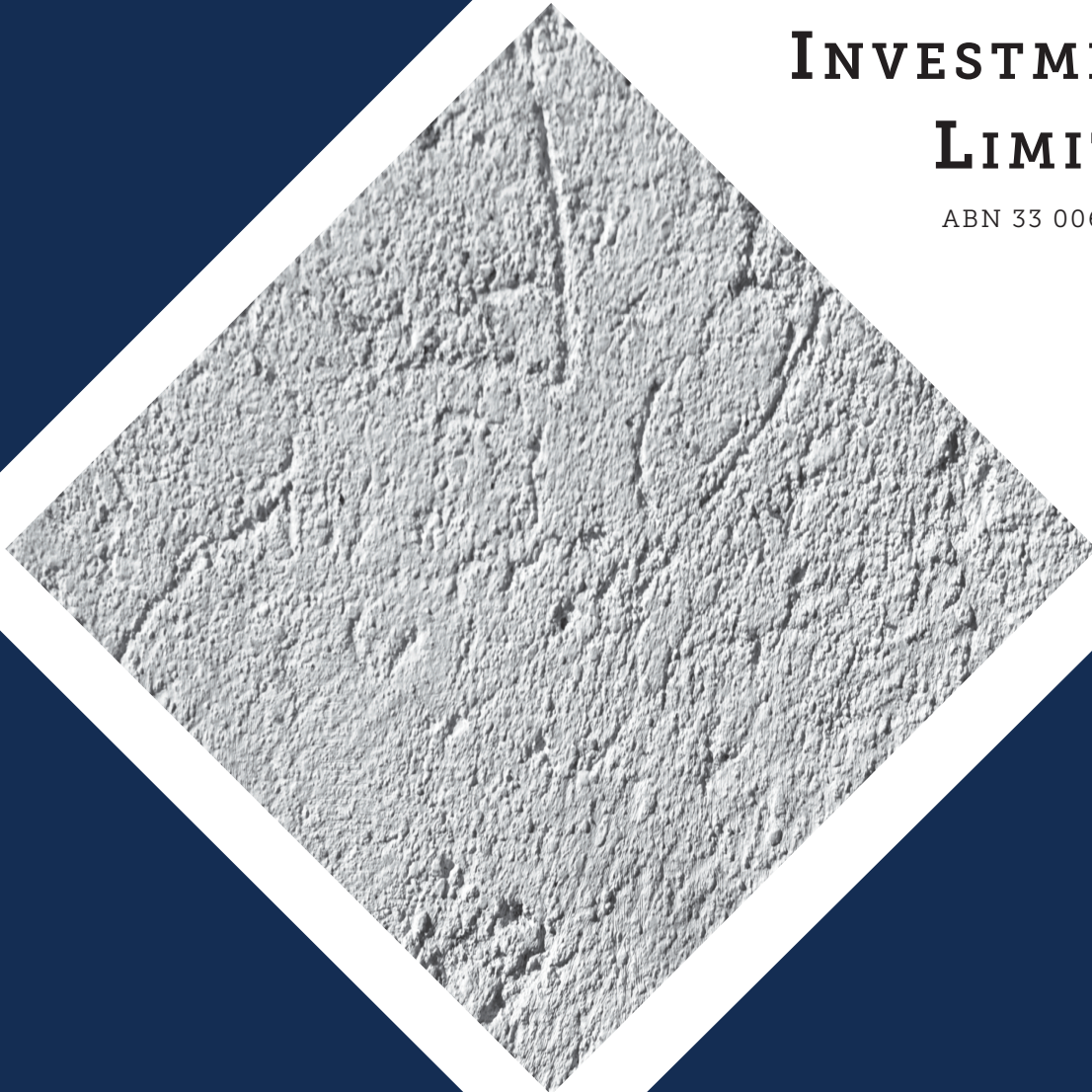


**DIVERSIFIED
UNITED
INVESTMENT
LIMITED**

ABN 33 006 713 177



2019

**ANNUAL
FINANCIAL
REPORT**

FOR THE YEAR ENDED
30 JUNE 2019

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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101 Collins Street
Melbourne VIC 3000
Tel: (613) 9654 0499
Fax: (613) 9654 3499
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-seventh Annual Report of Diversified United Investment Ltd which is for the year ended 30 June 2019.

The Company's objective is 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 international equities. Investments may also be made from time to time in interest bearing securities, convertible notes or unlisted managed funds.

At 30 June 2019 15.1% of the portfolio was invested in international equities through Exchange Traded Index Funds and three emerging markets unlisted managed funds. The foreign exchange currency exposure is currently unhedged.

Profit after tax for the year was \$38,018,000 which is an increase of 10.0% on the previous year or an increase of 2.5% if special dividends received and capital gains distributed by managed funds in which the Company invests 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 \$45,456,000 comprising \$41,202,000 from dividends and trust distributions, \$3,713,000 from foreign income and \$541,000 from interest. The Company incurred operating expenses of \$1,256,000 (before interest costs) which is equivalent to 0.12% of the average value of the portfolio (previous year 0.12%). Including the management fees of the international ETF's and managed funds in which the Company is invested, the expense ratio was 0.16% (last year 0.15%).

This year special dividends and capital gains distributed by managed funds totalled \$4,653,000 after tax. Special dividends were principally received from BHP, Rio Tinto and Wesfarmers. In 2018 special dividends and capital gains distributed by managed funds of \$2,004,000 were received.

Leaving aside the special dividends and distributed capital gains, the year's result reflects a 4.2% increase in income from dividends and trust income, a 16.0% increase in income from international investments and a 11.5% fall in net interest expense. No options trading income was received through 2019.

The weighted average number of ordinary shares for the year was 210,464,960 as against 209,355,670 in the previous year, an increase of 0.5%.

Excluding the special dividends received and capital gains distributed by managed funds, the earnings per share based on the weighted average number of shares on issue for the year was 15.9 cents per share compared to 15.5 cents for the year to 30 June 2018. Including the special dividends and capital gains distributed, earnings per share rose 9.7% to 18.1 cents.

Bank facilities were \$115 million, drawn as to \$95 million at the end of the financial year (previous year \$95 million) amounting to around 8.5% of the investment portfolio at market values. Cash on hand, cash on deposit and net short term receivables were \$80 million, or 7.2% of the investment portfolio at market values (previous year \$17 million, or 1.7%). Annual interest expense was covered 11.2 times by profit before interest and tax (previous year 9.7 times).

The net asset backing per share before estimated tax on unrealised gains and before provision for the final dividend was \$4.82 at 30 June 2019, compared to \$4.47 at 30 June 2018, an increase of 7.8%.

The Directors have declared a fully franked final dividend of 8.5¢ per share for the year to 30 June 2019, which with the interim dividend of 7.0¢ per share fully franked makes a total fully franked dividend of 15.5¢ per share for the year, a 3.3% increase from the previous year. The final dividend will not include a Listed Investment Company capital gain dividend.

The dividend has been increased or maintained in every year since the Company's listing in 1991.

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

	Cents Per Share
2018/19	15.5
2017/18	15.0
2016/17	14.5
2015/16	14.0
2014/15	14.0

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 Tangible Asset Backing per Share
30 June 2019	\$4.82
30 June 2018	\$4.47
30 June 2017	\$4.00
30 June 2016	\$3.53
30 June 2015	\$3.68

The Australian equities portfolio is mainly in leading companies and at 30 June 2019, in terms of market values, 88% of the Australian equities portfolio was in the leading 50 companies (74% in the top 20 companies and 14% in the next 30 companies), with a further 8% invested in the second 50 companies and 4% invested in companies other than the largest 100 companies. The international equities portfolio comprised 15.1% 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	11.6	10.4	11.6
3 Years	15.0	14.4	12.9
5 Years	9.5	8.7	8.9
10 Years	10.7	10.2	10.0

Including the benefit of franking credits for shareholders who can fully utilise them, the Company's accumulation return for the year to 30 June 2019 was a rise of 13.3% compared to a rise of 13.1% in the S&P/ASX 200 Franking Credit Adjusted Index.

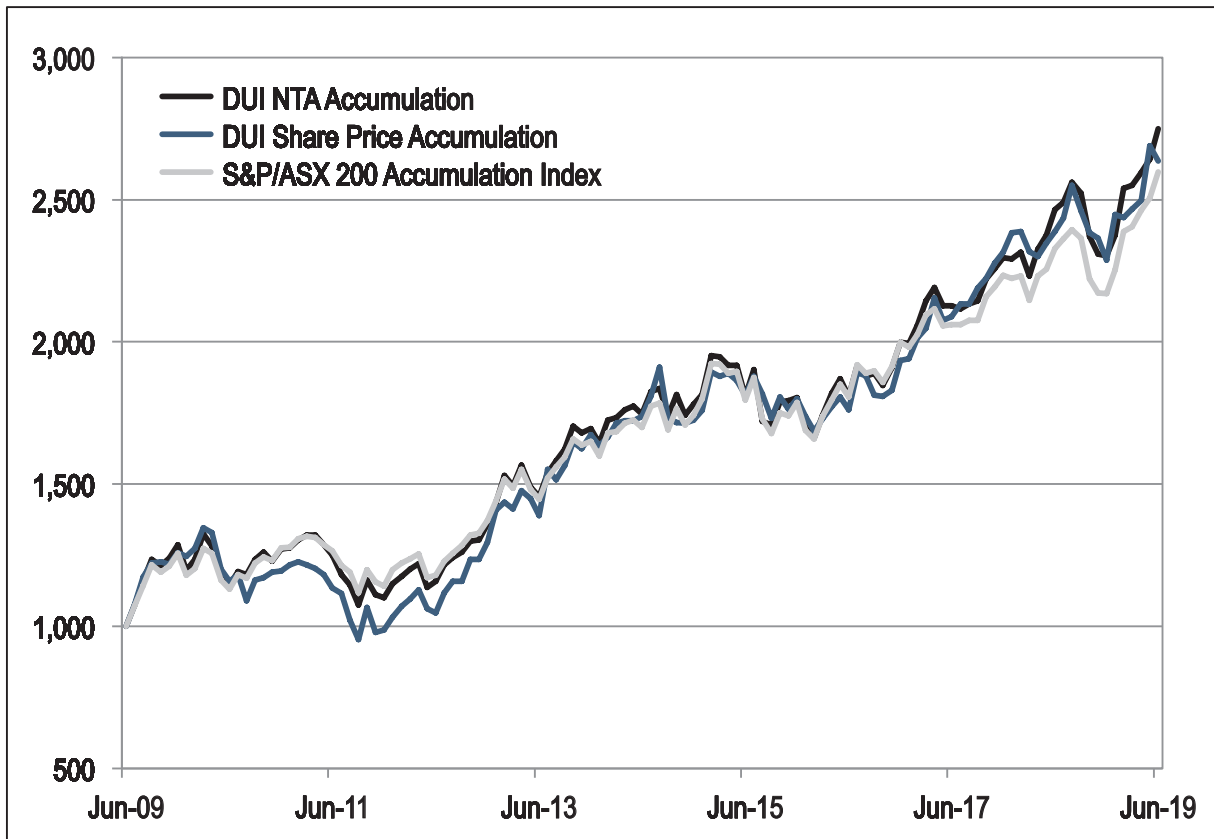
The Company's net asset backing accumulation performance is after all expenses, tax, and the impact of the Company's gearing. Such items are not included in the S&P/ASX indices.

The year saw a mixed performance in world equities markets with the Australian S&P/ASX 200 price index rising 6.9%, the Standard & Poors 500 rising 8.2%, the FTSE 100 falling 2.8% and the Nikkei-225 falling 4.6%.

The Company's relative performance for the year was assisted by stock selection in the Resources, Infrastructure and Healthcare sectors, and was held back by its underweight positions in the Telecommunications and Gold sectors. In Australian dollar terms the international portfolio also contributed to outperformance.

The following graph shows the accumulation performance of the Company's net asset backing (before provision for tax on unrealised gains) and the Company's share price performance, assuming in both cases that all dividends were re-invested, and 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 2019**



Source: Evans & Partners

The Company's top twenty-five investments at 30 June 2019 were as follows:

Australian Equities	Market Value \$'000	% of Market Value of Total Investments
CSL Ltd	121,475	10.9%
Commonwealth Bank of Australia Ltd	82,780	7.4%
Transurban Group	81,070	7.3%
Westpac Banking Corporation	65,228	5.9%
Australian & New Zealand Banking Group Ltd	56,420	5.1%
BHP Group Ltd	49,392	4.4%
Rio Tinto Ltd	48,767	4.4%
Woodside Petroleum Ltd	40,723	3.6%
Sydney Airport	29,748	2.7%
National Australia Bank Ltd	29,392	2.6%
Washington H Soul Pattinson & Company Ltd	24,189	2.2%
Atlas Arteria	23,520	2.1%
Wesfarmers Ltd	23,504	2.1%
Woolworths Group Ltd	23,261	2.1%
IDP Education Ltd	17,660	1.6%
Sonic Healthcare Ltd	13,550	1.2%
Stockland Group	12,510	1.1%
Computershare Ltd	11,347	1.0%
Total Australian Equities in Top 25	754,536	67.7%
International Equities		
Vanguard All-World Ex-US Index ETF	36,570	3.3%
Vanguard US Total Market Index ETF	33,452	3.0%
Vanguard Information Technology Index ETF	22,169	2.0%
iShares TR MSCI USA Min Vol Index ETF	21,640	1.9%
iShares Global Healthcare Index ETF	13,113	1.2%
Northcape Capital Global Emerging Market Fund	12,719	1.2%
Vanguard FTSE Developed European Ex-UK Index ETF	10,944	1.1%
Total International Equities in Top 25	150,607	13.7%
Total Top 25 Australian & International Equities	905,143	81.4%
Total Investments at Market Value, Net Short Term Receivables and Cash	1,112,396	



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. If a board 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 all forms of 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 and Assistant Company Secretary, being the Company's only employees, are set out in their employment contracts, 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, the Company Secretary and Assistant Company Secretary, who are the company's only employees. 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 (Mutual Trust) 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 Mutual Trust 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 and regularly reviews these risks in the ongoing management of the portfolio. 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 two employees, being the Company Secretary and Assistant Company Secretary. Each director and the two employees are 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
16 July 2019

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 2019 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 is Chairman Emeritus of Flagstaff Partners Pty Ltd (having been Chairman 2010 – 2019). Mr Goode was formerly a director of Australia and New Zealand Banking Group Limited (1991 – 2010, Chairman 1996 – 2010) and Woodside Petroleum Limited (1988 – 2007, Chairman 1999 – 2007).

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 Chairman of Flagstaff Partners Pty Ltd (having been Chief Executive Officer 2010 – 2019), an independent corporate finance advisory firm. He was formerly Global Co-Head of Mergers and Acquisitions at Deutsche Bank AG, based in London. He is a director of Gandel Group Pty Ltd (since 2018) and 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, REITs and Individually Managed Portfolios. 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 Chairman of L1 Long Short Fund Ltd (since 2018) and of IXOM (a leading Australasian chemicals business), and is a Non Executive Director of DuluxGroup Ltd (since 2010). 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 for over 26 years. 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 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 international equities mainly through exchange traded index funds. The target range for allocation to international equities is 10-20% of the portfolio. Investments may also be made from time to time in interest bearing securities or convertible notes and unlisted managed funds investing in international equities and Small Cap Australian equities. 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 2019 Australian equities accounted for 77.7%, international equities 15.1% and cash and short term receivables 7.2% of the market value of the portfolio. Any foreign exchange currency exposure is currently unhedged.

For the year ended 30 June 2019 profit after tax before net gains and losses on the investment portfolio was \$38,018,000 (compared to \$34,554,000 in 2018) – an increase of 10.0%.

The profit after tax includes special dividends and capital gains distributed by managed funds in which the Company invests. In 2019 these items totalled \$4,653,000 (2018: \$2,004,000). If these items are disregarded, profit increased by 2.5%.

The weighted average number of ordinary shares for the year was 210,464,960 as against 209,355,670 in the previous year, an increase of 0.5%.

The earnings per share was 15.9 cents excluding special dividends and capital gains (2018: 15.5 cents), or 18.1 cents including these items (2018: 16.5 cents).

The net tangible asset backing of each of the Company's shares at 30 June 2019 was \$4.82 (2018: \$4.47). 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 \$4.06 (2018: \$3.81).

Bank facilities as at 30 June 2019 were \$115 million, drawn as to \$95 million (2018: \$115 million, drawn as to \$95 million) amounting to 8.5% of the investment portfolio at market values (2018: 9.2%). Cash on hand, cash deposits and net short term receivables were \$80 million, or 7.2% of the investment portfolio at market values (2018: \$17 million or 1.7%). Annual interest expense was covered 11.2 times by profit before interest and tax (2018: 9.7 times).

During the year the accumulation performance of the Company's net asset backing (before provision for tax on unrealised gains) increased by 11.6%, in line with the S&P/ASX 200 Accumulation Index rise of 11.6%.

Dividends declared by the Company for the 2019 financial year total 15.5 cents per share fully franked (2018: 15.0 cents per share fully franked).

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

	2019 \$'000	2018 \$'000
The composition of the profit after income tax was:		
Revenue from investment portfolio		
Dividends	33,517	29,542
Trust Distributions	7,685	8,023
Foreign Income	3,713	3,362
Interest	541	328
Option Premium Income	-	152
	45,456	41,407
Expenses		
Administration and other expenses:		
Accounting and Custody Fees	202	197
ASIC Fees	39	21
ASX Fees	121	116
Audit	52	49
Company Secretarial	144	124
Directors' Fees	420	413
Share Registry	61	61
Office rent, insurance, printing and other	217	162
Finance Costs:		
Interest	3,935	4,163
	5,191	5,306
Profit before income tax expense and net gains and losses on investment portfolio	40,265	36,101
Income tax expense	(2,247)	(1,547)
Profit before net gains and losses on investment portfolio	38,018	34,554

Expenses (excluding finance costs) were 0.12% of the average market value of the investment portfolio (2018: 0.12%). Including the management fees of the International Exchange Traded Funds and Small Cap Managed Funds in which the Company was invested during the year, the expense ratio was 0.16% (last year: 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 2018 of 8.5 cents per share fully franked at 30% paid on 21 September 2018.	17,841
An interim dividend in respect of the year ended 30 June 2019 of 7.0 cents per share fully franked at 30% paid on 14 March 2019.	14,735
Paid or declared after end of year	
A final dividend in respect of the year ended 30 June 2019 of 8.5 cents per share fully franked at 30% payable on 20 September 2019.	17,932

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	10	11	2*	2*	2	2
Anthony Burgess	10	11	2	2	1	2
Stephen Hiscock	10	11	2	2	2	2
Andrew Larke	11	11	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:-

	Shares		
	1	2	3
Charles Goode	2,434,070	3,979,512	140,000
Anthony Burgess	-	1,315,000	-
Stephen Hiscock	-	80,000	-
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 ¹

	2019			2018		
	Fee \$	Superannuation \$	Total \$	Fee \$	Superannuation \$	Total \$
Charles Goode	153,425	14,575	168,000	150,685	14,315	165,000
Anthony Burgess	76,712	7,288	84,000	75,342	7,158	82,500
Stephen Hiscock	76,712	7,288	84,000	75,342	7,158	82,500
Andrew Larke	76,712	7,288	84,000	75,342	7,158	82,500
Total	383,561	36,439	420,000	376,711	35,789	412,500

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 policies. The Company's Key Management Personnel are the Directors and the Company Secretary.

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, 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:

	2019	2018	2017	2016	2015
Profit (\$ millions)	38.1	34.6	32.8	30.5	33.7
Earnings per share (excluding special dividends and capital gains from managed funds) (cents per share)	15.9	15.5	14.3	14.6	15.1
Dividends (cents per share)	15.5	15.0	14.5	14.0	14.0
Net asset backing per share before tax on unrealised gains 30 June	\$4.82	\$4.47	\$4.00	\$3.53	\$3.68
Share Price 30 June	\$4.36	\$4.10	\$3.72	\$3.27	\$3.51
Management Expense Ratio	0.12%	0.12%	0.12%	0.13%	0.13%
Management expense ratio including managed funds fees	0.16%	0.15%	0.15%	0.14%	0.13%
Net asset backing accumulation return before tax on unrealised gains	11.6%	15.8%	17.6%	0.0%	3.6%
S&P/ASX 200 Index accumulation return	11.6%	13.0%	14.1%	0.6%	5.6%

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 \$126,000 (2018: \$123,600) for services provided to the Company.

Events Subsequent to Balance Date

Other than as disclosed in the Financial Statements 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 \$10,429 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 and Risk Management 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 reviewed by the Audit and Risk Management Committee to ensure they do not affect 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 2019.

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.



Charles Goode
Director

Dated at Melbourne this 14th day of August 2019

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 of Diversified United Investment Limited for the financial year ended 30 June 2019 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

Chris Sargent

Partner

Melbourne

14 August 2019

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 2019

	Note	2019 \$'000	2018 \$'000
Revenue from investment portfolio	2(a)	45,456	41,407
Administration and other expenses		(1,256)	(1,143)
Finance expenses	2(b)	(3,935)	(4,163)
Profit before Income Tax		40,265	36,101
Income tax expense	4(a)	(2,247)	(1,547)
Profit		38,018	34,554
Other Comprehensive Income			
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation of investment portfolio for the year		69,212	93,829
Provision for tax expense on revaluation for the year of investment portfolio		(21,732)	(29,105)
Other Comprehensive Profit net of Income Tax		47,480	64,724
Total Comprehensive Income		85,498	99,278
Basic and diluted earnings per share (cents)	18	18.1	16.5

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 30.

Balance Sheet as at 30 June 2019

	Note	2019 \$'000	2018 \$'000
Assets			
Cash assets	6	73,392	4,131
Receivables	7	7,009	13,702
Other	9	90	103
Total Current Assets		80,491	17,936
Investment portfolio	8	1,031,995	1,015,344
Total Non-Current Assets		1,031,995	1,015,344
Total Assets		1,112,486	1,033,280
Liabilities			
Payables	10	473	928
Current tax payable	4(c)	772	584
Borrowings – interest bearing	11	22,500	-
Total Current Liabilities		23,745	1,512
Provision for long service leave		50	46
Borrowings – interest bearing	11	72,500	95,000
Deferred tax liability	4(b)	160,315	138,451
Total Non-Current Liabilities		232,865	233,497
Total Liabilities		256,610	235,009
Net Assets		855,876	798,271
Equity			
Issued capital	13(a)	433,372	428,689
Reserves	13(b)	422,504	369,582
Total Equity		855,876	798,271

The Balance Sheet is to be read in conjunction with the Notes to the Financial Statements set out on pages 20 to 30.

Statement of Changes in Equity for the Year Ended 30 June 2019

	Issued Capital \$'000	Revaluation Reserve \$'000	Realisation Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
As at 1 July 2017	424,314	237,219	173	63,225	724,931
Comprehensive Income					
Revaluation of investment portfolio	-	93,829	-	-	93,829
Tax expense on revaluation	-	(29,105)	-	-	(29,105)
Net realised losses on investment portfolio	-	3,885	(3,885)	-	-
Tax benefit on net realised losses	-	34	(34)	-	-
Profit	-	-	-	34,554	34,554
	-	68,643	(3,919)	34,554	99,278
Transactions with Shareholders					
Dividend reinvestment plan	4,375	-	-	-	4,375
Dividends	-	-	-	(30,313)	(30,313)
	4,375	-	-	(30,313)	(25,938)
As at 30 June 2018	428,689	305,862	(3,746)	67,466	798,271
As at 1 July 2018	428,689	305,862	(3,746)	67,466	798,271
Comprehensive Income					
Revaluation of investment portfolio	-	69,212	-	-	69,212
Tax expense on revaluation	-	(21,732)	-	-	(21,732)
Net realised losses on investment portfolio	-	2,134	(2,134)	-	-
Tax benefit on net realised losses	-	14	(14)	-	-
Profit	-	-	-	38,018	38,018
	-	49,628	(2,148)	38,018	85,498
Transactions with Shareholders					
Dividend reinvestment plan	4,683	-	-	-	4,683
Dividends	-	-	-	(32,576)	(32,576)
	4,683	-	-	(32,576)	(27,893)
As at 30 June 2019	433,372	355,490	(5,894)	72,908	855,876

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 30.

Statement of Cash Flows for the Year Ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Cash Flows from Operating Activities			
Interest received		541	329
Dividends and trust distributions received		45,766	36,691
Foreign income received		2,638	1,991
Option premium income received		-	152
Administration and other expenses paid		(1,156)	(1,171)
Finance costs paid		(3,892)	(3,962)
Income taxes paid		(1,559)	(593)
Net Cash from Operating Activities	17(b)	42,338	33,437
Cash Flows from Investing Activities			
Proceeds from sale of investments		115,532	30,802
Purchases of investments		(60,716)	(54,773)
Net Cash used in Investing Activities		54,816	(23,971)
Cash Flows from Financing Activities			
Dividends paid net of dividend reinvestment plan		(27,893)	(25,939)
Net Cash from / (used) in Financing Activities		(27,893)	(25,939)
Net increase / (decrease) in cash held		69,261	(16,473)
Cash and cash equivalents at 1 July		4,131	20,604
Cash and Cash Equivalents at 30 June	17(a)	73,392	4,131

The Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements set out on pages 20 to 30.

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 14 August 2019.

(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 early adopted AASB 9 Financial Instruments with initial application from 7 December 2009 (being the earliest date available for adoption). The Company has not applied any other Australian Accounting Standards that have been issued as at balance date but are not yet operative for the year ended 30 June 2019 (“the inoperative standards”). The effect of inoperative standards has been assessed and the effect has been identified as not being material. The Company only intends to adopt inoperative standards at the date at which their adoption becomes mandatory.

On 1 July 2018 AASB 15 Revenue from Contracts with Customers became effective. This standard did not have an impact on the financial statements.

AASB 16 Leases is applicable for the year ending 30 June 2020. The Company has assessed the impact of the new standard and because the company has no leases, AASB 16 will have no material impact to the Company’s financial statements.

The financial report is prepared on a historical cost basis except that the investment portfolio is stated at its 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, the Company has elected to classify equity investments at fair value through other comprehensive income, as they are not held for trading. 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 9. 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.

The managed funds in which the Company invests distribute realised capital gains from time to time and these are included in operating revenue, as required under accounting standards.

The Company may write covered call options where it is prepared to sell or reduce a long term investment at prices higher than current market. Open option contracts are marked to market through the profit and loss account.

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 applicable company tax rate of 30% 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 the Asset Revaluation Reserve 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. Realised foreign currency gains or losses 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.

	2019 \$'000	2018 \$'000
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2. Revenue and Expenses

(a) Revenue

Ordinary dividends received or due and receivable	29,330	29,309
Special dividends received or due and receivable	4,187	233
	33,517	29,542
Trust distributions received or due and receivable	7,685	8,023
Foreign income received or due and receivable	3,713	3,362
Interest received or due and receivable	541	328
Option Premium Income	-	152
	45,456	41,407

(b) Expenses

Finance expenses:		
- Interest and borrowing expenses	3,935	4,163

	2019	2018
	\$	\$

3. Auditor's Remuneration

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

- Audit and review of financial reports	51,506	49,369
- Taxation related services	10,429	10,147

	2019	2018
	\$'000	\$'000

4. Taxation

(a) Income Tax Expense

(i) Recognised in the income statement

Current tax expense

Current year tax payment accrued	(1,248)	(896)
Withholding tax on foreign dividends	(458)	(307)
	(1,706)	(1,203)

Deferred tax expense

(Under) provision for prior years deferred tax	(299)	(280)
Temporary differences	(206)	(19)
Tax expense on operating profit	(2,211)	(1,502)
(Under) provision for prior years	(36)	(45)

Income tax expense in income statement	(2,247)	(1,547)
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(ii) Reconciliation between tax expense and pre-tax net profit

Prima facie tax expense calculated at 30% on the pre-tax profit	(12,079)	(10,830)
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Increase in tax expense due to:

Franking credits gross up on dividends received	(4,188)	(3,315)
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Decrease in tax expense due to:

Tax deferred distributions received	783	495
Franking credits on dividends received	13,960	11,051
Sundry items	(687)	1,097

Tax expense on operating profit	(2,211)	(1,502)
(Under)/over provision prior year	(36)	(45)

Tax expense attributable to profit	(2,247)	(1,547)
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(iii) Deferred tax recognised directly in equity

Increase/(decrease) in provision for tax on net unrealised gains on the equity investment portfolio	21,732	29,105
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	2019 \$'000	2018 \$'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	160,443	138,726
Other	438	306
Tax benefit of capital losses carried forward	(566)	(581)
Net deferred tax liabilities	160,315	138,451
(c) Current Tax Payable		
Current year tax liability	1,539	1,483
Tax instalments paid	(877)	(743)
Prior period under/(over) provision	110	(156)
Net current tax payable	772	584

5. Dividends

Dividends recognised in the current year by the Company are:

(i) 2018 final dividend of 8.5 cents per share (2017: 8.0¢) fully franked at 30% paid 21 September 2018	17,841	16,701
(ii) 2019 interim dividend of 7.0 cents per share (2018: 6.5¢) fully franked at 30% paid 14 March 2019	14,735	13,612
	32,576	30,313

Subsequent to reporting date:

Since 30 June 2019, the directors have declared the following dividend payable on 21 September 2019:

Final dividend of 8.5 cents per share fully franked at 30% (2018: 8.5¢)	17,932	17,837
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The final dividend will not contain a Listed Investment Company capital gain dividend (2018: 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 2019.

Dividend Franking Account:

The balance of the Franking Account at 30 June 2019 is \$16,654,250 (2018: \$15,825,707) 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 2019 dividend, which is not provided for in the 30 June financial statements, the balance of the franking account would be \$8,969,051 (2018: \$9,060,125). 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 2019 was \$125,092 (2018: \$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 2019

	2019 \$'000	2018 \$'000
6. Cash Assets		
Units in Cash Management Trusts and Deposits at Call	73,392	4,131
7. Receivables		
<i>Current</i>		
Sundry debtors	7,009	13,702
8. Investments		
<i>Non-Current</i>		
Investments in equities quoted on prescribed stock exchanges and in managed funds (at fair value)	1,031,995	1,015,344
9. Other Assets		
<i>Current</i>		
Prepayments	85	99
GST	5	4
	90	103
10. Payables		
<i>Current</i>		
Settlements Pending	-	415
Trade Creditors	158	252
Accrued Interest	305	261
	473	928
11. Borrowings		
<i>Current</i>		
Bank Borrowings – Secured	22,500	-
<i>Non-Current</i>		
Bank Borrowings - Secured	72,500	95,000
	95,000	95,000

At 30 June 2019 the Company had facilities totalling \$95 million (fully drawn) with Australia and New Zealand Banking Group Ltd and \$20 million (undrawn) with National Australia Bank Ltd as follows

Bank	Amount	Maturity	Interest Rate ²
ANZ	\$10,000,000 ¹	2 July 2019	Fixed 5.14%
ANZ	\$5,000,000 ¹	2 July 2019	Fixed 4.91%
ANZ	\$7,500,000 ¹	2 July 2019	Fixed 5.01%
ANZ	\$20,000,000	2 July 2020	Fixed 4.09%
ANZ	\$10,000,000	2 July 2021	Fixed 3.59%
ANZ	\$10,000,000	2 July 2021	Fixed 3.72%
ANZ	\$20,000,000	1 July 2022	Fixed 3.66%
ANZ	\$7,500,000	2 July 2023	Fixed 4.02%
ANZ	\$5,000,000	2 July 2023	Fixed 4.02%
NAB	\$20,000,000 ¹ (undrawn)	31 July 2019	Floating 2.80%
Total Facilities	\$115,000,000		

1 Following repayment and expiry of the ANZ facilities totalling \$22.5 million on 2 July 2019, and the expiry of the \$20 million NAB facility on 31 July 2019, new ANZ facilities totalling \$42.5 million were established.

2 Interest rate includes bank margins and fees.

11. Borrowings (cont.)

The terms of the ANZ agreement require that the loan to value ratio should not exceed 50% (2018: 50%) of the market value of the equity securities pledged as collateral. As at 30 June 2019 the securities pledged as collateral had a market value of \$386 million (2018: \$316 million) giving a ratio of 25% (2018: 30%).

The terms of the NAB agreement require that the bank's valuation of the securities lodged exceed the drawn loan amount by an adequate margin. The loan was undrawn at 30 June 2019 (2018: undrawn).

	2019 \$'000	2018 \$'000
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12. Financing Arrangements

The Company has access to the following lines of credit:

<i>Total facility available</i>		
Loan Facility – Secured	115,000	115,000
<i>Facilities utilised at balance date</i>		
Loan Facility – Secured	95,000	95,000

13. Capital and Reserves

(a) Issued Capital

Issued and paid-up share capital 210,966,260 ordinary fully paid shares (2018: 209,841,563)	433,372	428,689
<i>Movements in issued capital</i>		
Balance at beginning of the year	428,689	424,314
Shares issued		
- Dividend re-investment plan ¹	4,683	4,375
	433,372	428,689

¹ In respect of the 2018 final dividend, paid on 21 September 2018, 606,635 shares were issued at \$4.2526 each under the dividend re-investment plan.
In respect of the 2019 interim dividend, paid on 14 March 2019, 518,062 shares were issued at \$4.0608 each under the dividend re-investment plan.

(b) Reserves

Retained Earnings	72,908	67,466
Revaluation Reserve	355,490	305,862
Realisation Reserve	(5,894)	(3,746)
	422,504	369,582

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 2019 was \$420,000 (2018: \$412,500).

15. Contingent Liabilities and Capital Commitments

There were no contingent liabilities or capital commitments as at 30 June 2019.

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 2019 to 18 June 2020.

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 1/7/2018	Purchases	Sales	Held at 30/6/2019
Charles Goode	6,316,272	237,310	-	6,553,582
Anthony Burgess	1,315,000	-	-	1,315,000
Stephen Hiscock	80,000	-	-	80,000
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.

	2019	2018
	\$'000	\$'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	73,392	4,131
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(b) Reconciliation of operating profit after income tax to net cash provided by operating activities

Profit for the year	38,018	34,554
Adjustments for:		
(Increase) / decrease in prepayments	13	(53)
(Increase) / decrease in debtors	4,023	(1,921)
(Increase) / decrease in deferred tax asset	36	45
(Increase) / decrease in prepaid interest	43	201
(Increase) / decrease in other assets	-	5
Increase / (decrease) in current tax payable	(91)	566
Increase / (decrease) in deferred tax liability on operating activities	206	19
Increase / (decrease) in operating creditors	87	17
Increase / (decrease) in other liabilities	3	4
Net cash provided by operating activities	42,338	33,437

(c) Financing Facilities

The Company's financing facilities are set out in notes 11 and 12 of these Financial Statements.

	2019	2018
	cents	cents

18. Earnings per Share

Basic and diluted earnings per share	18.1	16.5
Earnings per share excluding special dividends received and capital gains distributed from managed funds net of tax (refer Note 1(d))	15.9	15.2

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 210,464,960. (2018: 209,355,670). 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 Mutual Trust 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.

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 (2018: \$95 million) gearing the investment portfolio by 8.5% (2018: 9.2%). At 30 June 2019 the Company had interest bearing loan facilities in place with the Australia and New Zealand Banking Group Ltd and National Australia Bank Ltd which include fixed rate components. The facilities expire at various intervals through to 2 July 2023, unless renewed. Annual interest expense was covered 11.2 times by profit before interest and tax (2018: 9.7 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 or are in managed investment funds 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% (2018: 30%), a general movement in market prices of 5% and 10% would lead to an change in the Company's equity of \$36,120,000, or 4.2% (2018: \$35,537,000, or 4.5%) and \$72,240,000 or 8.4% (2018: \$71,074,000, or 9.0%) respectively.

20. Financial Risk Management (cont.)

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 and managed investment 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 11 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
2019		
<i>Financial Assets</i>		
Cash	6	73,392
Weighted average interest rate		1.44%
2018		
<i>Financial Assets</i>		
Cash	6	4,131
Weighted average interest rate		1.65%

Net Fair Values of Financial Assets and Liabilities

Recognised Financial Instruments

Listed securities included in "Investments" are readily traded on organised markets in a standardised form. The net fair value of listed securities is determined by valuing them at the last quoted market price as 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 unlisted managed funds is determined by valuing them at the net asset value provided by the fund manager as at balance date. Unlisted managed funds included in "Investments" are considered "level 2" under the fair value measurement hierarchy, which is defined as inputs other than quoted prices, which can be observed either directly (as prices) or indirectly (derived from prices). Level 2 investments comprised \$23,646,000 (2018: \$39,231,000). 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. 15.1% of the investment portfolio is in international equities (2018: 14.5%).

23. Events Subsequent to Balance Date

Other than as disclosed in this report, 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 2019

The following is a list of the Company's top 25 Investments as at 30 June 2019, which represent 81.4% of the total investment portfolio (2018: 81.1%). All Investments are valued at fair value through Other Comprehensive Income.

Security	2019 Market Value \$'000's	Security	2018 Market Value \$'000's
Australian Equities		Australian Equities	
CSL Ltd	121,475	CSL Ltd	108,830
Commonwealth Bank of Australia Ltd	82,780	Commonwealth Bank of Australia Ltd	72,870
Transurban Group	81,070	Australia & New Zealand Banking Group Ltd	56,480
Westpac Banking Corporation	65,228	Westpac Banking Corporation	55,669
Australia & New Zealand Banking Group Ltd	56,420	Transurban Group	52,070
BHP Group Ltd	49,392	National Australia Bank Ltd	41,115
Rio Tinto Ltd	48,767	BHP Group Ltd	40,692
Woodside Petroleum Ltd	40,723	Woodside Petroleum Ltd	39,715
Sydney Airport	29,748	Rio Tinto Ltd	39,217
National Australia Bank Ltd	29,392	Wesfarmers Ltd	32,084
Washington H Soul Pattinson & Company Ltd	24,189	LendLease Group	23,772
Atlas Arteria	23,520	Sydney Airport	23,628
Wesfarmers Ltd	23,504	Washington H Soul Pattinson & Company Ltd	22,759
Woolworths Group Ltd	23,261	Woolworths Group Ltd	21,364
IDP Education Ltd	17,660	Atlas Arteria	19,290
Sonic Healthcare Ltd	13,550	Oil Search Ltd	17,800
Stockland	12,510	IDP Education Ltd	15,765
Computershare Ltd	11,347	Suncorp Group Ltd	14,590
		AMP Ltd	14,240
		Computershare Ltd	12,901
Total Australian Equities in Top 25	754,536	Total Australian Equities in Top 25	724,851
International Equities		International Equities	
Vanguard All World Ex-US Index ETF	36,570	Vanguard All World Ex-US Index ETF	33,881
Vanguard US Total Market Index ETF	33,452	Vanguard US Total Market Index ETF	28,499
Vanguard Information Technology Index ETF	22,169	Vanguard Information Technology Index ETF	18,113
iShares TR MSCI USA Min Vol Index ETF	21,640	Vanguard FTSE Developed European Ex UK Index ETF	16,751
iShares Global Healthcare Index ETF	13,113	iShares TR MSCI USA Min Vol Index ETF	16,255
Northcape Capital Global Emerging Market Fund	12,719		
Vanguard FTSE Developed European Ex UK Index ETF	10,944		
Total International Equities in Top 25	150,607	Total International Equities in Top 25	113,499
Total Top 25 Investments	905,143		838,350
Total Investments at Market Value, Net Short Term Receivables and Cash	1,112,396		1,033,177

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 30, 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 2019 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 2019.

Signed in accordance with a resolution of the directors.



Charles Goode
Director
Dated at Melbourne this 14th day of August 2019

Independent Auditor's Report



Independent Auditor's Report

To the shareholders of Diversified United Investment Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Diversified United Investment Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Company's** financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The Financial Report comprises:

- Balance Sheet as at 30 June 2019
- Statement of profit or loss and other comprehensive income, Statement of changes in equity and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

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.



Key Audit Matters

The **Key Audit Matters** we identified are:

- Valuation and existence of the investment portfolio
- Completeness of the deferred tax liability

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation and existence of investment portfolio (\$1,031.9m)

Refer to Note 8 - Investments

The key audit matter	How the matter was addressed in our audit
<p>The Company's investment portfolio is \$1,031.9m which constitutes 93% of the Company's total assets as at 30 June 2019 and is considered to be one of the key drivers of operations and performance results.</p> <p>We do not consider the fair value of the investment portfolio to be judgemental in nature as it is comprised of equity securities listed on the ASX and some unlisted unit funds. However, due to the size of the investment portfolio, valuation and existence is considered a key audit matter. It is an area which had the greatest effect on our overall audit strategy and allocation of time and resources in planning and completing our audit.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Documenting and assessing the processes in place to buy and sell equities in the portfolio, including assessing the controls over transactions; • Checking the number of shares or units in each equity investment for the entire investment portfolio to electronic share registry records; • Performing a recalculation of the market value of investments based on the last quoted market price; and • Assessing the disclosures in the financial statements with reference to the requirements of accounting standards



Completeness of the net deferred tax liability (\$160.3m)	
Refer to Note 4 - Taxation	
The key audit matter	How the matter was addressed in our audit
<p>The Company's deferred tax liability is \$160.3m which constitutes 63% of the Company's total liabilities as at 30 June 2019.</p> <p>The deferred tax liability relates to the expected tax on disposal of equity securities in the investment portfolio. The deferred tax liability is determined as the difference between the carrying amount of the investment portfolio as per the financial statements and the tax base of the individual investments, multiplied by the applicable company tax rate.</p> <p>The Company's deferred tax assets are set off against the deferred tax liability to the extent that it is probable taxable profit will be available against which the deductible temporary difference can be utilised.</p> <p>The completeness of the deferred tax liability is a key audit matter given it represents a significant portion of the total liabilities of the Company and involved the use of senior audit team members, including tax specialists.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Engaging KPMG tax specialists to assess the reasonableness of the deferred tax liability; • Performing a proof of the net deferred tax liability by reconciling the opening and closing deferred tax balances including the offset of deferred tax assets and liabilities; • Recalculating the deferred tax liability, including checking the valuation and accuracy of the market value of the investment portfolio and checking the tax base to the Company's investment register; • Recalculating the closing tax cost base by adding the total purchases and sales for the year, stated at their tax cost base, to the opening balance of the equity portfolio and reconciling this to the Company's portfolio valuation report; and • Assessing whether the tax effects of significant events identified during the audit, such as fair value or tax base adjustments, have been appropriately identified, calculated and recorded, as applicable.



Other Information

Other Information is financial and non-financial information in Diversified United Investment Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our Auditor's Report.



Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Diversified United Investment Limited for the year ended 30 June 2019 complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

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 responsibilities

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2019.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

A handwritten signature of Chris Sargent, written in black ink, appearing as 'CS' followed by a stylized flourish.

KPMG

A handwritten signature of Chris Sargent, written in black ink, appearing as 'CS' followed by a stylized flourish.

Chris Sargent

Partner

Melbourne

14 August 2019

Distribution of shareholders as at 31 July 2019

Category Holders	Ordinary Shares	No of Holders	%
1 – 1,000	228,411	809	0.11
1,001 – 5,000	4,847,785	1,614	2.30
5,001 – 10,000	11,646,260	1,570	5.52
10,001 – 100,000	74,553,296	2,864	35.34
100,001 and over	119,690,508	155	56.73
	210,966,260	7,012	100.00

There were 354 ordinary shareholders holding less than a marketable parcel (107 shares) at 31 July 2019.

Substantial Shareholders

The number of shares disclosed by the substantial shareholders and their associates in substantial shareholder notices received up to 31 July 2019 are set out below:

Shareholder	Ordinary Shares
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 2019 were:

Shareholder	Ordinary Shares	% Held
1 The Ian Potter Foundation Ltd	30,059,402	14.25
2 Australian United Investment Company Ltd	14,400,000	6.83
3 Australian Foundation Investment Company Ltd	12,030,202	5.70
4 Argo Investments Limited	9,269,575	4.39
5 The Ian Potter Foundation Ltd (No 1 GA A/c)	5,552,785	2.63
6 Mutual Trust Pty Ltd	5,300,696	2.51
7 HSBC Custody Nominees (Australia) Ltd	4,336,766	2.06
8 Beta Gamma Pty Ltd	2,861,249	1.36
9 Mr Charles Barrington Goode	2,434,070	1.15
10 Primrose Properties Pty Ltd	1,083,271	0.51
11 Brownell Superannuation Pty Ltd	1,020,000	0.48
12 Willpower Investments Pty Ltd	887,503	0.42
13 Chabar Pty Ltd	805,941	0.38
14 Alan Farrell Pty Ltd	702,795	0.33
15 Mr James Vincent Chester Guest	616,903	0.29
16 A J Dixon Pty Ltd (Super Fund A/c)	604,126	0.29
17 Mr John James Timbs	535,351	0.25
18 Yelgarn Pty Ltd	512,553	0.24
19 Bellwether Investments Pty Ltd	500,000	0.24
20 Melbourne Business School Ltd	486,000	0.23
	93,999,188	44.54

Brokerage Paid

The amount of brokerage paid or charged to the Company during the financial year ended 30 June 2019 totalled \$222,273 (2018: \$64,798). 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 2019

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

	Market Value \$	30/6/19 Units Held	% of Portfolio at Market Value	30/6/18 Units Held
Australian Equities				
<i>Banks</i>				
Australian & New Zealand Banking Group Ltd	56,420,000	2,000,000	5.1	2,000,000
Commonwealth Bank of Australia Ltd	82,780,000	1,000,000	7.4	1,000,000
National Australia Bank Ltd	29,392,000	1,100,000	2.6	1,500,000
Westpac Banking Corporation	65,228,000	2,300,000	5.9	1,900,000
<i>Building Materials</i>				
Adelaide Brighton Ltd	4,040,000	1,000,000	0.4	1,000,000
<i>Consumer</i>				
IDP Education Ltd	17,660,000	1,000,000	1.6	1,500,000
<i>Energy</i>				
Oil Search Ltd	7,070,000	1,000,000	0.6	2,000,000
Origin Energy Ltd	7,310,000	1,000,000	0.7	1,250,000
Woodside Petroleum Ltd	40,723,200	1,120,000	3.7	1,120,000
<i>Health Care</i>				
CSL Ltd	121,475,000	565,000	10.9	565,000
Ramsay Health Care Ltd	5,418,000	75,000	0.5	75,000
Resmed Inc	8,585,000	500,000	0.8	500,000
Sonic Healthcare Ltd	13,550,000	500,000	1.2	500,000
<i>Infrastructure and Utilities</i>				
Atlas Arteria	23,520,000	3,000,000	2.1	3,000,000
Sydney Airport	29,748,000	3,700,000	2.7	3,300,000
Transurban Group	81,070,000	5,500,000	7.3	4,350,000
<i>Insurance</i>				
Suncorp Group Ltd	-	-	-	1,000,000
<i>Mining</i>				
BHP Group Ltd	49,392,000	1,200,000	4.4	1,200,000
Rio Tinto Ltd	48,767,200	470,000	4.4	470,000
South32 Ltd	7,950,000	2,500,000	0.7	2,500,000
<i>Other Financials</i>				
AMP Ltd	-	-	-	4,000,000
ASX Ltd	8,237,000	100,000	0.8	100,000
Brickworks Ltd	-	-	-	500,000
Challenger Ltd	3,652,000	550,000	0.3	-
Computershare Ltd	11,347,000	700,000	1.0	700,000
Janus Henderson Group PLC	-	-	-	110,000
Pendal Group Ltd	3,575,000	500,000	0.3	500,000
Perpetual Ltd	6,758,400	160,000	0.6	200,000
Washington H Soul Pattinson & Company Ltd	24,189,000	1,100,000	2.2	1,100,000

List of Investments as at 30 June 2019

	Market Value \$	30/6/19 Units Held	% of Portfolio at Market Value	30/6/18 Units Held
Australian Equities (cont.)				
<i>Property</i>				
Australian Unity Office Fund	3,410,400	1,160,000	0.3	1,160,000
LendLease Group	7,800,000	600,000	0.7	1,200,000
Scentre Group	7,680,000	2,000,000	0.7	2,000,000
Stockland	12,510,000	3,000,000	1.1	2,000,000
Unibail-Rodamco-Westfield	7,702,500	750,000	0.7	368,800
Vicinity Centres	3,675,000	1,500,000	0.3	1,500,000
<i>Retailers</i>				
Coles Group Ltd	8,677,500	650,000	0.8	-
Wesfarmers Ltd	23,504,000	650,000	2.1	650,000
Woolworths Group Ltd	23,261,000	700,000	2.1	700,000
<i>Transportation</i>				
Aurizon Holdings Ltd	8,100,000	1,500,000	0.7	1,500,000
Brambles Ltd	-	-	-	350,000
Total Australian Equities	864,177,200		77.7	
Managed Funds				
Colonial Small Co Core Fund Unit Trust	-	-	-	5,410,560
ReallIndex RAFI Australian Small Co Fund	-	-	-	8,700,179
Total Managed Funds	-		-	
International Equities				
ChinaAMC China Opportunities Fund	5,201,047	4,040,590	0.5	3,336,414
Coopers Investors Asian Tiger Fund	5,726,133	2,801,161	0.5	2,306,983
iShares Global Healthcare Index ETF	13,112,736	148,200	1.2	148,200
iShares TR MSCI USA Min Vol Index ETF	21,640,217	246,200	1.9	226,000
Northcape Capital Global Emerging Market Fund	12,719,056	5,463,512	1.1	4,540,960
Vanguard FTSE Japan UCITS ETF	6,284,104	153,000	0.6	117,000
Vanguard FTSE Developed European Ex UK Index ETF	10,943,370	230,000	1.0	373,000
Vanguard Information Technology Index ETF	22,168,908	73,800	2.0	73,800
Vanguard All-World Ex-US Index ETF	36,569,907	504,900	3.3	483,800
Vanguard US Total Market Index ETF	33,452,160	157,200	3.0	149,600
Total International Equities	167,817,638		15.1	
Cash, Bills of Exchange & Net Short Term Receivables	80,401,210		7.2	
Total	1,112,396,048		100.0	

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ANNUAL FINANCIAL REPORT 2019