

DIVERSIFIED  
UNITED  
INVESTMENT  
LIMITED

ABN 33 006 713 177

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**2016**

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ANNUAL  
FINANCIAL  
REPORT

FOR THE YEAR ENDED  
30 JUNE 2016

# 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

Level 20  
101 Collins Street  
Melbourne VIC 3000  
Tel: (613) 9654 0499  
Fax: (613) 9654 3499  
Email: [info@dui.com.au](mailto:info@dui.com.au)

## Website

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

## Bankers

Australia and New Zealand Banking Group Limited  
National Australia Bank Limited

## Auditors

KPMG  
Chartered Accountants

## Share Registry

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

## Securities Exchange

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

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# Chairman's Report

I present the twenty-fourth Annual Report of Diversified United Investment Ltd which is for the year ended 30 June 2016.

The Company's objective 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, listed property trusts, and short term deposits, and international equities through exchange traded index funds. Investments may also be made from time to time in fixed interest securities or convertible notes. At 30 June 2016 10% of the portfolio was invested in international equities through Exchange Traded Index Funds. Any foreign exchange currency exposure is currently unhedged.

Profit after tax for the year was \$30,506,000 which is a decrease of 9.6% on the previous year or an increase of 1.2% 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 \$36,393,000 comprising \$33,783,000 from dividends and trust distributions, \$2,028,000 from foreign income and \$582,000 from interest and options. The Company incurred operating expenses of \$1,070,000 (before interest costs) which is equivalent to 0.13% of the average value of the portfolio (previous year 0.13%).

This year special dividends received totalled \$246,000 after tax. Special dividends were received from Suncorp, Adelaide Brighton and Insurance Australia Group. In 2015 special dividends of \$3,831,000 were received which included a non-cash special dividend of \$3,600,000 from the BHP Billiton/South 32 demerger.

Leaving aside the special dividends, the year's result reflects a 5% increase in income from dividends and trust income, a doubling of income from international investments, a 57% decrease in interest and options trading income, a 4% rise in interest expense, and no realised foreign currency exchange gains (last year \$1.6 million before tax).

The weighted average number of ordinary shares for the year was 206,950,582 as against 198,422,380 in the previous year, an increase of 4.3%. The previous year weighted average number of ordinary shares was adjusted for the bonus element in the 1:5 renounceable rights issue in November 2014.

Excluding the special dividends received, the earnings per share based on the weighted average number of shares on issue for the year was 14.6 cents per share compared to 15.1 cents for the year to 30 June 2015. Including the special dividends, earnings per share fell 13.5% to 14.7 cents. The decline in earnings per share (excluding special dividends) reflects a reduction in income from investments, particularly from companies in the mining and resources sector which reduced dividends paid following a substantial cyclical downturn in profits.

Operating expenses (excluding borrowing costs) were 0.13% of the average market value of the portfolio, unchanged from 0.13% in 2015.

Bank borrowings were \$95 million at the end of the financial year (previous year \$85 million) amounting to around 11% of the investment portfolio at market values. Cash on hand, cash on deposit and net short term receivables were \$12 million, or 1% of the investment portfolio at market values (previous year \$27 million, or 3%). Annual interest expense was covered 8.6 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 \$3.53 at 30 June 2016, compared to \$3.68 at 30 June 2015, a decrease of 4.1%.

The Directors have declared a fully franked final dividend of 7.5¢ per share for the year to 30 June 2016, 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 on the previous year. 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:

Dividends Cents Per Share	
2015/16	14.0
2014/15	14.0
2013/14	13.6*
2012/13	13.1*
2011/12	12.6*

\*the financial years ended 30 June 2012 to 2014 have been 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 net realised gains, before any future tax benefit of net realised losses and before estimated tax on net unrealised gains/losses) over the last 5 years was as follows:

Net Asset Backing per Share	
30 June 2016	\$3.53
30 June 2015	\$3.68
30 June 2014	\$3.69*
30 June 2013	\$3.19*
30 June 2012	\$2.64*

\*the financial years ended 30 June 2012 to 2014 have been adjusted for bonus element in November 2014 1:5 Rights Issue.

The Australian equities portfolio is mainly in leading companies and at 30 June 2016 in terms of market values, 88% of the Australian equities portfolio was in the leading 50 companies (70% in the top 20 companies and 18% in the next 30 companies), with a further 4% invested in the second 50 companies and 8% invested in companies other than the largest 100 companies. The international equities portfolio comprised 10% 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 200 Accumulation Index % p.a.
1 Year	0.01	(2.73)	0.56
3 Years	7.60	8.32	7.66
5 Years	7.75	9.29	7.40
10 Years	5.05	4.74	4.86

Including the benefit of franking credits for shareholders who can fully utilise them, the Company's accumulation return for the year to 30 June 2016 was a rise of 1.8% compared to the index rise of 2.1%.

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.

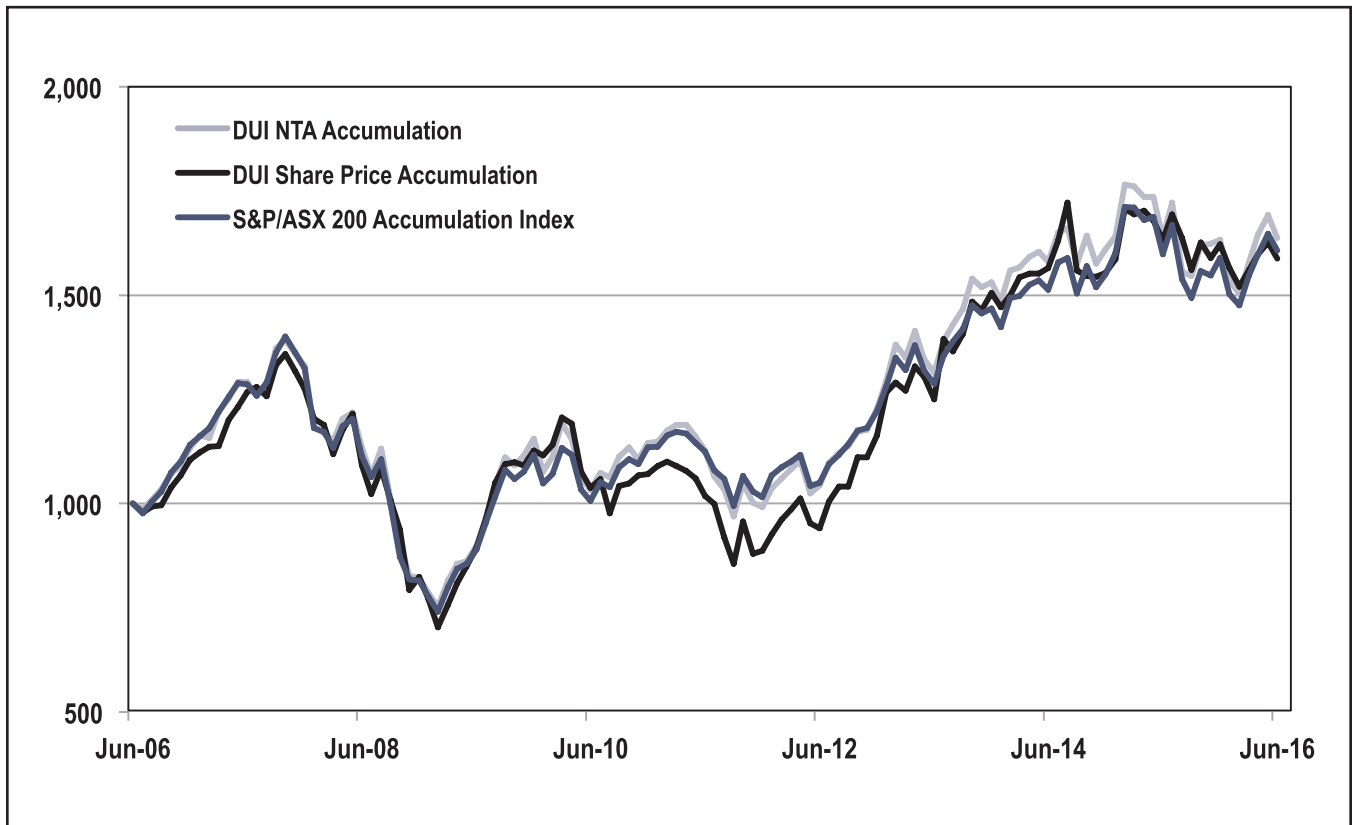
The year saw a mixed performance in world equities markets with the Australian S&P/ASX 200 price index falling 4.1%, the Standard & Poors 500 rising 1.7%, the FTSE 100 falling 0.3% and the Nikkei-225 falling 2.3%.

In the Australian market, on an accumulation basis, the ASX top 20 index fell 7% for the year. The Energy sector fell 22%, Financials fell 9%, Healthcare rose 22%, and the Property Trust and Utilities sectors both rose 25%. The Company's relative performance for the year was assisted by its positions in Healthcare and Industrials, but held back by its significant holdings in the top 20 sector, the underweight positions in Utilities and Property Trusts, and overweight position in Energy.

In Australian dollar terms the international portfolio performed broadly in line with the Australian index for the year.

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 200 Accumulation Index over the last ten years.

**DUI Accumulated Investment Return vs S&P/ASX 200 Accumulation Index  
10 Years to 30 June 2016**



Source: Evans & Partners

The Company's top twenty-five investments at 30 June 2016 were as follows:

<b>Australian Equities</b>	<b>Market Value \$'000</b>	<b>% of Market Value of Total Investments</b>
CSL Ltd	67,308	8.1%
Commonwealth Bank Of Australia Ltd	66,933	8.1%
Westpac Banking Corporation	55,860	6.8%
Australia & New Zealand Banking Group Ltd	48,240	5.8%
Transurban Group	47,960	5.8%
National Australia Bank Ltd	33,059	4.0%
BHP Billiton Ltd	29,840	3.6%
Rio Tinto Ltd	27,300	3.3%
Woodside Petroleum Ltd	26,840	3.2%
Wesfarmers Ltd	24,060	2.9%
Medibank Private Ltd	20,650	2.5%
Washington H Soul Pattinson & Company Ltd	18,700	2.3%
Asciano Ltd	17,740	2.1%
AMP Ltd	14,964	1.8%
Woolworths Ltd	14,623	1.8%
Oil Search Ltd	13,340	1.6%
Perpetual Ltd	12,336	1.5%
Suncorp Group Ltd	12,180	1.5%
Telstra Corporation Ltd	11,120	1.3%
Sonic Healthcare Ltd	10,775	1.3%
Westfield Corporation	10,650	1.3%
<b>Total Australian Equities in Top 25</b>	<b>584,478</b>	<b>70.6%</b>
<b>International Equities</b>		
Vanguard All World Ex- US Shares Index ETF	27,427	3.3%
Vanguard US Total Market Shares Index ETF	21,297	2.6%
iShares MSCI USA Minimum Volatility Index ETF	12,290	1.5%
Vanguard Information Technology Index ETF	10,643	1.3%
<b>Total International Equities in Top 25</b>	<b>71,657</b>	<b>8.7%</b>
<b>Total Top 25 Australian &amp; International Equities</b>	<b>656,135</b>	<b>79.3%</b>
<b>Total Investments at Market Value, Net Short Term Receivables and Cash</b>	<b>827,122</b>	



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 an Audit and Risk Management Committee and a Nomination and Remuneration Committee. 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 comprises all directors except the Company's Chairman, and it 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 comprises all directors. It has an independent Chairman, one other independent and two non-independent directors. The non-independent directors, Messrs Goode and Burgess bring significant relevant expertise to the Committee. The 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 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 Independent Audit Report to the Management of The Myer Family Company Ltd in relation to the control procedures of their portfolio administration operations.

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  
13 July 2016

# 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 2016 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, Chairman since 1994) 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 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 March 2015

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

## 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 to take a medium to long term view and to invest in Australian equities, listed property trusts, and short term investments, and international equities through exchange traded index funds. Investments may also be made from time to time in fixed interest securities or convertible notes. 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.

At 30 June 2016 Australian equities accounted for 90% and international equities 10% of the market value of the portfolio. Any foreign exchange currency exposure is currently unhedged.

For the year ended 30 June 2016 profit after tax before net gains and losses on the investment portfolio was \$30,506,000 (compared to \$33,740,000 in 2015) – a decrease of 9.6%.

If special dividends received are disregarded, profit increased by 1.2%. In 2016, the profit after tax included \$246,000 of special dividends received (2015: \$3,831,000). The weighted average number of ordinary shares for the year was 206,950,582 as against 198,422,380 in the previous year, an increase of 4.3%.

The earnings per share was 14.6 cents excluding special dividends (2015: 15.1 cents), or 14.7 cents including special dividends (2015: 17.0 cents).

The net tangible asset backing of each of the Company's shares at 30 June 2016 was \$3.53 (2015: \$3.68). This net tangible asset backing calculation is based on investments at market value and is after tax on net realised gains, before any future tax benefit of net realised losses, and before estimated tax on net unrealised gains and losses, and before provision for 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 net unrealised portfolio gains were to be deducted, the net tangible asset backing per share would have been \$3.14 (2015: \$3.24).

Bank borrowings as at 30 June 2016 were \$95 million (2015: \$85 million) amounting to around 11% of the investment portfolio at market values (2015: 10%). Cash on hand, cash deposits and net short term receivables were \$12 million, or 1% of the investment portfolio at market values (2015: \$27 million or 3%). Annual interest expense was covered 8.6 times by profit before interest and tax (2015: 9.8 times).

During the year the accumulation performance of the Company's net asset backing (before provision for tax on unrealised gains) was steady, as compared to the S&P/ASX 200 Accumulation Index rise of 0.6%.

Dividends declared by the Company for the 2016 financial year total 14.0 cents per share fully franked (2015: 14.0 cents per share fully franked).

It is the Directors' intention to continue to invest in a portfolio of listed Australian equities and international equities through exchange traded index funds 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.

	2016	2015
	\$'000	Note 1(i) \$'000
The composition of the profit after income tax was:		
<b>Revenue from investment portfolio</b>		
Dividends	30,036	33,466
Trust Distributions	3,747	2,294
Foreign Income	2,028	1,014
Interest	242	855
Option Premium Income	340	501
Net Foreign Exchange Gain	-	1,599
	<b>36,393</b>	<b>39,729</b>
<b>Expenses</b>		
Administration and other expenses:		
Accounting and Custody Fees	187	182
Audit	48	47
Share Registry	61	70
Directors' Fees	400	384
ASX Fees	99	95
Company Secretary - Remuneration	102	80
- Rights Issue	-	42
Insurance	44	40
Office rent, printing and other	129	93
Finance Costs:		
Interest	4,109	3,960
	<b>5,179</b>	<b>4,993</b>
Profit before income tax expense and net gains and losses on investment portfolio	31,214	34,736
Income tax expense	(708)	(996)
<b>Profit before net gains and losses on investment portfolio</b>	<b>30,506</b>	<b>33,740</b>

Expenses (excluding finance costs) were 0.13% of the average market value of the investment portfolio (2015: 0.13%).

## Dividends

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

	\$'000
<b>Paid or declared during the year</b>	
A final dividend in respect of the year ended 30 June 2015 of 7.5¢ per share fully franked paid on 25 September 2015.	15,474
An interim dividend in respect of the year ended 30 June 2016 of 6.5¢ per share fully franked paid on 15 March 2016.	13,454
<b>Paid or declared after end of year</b>	
A final dividend in respect of the year ended 30 June 2016 of 7.5¢ per share fully franked payable on 23 September 2016.	15,564

## 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	11	12	2*	2	1	2
Anthony Burgess	12	12	2	2	2	2
Stephen Hiscock	11	12	2	2	2	2
Andrew Larke	12	12	2	2	2	2

\* In attendance – not a committee member.

The Audit and Risk Management Committee comprises Mr Larke (Chairman), Mr Burgess, and Mr Hiscock.

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

## Directors' Interests

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

	1	Shares 2	3
Charles Goode	2,156,366	3,550,181	140,000
Anthony Burgess	-	415,000	-
Stephen Hiscock	-	40,000	-
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 <sup>(1)</sup>

	2016			2015		
	Fee \$	Superannuation \$	Total \$	Fee \$	Superannuation \$	Total \$
Charles Goode	146,119	13,881	160,000	142,440	13,532	155,972
Anthony Burgess	73,059	6,941	80,000	71,220	6,766	77,986
Stephen Hiscock	73,059	6,941	80,000	71,220	6,766	77,986
Pierre Prentice	-	-	-	27,032	22,028	49,060
Andrew Larke	73,059	6,941	80,000	20,822	1,978	22,800
<b>Total</b>	365,296	34,704	400,000	332,734	51,070	383,804

<sup>(1)</sup> 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:

	2016	2015	2014	2013	2012
Profit (\$ Millions)	30.5	33.7	26.4	23.6	21.7
Earnings Per Share (excluding special dividends)*	14.6	15.1	14.6	13.1	12.7
Dividends (cents per share)*	14.0	14.0	13.6	13.1	12.6
Net Asset backing Per Share 30 June*	\$3.53	\$3.68	\$3.69	\$3.19	\$2.64
Share Price 30 June*	\$3.27	\$3.51	\$3.50	\$2.92	\$2.30
Management Expense Ratio	0.13%	0.13%	0.15%	0.17%	0.17%
S&P/ASX 200 Index 30 June	5,233	5,459	5,396	4,803	4,095

\* Figures for the 2012 – 2015 years have been adjusted for the bonus element in the one for five renounceable rights issue, completed November 2014.

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 \$101,500 (2015: \$80,000 plus \$42,500 in relation to the rights issue) 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.

## 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.

## 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 \$9,625 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 and Risk Management 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 2016.

## Rounding Of Amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and in accordance with that instrument, amounts in the 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 16th day of August 2016



# 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 2016 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  
16 August 2016

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 2016

		<b>2016</b>	<b>2015</b>
		<b>\$'000</b>	<b>Note 1(i)</b> <b>\$'000</b>
Revenue from investment portfolio	2	36,393	39,729
Administration and other expenses		(1,070)	(1,033)
Finance expenses	2	(4,109)	(3,960)
<b>Profit before income tax</b>		<b>31,214</b>	<b>34,736</b>
Income tax expense	4(a)	(708)	(996)
<b>Profit</b>		<b>30,506</b>	<b>33,740</b>
<b>Other Comprehensive Income</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation of investment portfolio for the year		(32,421)	(5,706)
Provision for tax benefit on revaluation for the year of investment portfolio		9,231	234
<b>Other Comprehensive Loss net of income tax</b>		<b>(23,190)</b>	<b>(5,472)</b>
<b>Total Comprehensive Income</b>		<b>7,316</b>	<b>28,268</b>
Basic and diluted earnings per share (cents)	18	14.7	17.0

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 2016

	Note	2016 \$'000	2015 \$'000
<b>Assets</b>			
Cash assets	6	4,950	20,987
Receivables	7	6,933	6,460
Other	9	53	49
<b>Total Current Assets</b>		11,936	27,496
Investment portfolio	8	815,239	817,767
<b>Total Non-Current Assets</b>		815,239	817,767
<b>Total Assets</b>		827,175	845,263
<b>Liabilities</b>			
Payables	10	103	798
Current tax payable	4(c)	319	893
<b>Total Current Liabilities</b>		422	1,691
Provision for long service leave		41	18
Borrowings – interest bearing	11	95,184	85,199
Deferred tax liability	4(b)	79,805	89,039
<b>Total Non-Current Liabilities</b>		175,030	174,256
<b>Total Liabilities</b>		175,452	175,947
<b>Net Assets</b>		651,723	669,316
<b>Equity</b>			
Issued capital	13(a)	420,190	416,171
Reserves	13(b)	231,533	253,145
<b>Total Equity</b>		651,723	669,316

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 2016

	Issued Capital \$'000	Revaluation Reserve \$'000	Realisation Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
<b>As at 1 July 2014</b>	310,364	215,179	(14,510)	48,197	559,230
<b>Comprehensive Income</b>					
Revaluation of investment portfolio	-	(5,706)	-	-	(5,706)
Tax benefit 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)	-	-
Profit	-	-	-	33,740	33,740
	-	(13,207)	7,735	33,740	28,268
<b>Transactions with Shareholders</b>					
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
<b>As at 30 June 2015</b>	416,171	201,972	(6,775)	57,948	669,316
<b>As at 1 July 2015</b>	416,171	201,972	(6,775)	57,948	669,316
<b>Comprehensive Income</b>					
Revaluation of investment portfolio	-	(32,421)	-	-	(32,421)
Tax benefit on revaluation	-	9,231	-	-	9,231
Net realised gains and losses on investment portfolio	-	5,482	(5,482)	-	-
Tax benefit on net realised gains and losses	-	(1,512)	1,512	-	-
Profit	-	-	-	30,506	30,506
	-	(19,220)	(3,970)	30,506	7,316
<b>Transactions with Shareholders</b>					
Dividend reinvestment plan	4,019	-	-	-	4,019
Dividends	-	-	-	(28,928)	(28,928)
	4,019	-	-	(28,928)	(24,909)
<b>As at 30 June 2016</b>	420,191	182,752	(10,745)	59,526	651,723

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 2016

Note	2016 \$'000	2015 \$'000
<b>Cash Flows from Operating Activities</b>		
Interest received	242	858
Dividends and trust distributions received	33,250	32,838
Foreign income	1,641	375
Realised foreign exchange gains	-	1,599
Option premium income received	340	501
Administration and other expenses paid	(1,046)	(983)
Finance costs paid	(4,124)	(3,541)
Income taxes paid	(924)	(3)
<b>Net Cash from Operating Activities</b>	17(b) 29,379	31,269
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of investments	53,327	71,217
Purchases of investments	(83,834)	(190,185)
<b>Net Cash used in Investing Activities</b>	(30,507)	(118,968)
<b>Cash Flows from Financing Activities</b>		
Proceeds from renounceable rights issue (net of costs)	-	102,581
Proceeds from additional borrowings	10,000	20,000
Dividends paid net of dividend reinvestment plan	(24,909)	(20,763)
<b>Net cash from / (used) in financing activities</b>	(14,909)	101,818
Net increase / (decrease) in cash held	(16,037)	14,119
Cash and cash equivalents at 1 July	17(a) 20,987	6,868
<b>Cash and Cash Equivalents at 30 June</b>	17(a) 4,950	20,987

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 16 August 2016

### (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 2016 ("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 Australian Accounting Standards, 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 and option premiums. Dividend income is recognised in the income statement at ex-dividend date and all other income is recognised on an accruals basis. Special Dividends are those dividends received which have been designated as special and non-recurring by the declaring company.

### (e) Taxation

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

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

## 1. Statement of Significant Accounting Policies (cont.)

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.

### (i) Restatement of Comparatives

During the year ended 30 June 2016 the Company elected to change the presentation regarding the recognition of foreign income so as to recognise foreign income on a gross basis before any foreign withholding taxes paid. Therefore the comparative figures for the year ended 30 June 2015 have been restated. The impact of the restatement is that foreign income has increased by \$153,482, profit before income tax increased by \$153,482 and income tax expense has increased by \$153,482 in the comparative period. There was no change to the profit after tax.

## 2. Revenue and Expenses

	2016	2015
	\$'000	Note 1 (i) \$'000
<b>(a) Revenue</b>		
Ordinary dividends received or due and receivable	29,790	29,604
Special dividends received or due and receivable	246	3,862
	30,036	33,466
Trust distributions received or due and receivable	3,747	2,294
Foreign income received or due and receivable	2,028	1,014
Interest received or due and receivable	242	855
Option Premium Income	340	501
Net foreign exchange gain	-	1,599
	36,393	39,729
<b>(b) Expenses</b>		
Finance expenses:		
- Interest	4,109	3,960

	2016 \$	2015 \$
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### 3. Auditor's Remuneration

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

- Audit and review of financial reports	48,125	47,179
- Taxation related services	9,625	9,350

	2016 \$'000	2015 Note 1(i) \$'000
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### 4. Taxation

#### (a) Income Tax Expense

##### (i) Recognised in the income statement

##### Current tax expense

Current year tax refund accrued	(480)	(896)
Over provision for prior years	(337)	(154)
	(817)	(1,050)

##### Deferred tax expense

Recognition of tax losses and deferred tax balances	-	(211)
Temporary differences	2	(1)

	2	(212)
Tax expense on operating profit	(815)	(1,262)

Over provision for prior years	107	266
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<b>Income tax expense in income statement</b>	<b>(708)</b>	<b>(996)</b>
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##### (ii) Reconciliation between tax expense and pre-tax net profit

Prima facie tax expense calculated at 30% on the profit for the year	(9,364)	(10,421)
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##### Increase in tax expense due to:

Franking credits gross up on dividends received	(3,399)	(3,355)
Sundry items	-	(31)

##### Decrease in tax expense due to:

Tax deferred distributions received	400	281
Franking credits on dividends received	11,331	11,184
Non-taxable dividends received	-	1,080
Sundry items	217	-

Tax expense on operating profit	(815)	(1,262)
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Over provision prior year	107	266
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<b>Tax expense attributable to profit</b>	<b>(708)</b>	<b>(996)</b>
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##### (iii) Deferred tax liability recognised directly in equity

Decrease in provision for tax on net unrealised gains on the equity investment portfolio	9,231	234
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	2016	2015
	\$'000	Note 1(i) \$'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	(86,297)	(93,626)
Tax effect of unfranked dividend receivable	(43)	(46)
Tax benefit of capital losses carried forward	6,535	4,633
Net deferred tax liabilities	(79,805)	(89,039)

#### (c) Current Tax Payable

Current year tax liability	(817)	(896)
Less: Tax instalment paid	498	3
Net current tax payable	(319)	(893)

## 5. Dividends

Dividends recognised in the current year by the Company are:

(i) 2015 final dividend of 7.5¢ per share (2014: 7.5¢) fully franked paid 25 September 2015	15,474	12,837
(ii) 2016 interim dividend of 6.5¢ per share (2015: 6.5¢) fully paid 15 March 2016	13,454	11,152
	28,928	23,989

Subsequent to reporting date:

Since 30 June 2016, the directors have declared the following dividend payable on 23 September 2016:

Final dividend of 7.5 cents per share fully franked (2015: 7.5¢)	15,564	15,471
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The final dividend will not contain a Listed Investment Company capital gain dividend (2015: 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 2016.

#### Dividend Franking Account:

The balance of the Franking Account at 30 June 2016 is \$14,534,787 (2015: \$14,673,416) 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 2016 dividend, which is not provided for in the 30 June financial statements, the balance of the franking account would be \$7,864,612 (2015: \$8,043,129). The ability to utilise the franking credits is dependent upon the ability of the Company to declare dividends.

#### Listed Investment Company (LIC) Capital Gain Account:

The balance of the Listed Investment Company (LIC) Capital Gain Account at 30 June 2016 was \$125,092 (2015: \$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 2016

	2016 \$'000	2015 \$'000
<b>6. Cash Assets</b>		
Units in Cash Management Trusts and Deposits at Call	4,950	20,987
<b>7. Receivables</b>		
<i>Current</i>		
Sundry debtors	6,933	6,374
Outstanding settlements	-	86
	6,933	6,460
<b>8. Investments</b>		
<i>Non-Current</i>		
Investments in equities quoted on prescribed stock exchanges (at fair value)	815,239	817,767
<b>9. Other Assets</b>		
<i>Current</i>		
Prepayments	53	49
<b>10. Payables</b>		
<i>Current</i>		
Trade Creditors	103	99
Outstanding settlements	-	699
	103	798
<b>11. Borrowings</b>		
<i>Non-Current</i>		
Loan Facility – Secured	95,184	85,199
<p>The face value of the drawn facility is \$95 million (2015: \$85 million). The amount disclosed above is held at amortised cost plus accrued interest. During the year ended 30 June 2016, an additional \$10 million facility maturing 2 July 2021 was established. It was fully drawn at 30 June 2016.</p> <p>For more information about the company's exposure to interest risk and liquidity risk, see notes 20 and 21.</p>		
<b>12. Financing Arrangements</b>		
The Company has access to the following lines of credit:		
<i>Total facility available</i>		
Loan Facility – Secured	95,000	85,000
<i>Facilities utilised at balance date</i>		
Loan Facility – Secured	95,000	85,000

	2016 \$'000	2015 \$'000
<b>13. Capital and Reserves</b>		
<b>(a) Issued Capital</b>		
Issued and paid-up share capital 207,516,538 ordinary fully paid shares (2015: 206,275,605)	420,190	416,171
Movements in issued capital		
Balance at beginning of the year	416,171	310,364
Shares issued		
- Dividend re-investment plan <sup>(1)</sup>	4,019	3,226
- Renounceable rights issue (net of costs) <sup>(2)</sup>	-	102,581
	420,190	416,171

(1) In respect of the 2015 final dividend, paid on 25 September 2015, 653,174 shares were issued at \$3.2981 each under the dividend re-investment plan. In respect of the 2016 interim dividend, paid on 15 March 2016, 587,759 shares were issued at \$3.1723 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	59,526	57,948
Revaluation Reserve	182,752	201,972
Realisation Reserve	(10,745)	(6,775)
	231,533	253,145

#### **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 2016 was \$400,000 (2015: \$383,804).

## **15. Contingent Liabilities and Capital Commitments**

There were no contingent liabilities or capital commitments as at 30 June 2016.

## **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 and A J P Larke.

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 2016 to 18 June 2017.

## 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 1/7/2015	Purchases	Sales	Held at 30/6/16
Charles Goode	5,601,766	244,781	-	5,846,547
Anthony Burgess	415,000	-	-	415,000
Stephen Hiscock	40,000	-	-	40,000
Andrew Larke	-	-	-	-

### Directors' Transactions In Shares

The movement in directors' holdings of ordinary shares resulted from purchases 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.

	2016 \$'000	2015 \$'000
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## 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	4,950	20,987
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### (b) Reconciliation of operating profit after income tax to net cash provided by operating activities

Profit for the year	30,506	33,740
Adjustments for:		
(Increase) / decrease in prepayments	(6)	(2)
(Increase) / decrease in debtors	(558)	(180)
(Increase) / decrease in deferred tax asset	(106)	(55)
(Increase) / decrease in prior year tax payable	787	-
(Increase) / decrease in prepaid interest	(15)	419
(Increase) / decrease in other assets	2	-
Increase / (decrease) in current tax payable	(343)	893
Increase / (decrease) in deferred tax liability	(3)	1
Increase / (decrease) in creditors	(20)	35
Increase / (decrease) in other liabilities	23	18
Non-cash dividends received	-	(3,600)
Net cash provided by operating activities	29,379	31,269

### (c) Financing Facilities

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

## 18. Earnings per Share

	2016 Cents	2015 Cents
Basic and diluted earnings per share	14.7	17.0
Basic and diluted earnings per share excluding special dividends (refer Note 1(d))	14.6	15.1

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 206,950,582 (2015: 198,422,380, taking into account the bonus element in the 1:5 renounceable rights issue in November 2014). The weighted average adjusted number of ordinary shares takes into account the shares issued in the dividend re-investment plan.

## 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.

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.

#### 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.

## 20. Financial Risk Management (cont.)

### 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 \$95 million at the end of the financial year (2015: \$85 million) gearing the investment portfolio by around 11% (2015: 10%). 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. The facilities expire at various intervals through to 2 July 2021, unless renewed. Annual interest expense was covered 8.6 times by profit before interest and tax (2015: 9.8 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 \$28,533,000 (or 4%) and \$57,067,000 (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
<b>2016</b>		
<i>Financial Assets</i>		
Cash	6	4,950
Weighted average interest rate		2.34%
<b>2015</b>		
<i>Financial Assets</i>		
Cash	6	20,987
Weighted average interest rate		2.85%

### Borrowings

At 30 June 2016 the Company had facilities totalling \$95,000,000 (fully drawn) with Australia and New Zealand Banking Group Ltd as follows:

Amount	Maturity	Interest Rate <sup>(1)</sup>
\$10,000,000	2 July 2017	Fixed 4.90%
\$10,000,000	2 July 2017	Floating 3.62%
\$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%
\$10,000,000	2 July 2021	Floating 3.38%

(1) Interest rate includes bank margins and fees.

Based on a tax rate of 30%, a change of 1% in the floating interest rates at the reporting date would lead to a change in the Company's profit of \$140,000 (or 0.46%) and a change in the Company's equity of \$140,000 (or 0.02%).

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

Equities	No. of Shares	Value at 30 June 2016 \$'000
BHP Billiton Ltd	1,500,000	27,975
CSL Ltd	600,000	67,308
NAB Ltd	1,300,000	33,059
Rio Tinto Ltd	495,126	22,528
South32 Ltd	1,500,000	2,310
Transurban Group	3,000,000	35,970
Woodside Petroleum Ltd	1,000,000	26,840
<b>Total</b>		215,990

The terms of the agreement require that the loan to value ratio should not exceed 50% (2015: 70%) of the market value of the pledged securities. At 30 June this was 44% (2015: 54%).

## 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 2016

The following is a list of The Company's top 25 Investments as at 30 June 2016, which represent 79% of the total investment portfolio (2015: 81%). All Investments are valued at fair value through Other Comprehensive Income

Australian Equities	2016 Market Value \$'000's	Australian Equities	2015 Market Value \$'000's
CSL Ltd	67,308	Commonwealth Bank of Australia Ltd	68,104
Commonwealth Bank of Australia Ltd	66,933	ANZ Banking Group Ltd	61,180
Westpac Banking Corporation Ltd	55,860	Westpac Banking Corporation Ltd	57,870
ANZ Banking Group Ltd	48,240	CSL Ltd	51,882
Transurban Group	47,960	National Australia Bank Ltd	43,303
National Australia Bank Ltd	33,059	BHP Billiton Ltd	43,280
BHP Billiton Ltd	29,840	Transurban Group	34,410
Rio Tinto Ltd	27,300	Woodside Petroleum Ltd	34,230
Woodside Petroleum Ltd	26,840	Rio Tinto Ltd	32,250
Wesfarmers Ltd	24,060	Medibank Private Ltd	26,130
Medibank Private Ltd	20,650	Woolworths Ltd	18,872
Washington H Soul Pattinson Ltd	18,700	Wesfarmers Ltd	17,173
Asciano Ltd	17,740	AMP Ltd	15,050
AMP Ltd	14,964	Washington H Soul Pattinson Ltd	14,784
Woolworths Ltd	14,623	Asciano Ltd	14,630
Oil Search Ltd	13,340	Origin Energy Ltd	14,364
Perpetual Ltd	12,336	Oil Search Ltd	14,260
Suncorp Group Ltd	12,180	Computershare Ltd	12,881
Telstra Ltd	11,120	Mystate Ltd	12,558
Sonic Healthcare Ltd	10,775	Sonic Healthcare Ltd	10,685
Westfield Corporation Ltd	10,650		
<b>Total Australian Equities in Top 25</b>	<b>584,478</b>		<b>597,896</b>
<b>International Equities</b>		<b>International Equities</b>	
Vanguard All-World Ex- US Shares Index ETF	27,427	Vanguard All-World Ex- US Shares Index ETF	30,697
Vanguard US Total Market Shares Index ETF	21,297	Vanguard US Total Market Shares Index ETF	20,868
iShares MSCI USA Minimum Volatility Index ETF	12,290	iShares Global Healthcare Index ETF	10,508
Vanguard Information Technology Index ETF	10,643	iShares MSCI USA Minimum Volatility Index ETF	10,369
		Vanguard Information Technology Index ETF	10,208
<b>Total International Equities in Top 25</b>	<b>71,657</b>		<b>82,650</b>
<b>Total Top 25 Investments</b>	<b>656,135</b>		<b>680,546</b>
<b>Total Investments at Market Value, Net Short Term Receivables and Cash</b>	<b>827,122</b>		<b>844,515</b>

# 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 2016 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 2016.

Signed in accordance with a resolution of the directors.



Charles Goode  
Director  
Melbourne

Dated at Melbourne this 16th day of August 2016

# 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 2016, and the income statement and 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 2016 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 2016. 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 2016, complies with the Section 300A of the *Corporations Act 2001*.

KPMG

Maria Trinci  
*Partner*

Melbourne  
16th August 2016

## Distribution of shareholders as at 31 July 2016

Category Holders	Ordinary Shares	No of Holders	%
1 – 1,000	171,675	729	0.08
1,001 – 5,000	4,000,941	1,334	1.93
5,001 – 10,000	10,476,392	1,407	5.05
10,001 – 100,000	69,789,032	2,693	33.63
100,001 and over	123,078,498	156	59.31
	207,516,538	6,319	100.00

There were 421 ordinary shareholders holding less than a marketable parcel (143 shares) at 31 July 2016.

## Substantial Shareholders

The number of shares disclosed by the substantial shareholders and their associates in substantial shareholder notices received up to 31 July 2016 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 2016 were:

Shareholder	Ordinary Shares	% Held
1. The Ian Potter Foundation Ltd	25,123,838	12.11
2. Australian United Investment Company Ltd	14,400,000	6.94
3. National Nominees Limited	13,225,779	6.37
4. Australian Foundation Investment Company Ltd	12,030,202	5.80
5. Argo Investments Limited	10,069,575	4.85
6. Dundee Trading Pty Ltd	6,398,349	3.08
7. The Ian Potter Foundation Ltd (No 1 GA A/c)	4,090,000	1.97
8. Beta Gamma Pty Ltd	2,552,565	1.23
9. Mr Charles Barrington Goode	2,156,366	1.04
10. Willpower Investments Pty Ltd	1,054,412	0.51
11. Primrose Properties Pty Ltd	966,401	0.47
12. Brownell Superannuation Pty Ltd	900,000	0.43
13. Chabar Pty Ltd	718,991	0.35
14. A & M Dixon Investments Pty Ltd	654,360	0.31
15. A J Dixon Pty Ltd (Super Fund A/c)	621,169	0.30
16. Mr James Vincent Chester Guest	616,903	0.30
17. Alan Farrell Pty Ltd	594,331	0.29
18. Melbourne Business School Ltd	486,000	0.23
19. Yelgarn Pty Ltd	482,005	0.23
20. Somoke Pty Ltd	477,575	0.23
	97,618,821	47.04

## Brokerage Paid

The amount of brokerage paid or charged to the Company during the financial year ended 30 June 2016 totalled \$243,209 (2015:\$307,997). 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 2016

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

	Market Value \$	30/6/16 Units Held	% of Portfolio at Market Value	30/6/15 Units Held
<b>Australian Equities</b>				
<i>Banks</i>				
Australian & New Zealand Banking Group Ltd	48,240,000	2,000,000	5.8	1,900,000
Commonwealth Bank of Australia Ltd	66,933,000	900,000	8.1	800,000
Mystate Ltd	5,782,000	1,400,000	0.7	2,600,000
National Australia Bank Ltd	33,059,000	1,300,000	4.0	1,300,000
Westpac Banking Corporation Ltd	55,860,000	1,900,000	6.8	1,800,000
<i>Building Materials</i>				
Adelaide Brighton Ltd	5,570,000	1,000,000	0.7	1,000,000
<i>Consumer</i>				
IDP Education Ltd	2,060,000	500,000	0.2	-
<i>Energy</i>				
Oil Search Ltd	13,340,000	2,000,000	1.6	2,000,000
Origin Energy Ltd	8,625,000	1,500,000	1.0	1,200,000
Santos Ltd	3,248,000	700,000	0.4	500,000
Woodside Petroleum Ltd	26,840,000	1,000,000	3.2	1,000,000
<i>Health Care</i>				
CSL Ltd	67,308,000	600,000	8.1	600,000
Healthscope Ltd	3,861,000	1,350,000	0.5	-
Medibank Private Ltd	20,650,000	7,000,000	2.5	13,000,000
Ramsay Health Care Ltd	5,382,000	75,000	0.7	75,000
Resmed Inc.	4,150,000	500,000	0.5	1,000,000
Sonic Healthcare Ltd	10,775,000	500,000	1.3	500,000
<i>Infrastructure and Utilities</i>				
Macquarie Atlas Roads Group	10,360,000	2,000,000	1.2	-
Sydney Airport	9,022,000	1,300,000	1.1	1,000,000
Transurban Group	47,960,000	4,000,000	5.8	3,700,000
<i>Insurance</i>				
Insurance Australia Group Ltd	5,450,000	1,000,000	0.6	-
Suncorp Group Ltd	12,180,000	1,000,000	1.5	550,000
<i>Mining</i>				
BHP Billiton Ltd	29,840,000	1,600,000	3.6	1,600,000
Rio Tinto Ltd	27,300,000	600,000	3.3	600,000
South32 Ltd	7,700,000	5,000,000	0.9	5,000,000
<i>Mining Service</i>				
Bradken Ltd	-	-	-	1,000,000
Monadelphous Group Ltd	-	-	-	150,000
Orica Ltd	2,466,000	200,000	0.3	200,000
Worley Parsons Ltd	-	-	-	400,000

# List of Investments as at 30 June 2016

	Market Value \$	30/6/16 Units Held	% of Portfolio at Market Value	30/6/15 Units Held
<b>Australian Equities (cont.)</b>				
<i>Other Financials</i>				
AMP Ltd	14,964,000	2,900,000	1.8	2,500,000
ASX Ltd	4,576,000	100,000	0.6	100,000
Brickworks Ltd	7,180,000	500,000	0.9	500,000
BT Investment Management Ltd	9,062,000	1,150,000	1.1	1,150,000
Computershare Ltd	6,419,000	700,000	0.8	1,100,000
Henderson Group Ltd	3,770,000	1,000,000	0.5	1,000,000
Perpetual Ltd	12,336,000	300,000	1.5	160,000
Washington H Soul Pattinson & Company Ltd	18,700,000	1,100,000	2.3	1,100,000
<i>Property</i>				
Australian Unity Office Fund	2,130,000	1,000,000	0.3	-
GDI Property Group	2,655,000	3,000,000	0.3	2,340,000
Gowings Bros Ltd	-	-	-	2,000,000
Lend Lease Group	8,820,000	700,000	1.1	-
Scentre Group	9,840,000	2,000,000	1.2	2,420,001
Stockland Group	9,420,000	2,000,000	1.1	1,400,000
Westfield Corporation	10,650,000	1,000,000	1.3	1,000,000
<i>Retailers</i>				
Wesfarmers Ltd	24,060,000	600,000	2.9	440,001
Woolworths Ltd	14,623,000	700,000	1.8	700,000
<i>Transportation</i>				
Asciano Limited	17,740,000	2,000,000	2.1	2,200,000
Aurizon Holdings Ltd	7,230,000	1,500,000	0.9	1,000,000
Brambles Ltd	4,336,500	350,000	0.5	700,000
<i>Telecommunications Services</i>				
Telstra Corporation Ltd	11,120,000	2,000,000	1.3	1,000,000
<b>Total Australian Equities</b>	<b>733,592,500</b>		<b>88.7</b>	
<b>International Equities</b>				
iShares Global Healthcare Index ETF	9,990,162	74,100	1.2	74,100
iShares MSCI USA Minimum Volatility Index ETF	12,289,894	197,500	1.5	197,500
Vanguard Information Technology Index ETF	10,642,664	73,800	1.3	73,800
Vanguard All-World Ex-US Shares Index ETF	27,426,622	483,800	3.3	483,800
Vanguard US Total Market Shares Index ETF	21,297,056	149,600	2.6	149,600
<b>Total International Equities</b>	<b>81,646,398</b>		<b>9.9</b>	
Cash, Bills of Exchange & Net Short Term Receivables	11,883,541		1.4	
<b>Total</b>	<b>827,122,439</b>		<b>100.0</b>	



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