash | 6 | 6,868 |
| Weighted average interest rate | | 3.04% |

Borrowings

At 30 June 2015 the Company had facilities totalling \$85,000,000 (fully drawn) with Australia and New Zealand Banking Group Ltd as follows:

| Amount | Maturity | Interest Rate ⁽¹⁾ |
|--------------|-------------|------------------------------|
| \$10,000,000 | 2 July 2017 | Fixed 4.90% |
| \$10,000,000 | 2 July 2017 | Floating 3.56% |
| \$10,000,000 | 2 July 2018 | Fixed 5.19% |
| \$5,000,000 | 2 July 2018 | Fixed 4.67% |
| \$7,500,000 | 2 July 2018 | Fixed 4.81% |
| \$10,000,000 | 2 July 2019 | Fixed 5.14% |
| \$5,000,000 | 2 July 2019 | Fixed 4.91% |
| \$7,500,000 | 2 July 2019 | Fixed 5.01% |
| \$20,000,000 | 1 July 2020 | Fixed 4.09% |

(1) Interest rate includes bank margins and fees.

Based on a tax rate of 30%, a change of 1% in the floating interest rates at the reporting date would lead to a change in the Company's profit of \$70,000 (or 0.21%) and a change in the Company's equity of \$70,000 (or 0.01%).

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

| Equities | No. of Shares | Value at 30 June 2015 \$'000 |
|------------------------|---------------|------------------------------|
| BHP Billiton Ltd | 1,500,000 | 40,575 |
| Woodside Petroleum Ltd | 1,000,000 | 34,230 |
| NAB Ltd | 900,000 | 29,979 |
| Rio Tinto Ltd | 495,126 | 26,613 |
| CSL Ltd | 300,000 | 25,941 |
| Total | | 157,338 |

The terms of the agreement require that the loan to value ratio should not exceed 70% of the market value of the pledged securities. At 30 June this was 54% (2014: 42%).

21. Financial Instruments Disclosure (cont.)

Net Fair Values of Financial Assets and Liabilities

Valuation Approach

The Company's investments are readily traded on organised markets in a standard form.

The net fair value of investments is determined by valuing them at current quoted market prices at balance date.

In accordance with Australian Accounting Standards, this is considered "level 1" under the fair value measurement hierarchy, which is defined as quoted prices (unadjusted) in active markets for identical assets or liabilities. The net fair value of investments is set out in Notes 8 and 24.

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

22. Segment Reporting

The Company operates as an investment company in Australia. Approximately 10% of the investment portfolio is in international equities.

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.

24. Holdings of Securities as at 30 June 2015

The following is a list of The Company's top 25 Investments as at 30 June 2015, which represent 81% of the total investment portfolio (2014: 87%). All Investments are valued at fair value through Other Comprehensive Income.

| 2015 | | | 2014 | | |
|---|---|--------------------------|---|--|--------------------------|
| Company | | Market Value \$'000's | Company | | Market Value \$'000's |
| 1 | Commonwealth Bank Of Australia Ltd | 68,104 | Commonwealth Bank Of Australia Ltd | | 64,704 |
| 2 | ANZ Banking Group Ltd | 61,180 | ANZ Banking Group Ltd | | 63,346 |
| 3 | Westpac Banking Corporation | 57,870 | Westpac Banking Corporation Ltd | | 60,984 |
| 4 | CSL Ltd | 51,882 | BHP Billiton Ltd | | 57,440 |
| 5 | National Australia Bank Ltd | 43,303 | Woodside Petroleum Ltd | | 41,070 |
| 6 | BHP Billiton Ltd | 43,280 | National Australia Bank Ltd | | 39,336 |
| 7 | Transurban Group | 34,410 | CSL Ltd | | 37,601 |
| 8 | Woodside Petroleum Ltd | 34,230 | Rio Tinto Ltd | | 35,586 |
| 9 | Rio Tinto Ltd | 32,250 | Transurban Group | | 27,343 |
| 10 | Vanguard All World Ex- US Index ETF | 30,697 | Woolworths Ltd | | 24,654 |
| 11 | Medibank Private Ltd | 26,130 | Wesfarmers Ltd | | 18,828 |
| 12 | Vanguard US Total Market Index ETF | 20,868 | Origin Energy Ltd | | 16,521 |
| 13 | Woolworths Ltd | 18,872 | Washington H Soul Pattinson & Company Ltd | | 14,750 |
| 14 | Wesfarmers Ltd | 17,173 | Oil Search Ltd | | 14,505 |
| 15 | AMP Ltd | 15,050 | AMP Ltd | | 13,250 |
| 16 | Washington H Soul Pattinson & Company Ltd | 14,784 | Mystate Ltd | | 12,064 |
| 17 | Asciano Ltd | 14,630 | QBE Insurance Group Ltd | | 11,414 |
| 18 | Origin Energy Ltd | 14,364 | Computershare Ltd | | 9,984 |
| 19 | Oil Search Ltd | 14,260 | Asciano Ltd | | 9,852 |
| 20 | Computershare Ltd | 12,881 | Westfield Corporation | | 8,580 |
| 21 | Mystate Ltd | 12,558 | Scentre Group | | 7,722 |
| 22 | Sonic Healthcare Ltd | 10,685 | Perpetual Ltd | | 7,581 |
| 23 | iShares Global Healthcare Index ETF | 10,508 | Worley Parsons Ltd | | 6,964 |
| 24 | iShares USA Minimum Volatility Index ETF | 10,369 | Brickworks Ltd | | 6,835 |
| 25 | Vanguard Information Technology Index ETF | 10,208 | BT Investment Management Ltd | | 6,450 |
| Total Top 25 Investments | | 680,546 | | | 617,364 |
| Total Investments at Market Value, Net Short Term Receivables and Cash | | 844,515 | | | 713,354 |

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 16 to 31, and the remuneration disclosures that are contained in the Remuneration Report on page 13 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 2015 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
 - (b) The financial report also complies with International Financial Reporting Standards;
 - (c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2015.

Signed in accordance with a resolution of the directors.



Charles Goode
Director
Melbourne

Dated at Melbourne 17th day of August 2015

Independent Auditor's Report



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 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 24 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 1(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

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

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

Independent Auditor's Report



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 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a).

Report on the remuneration report

We have audited the Remuneration Report included on page 13 of the directors' report for the Year Ended 30 June 2015. 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 2015, complies with the Section 300A of the *Corporations Act 2001*.

KPMG

Maria Trinci
Partner

Melbourne
17 August 2015

Distribution of shareholders as at 31 July 2015

| Category Holders | Ordinary Shares | No of Holders | % |
|------------------|-----------------|---------------|--------|
| 1 – 1,000 | 153,229 | 693 | 0.07 |
| 1,001 – 5,000 | 3,804,827 | 1,270 | 1.85 |
| 5,001 – 10,000 | 9,775,260 | 1,306 | 4.74 |
| 10,001 – 100,000 | 53,858,581 | 2,623 | 32.91 |
| 100,001 and over | 124,661,122 | 160 | 60.43 |
| | 206,275,605 | 6,052 | 100.00 |

There were 405 ordinary shareholders holding less than a marketable parcel (138 shares) at 31 July 2015.

Substantial Shareholders

The number of shares disclosed by the substantial shareholders and their associates in substantial shareholder notices received up to 31 July 2015 are set out below:

| Shareholder | Ordinary Shares |
|--|-----------------|
| The Myer Family Company Holdings Pty Ltd | 14,324,342 |
| The Ian Potter Foundation Ltd, Dundee Trading Pty Ltd, The Ian Potter Foundation Ltd | |
| ATF The George Alexander Foundation and Australian United Investment Company Limited | 49,652,187 |
| Australian Foundation Investment Company Limited | 13,283,243 |

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 2015 were:

| Shareholder | Ordinary Shares | % Held |
|---|-----------------|--------|
| 1. The Ian Potter Foundation Ltd | 25,123,838 | 12.18 |
| 2. Australian United Investment Company Ltd | 14,400,000 | 6.98 |
| 3. National Nominees Limited | 13,521,866 | 6.55 |
| 4. Australian Foundation Investment Company Ltd | 12,030,202 | 5.83 |
| 5. Argo Investments Limited | 10,169,575 | 4.93 |
| 6. Dundee Trading Pty Ltd | 6,398,349 | 3.10 |
| 7. The Ian Potter Foundation Ltd (No 1 GA A/c) | 4,090,000 | 1.98 |
| 8. Beta Gamma Pty Ltd | 2,445,696 | 1.19 |
| 9. Mr Charles Barrington Goode | 2,060,223 | 1.00 |
| 10. Willpower Investments Pty Ltd | 1,371,260 | 0.66 |
| 11. Primrose Properties Pty Ltd | 925,940 | 0.45 |
| 12. Brownell Superannuation Pty Ltd | 900,000 | 0.44 |
| 13. A & M Dixon Investments Pty Ltd | 741,360 | 0.36 |
| 14. Chabar Pty Ltd | 688,888 | 0.33 |
| 15. Mr James Vincent Chester Guest | 616,903 | 0.30 |
| 16. J P Morgan Nominees Australia Ltd | 576,499 | 0.28 |
| 17. A J Dixon Pty Ltd (Super Fund A/c) | 575,183 | 0.28 |
| 18. Equitas Nominees Pty Limited | 509,546 | 0.25 |
| 19. Aldack Pty Ltd (Dixon Family Superannuation Fund A/c) | 500,000 | 0.24 |
| 20. Invia Custodian Pty Ltd | 486,000 | 0.24 |
| | 98,131,328 | 47.57 |

Brokerage Paid

The amount of brokerage paid or charged to the Company during the financial year ended 30 June 2015 totalled \$307,997 (2014:\$171,233). 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 2015

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

| | Market Value \$ | 30/6/15 Units Held | % of Portfolio at Market Value | 30/6/14 Units Held |
|--|--------------------|--------------------------|-----------------------------------|--------------------------|
| Australian Equities | | | | |
| <i>Banks</i> | | | | |
| Australian & New Zealand Banking Group Ltd | 61,180,000 | 1,900,000 | 7.2 | 1,900,000 |
| Commonwealth Bank of Australia Ltd | 68,104,000 | 800,000 | 8.1 | 800,000 |
| Mystate Ltd | 12,558,000 | 2,600,000 | 1.5 | 2,600,000 |
| National Australia Bank Ltd | 43,303,000 | 1,300,000 | 5.1 | 1,200,000 |
| Westpac Banking Corporation Ltd | 57,870,000 | 1,800,000 | 6.8 | 1,800,000 |
| <i>Building Materials</i> | | | | |
| Adelaide Brighton Ltd | 4,310,000 | 1,000,000 | 0.5 | 1,000,000 |
| <i>Energy</i> | | | | |
| Oil Search Ltd | 14,260,000 | 2,000,000 | 1.7 | 1,500,000 |
| Origin Energy Ltd | 14,364,000 | 1,200,000 | 1.7 | 1,130,000 |
| Santos Ltd | 3,915,000 | 500,000 | 0.5 | 100,000 |
| Woodside Petroleum Ltd | 34,230,000 | 1,000,000 | 4.1 | 1,000,000 |
| <i>Health Care</i> | | | | |
| CSL Ltd | 51,882,000 | 600,000 | 6.1 | 565,000 |
| Ramsay Health Care Ltd | 4,610,250 | 75,000 | 0.5 | 75,000 |
| Resmed Inc. | 7,270,000 | 1,000,000 | 0.9 | 1,000,000 |
| Sonic Healthcare Ltd | 10,685,000 | 500,000 | 1.3 | 200,000 |
| <i>Infrastructure and Utilities</i> | | | | |
| Sydney Airport | 4,980,000 | 1,000,000 | 0.6 | 1,000,000 |
| Transurban Group | 34,410,000 | 3,700,000 | 4.1 | 3,700,000 |
| <i>Insurance</i> | | | | |
| Genworth Mortgage Insurance Australia | - | - | - | 1,000,000 |
| Medibank Private Ltd | 26,130,000 | 13,000,000 | 3.1 | - |
| Suncorp Group Ltd | 7,386,500 | 550,000 | 0.9 | - |
| QBE Insurance Group Ltd | - | - | - | 1,050,000 |
| <i>Mining</i> | | | | |
| BHP Billiton Ltd | 43,280,000 | 1,600,000 | 5.1 | 1,600,000 |
| Rio Tinto Ltd | 32,250,000 | 600,000 | 3.8 | 600,000 |
| South32 Ltd | 8,950,000 | 5,000,000 | 1.1 | - |
| <i>Mining Service</i> | | | | |
| Bradken Ltd | 1,435,000 | 1,000,000 | 0.2 | 1,000,000 |
| Monadelphous Group Ltd | 1,405,500 | 150,000 | 0.2 | 150,000 |
| Orica Ltd | 4,256,000 | 200,000 | 0.5 | 200,000 |
| Worley Parsons Ltd | 4,164,000 | 400,000 | 0.5 | 400,000 |
| <i>Other Financials</i> | | | | |
| AMP Ltd | 15,050,000 | 2,500,000 | 1.8 | 2,500,000 |
| ASX Ltd | 3,990,000 | 100,000 | 0.5 | 100,000 |
| Brickworks Ltd | 6,900,000 | 500,000 | 0.8 | 500,000 |
| BT Investment Management Ltd | 9,717,500 | 1,150,000 | 1.2 | 1,000,000 |
| Computershare Ltd | 12,881,000 | 1,100,000 | 1.5 | 800,000 |
| Henderson Group Ltd | 5,320,000 | 1,000,000 | 0.6 | 1,000,000 |
| Perpetual Ltd | 7,737,600 | 160,000 | 0.9 | 160,000 |
| Washington H Soul Pattinson & Company Ltd | 14,784,000 | 1,100,000 | 1.7 | 1,000,000 |

List of Investments as at 30 June 2015

| | Market Value \$ | 30/6/15 Units Held | % of Portfolio at Market Value | 30/6/14 Units Held |
|---|--------------------|--------------------------|-----------------------------------|--------------------------|
| Australian Equities (cont.) | | | | |
| <i>Property</i> | | | | |
| Australand Property Group | - | - | - | 1,000,000 |
| GDI Property Group | 2,047,500 | 2,340,000 | 0.2 | - |
| Gowings Bros Ltd | 6,200,000 | 2,000,000 | 0.7 | 2,000,000 |
| Scentre Group | 9,075,004 | 2,420,000 | 1.1 | 2,413,200 |
| Stockland Group | 5,740,000 | 1,400,000 | 0.7 | 1,400,000 |
| Westfield Corporation | 9,120,000 | 1,000,000 | 1.1 | 1,200,000 |
| <i>Retailers</i> | | | | |
| Wesfarmers Ltd | 17,173,239 | 440,000 | 2.0 | 450,000 |
| Woolworths Ltd | 18,872,000 | 700,000 | 2.2 | 700,000 |
| <i>Transportation</i> | | | | |
| Asciano Limited | 14,630,000 | 2,200,000 | 1.7 | 1,750,000 |
| Aurizon Holdings Ltd | 5,130,000 | 1,000,000 | 0.6 | 600,000 |
| Brambles Ltd | 7,420,000 | 700,000 | 0.9 | 700,000 |
| <i>Telecommunications Services</i> | | | | |
| Telstra Corporation Ltd | 6,140,000 | 1,000,000 | 0.7 | 854,000 |
| Total Australian Equities | 735,116,093 | | 87.0 | |
| International Equities | | | | |
| iShares Global Healthcare Index ETF | 10,508,862 | 74,100 | 1.2 | - |
| Vanguard Information Technology Index ETF | 10,208,039 | 73,800 | 1.2 | - |
| iShares MSCI USA Minimum Volatility ETF | 10,368,750 | 197,500 | 1.2 | - |
| Vanguard US Total Market Shares Index ETF | 20,867,704 | 149,600 | 2.5 | 50,000 |
| Vanguard All-World Ex-US Shares Index ETF | 30,697,110 | 483,800 | 3.6 | 100,000 |
| Total International Equities | 82,650,465 | | 9.8 | |
| Cash, Bills of Exchange & Net Short Term Receivables | 26,748,729 | | 3.2 | |
| Total | 844,515,287 | | 100.0 | |

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