

DIVERSIFIED UNITED INVESTMENT LIMITED

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HALF YEARLY REPORT TO SHAREHOLDERS

17 March 2015

Dear Shareholder,

Dividend Payment

The 6.5¢ per share fully franked interim dividend has been paid today, by way of cheque, notification of direct banking, or notification of allotment of shares under the Dividend Reinvestment Plan, according to your instructions.

Net Asset Backing 28 February 2015: \$3.97 per share

At 28 February 2015 the unaudited net tangible asset backing of the Company's ordinary shares, based on investments at market value, after tax on realised gains, before any future tax benefit of realised losses, before estimated tax on net unrealised gains/losses, and after provision for the interim dividend of 6.5¢ per share was \$3.97 per share, or \$3.43 per share after providing for estimated tax on unrealised portfolio gains.

Results for Half Year Ended 31 December 2014

On 16 February 2015 the Directors made the following report to the Australian Securities Exchange concerning the Company's performance and the interim dividend:-

Profit and Realised Capital Gains

Profit after income tax for the half year ended 31 December 2014 was \$14,802,000 (prior corresponding period: \$13,190,000) a rise of 12%, or 16% if special dividends received of \$158,000 after tax (prior corresponding period: \$518,000) are excluded.*

The profit for the half year excludes net realised gains and losses which are transferred directly to the Asset Revaluation Reserve. The net realised gains on the investment portfolio after tax for the half year were \$2,520,000 (prior corresponding period: \$495,000).

Operating expenses (excluding interest) for the half year were .07% of the average market value of the portfolio (previously .08%).

Earnings Per Share

After adjusting for the effect of the one for five rights issue during the period, earnings per share based on the weighted average number of shares on issue for the half year were 8.0 cents per share compared to 7.6 cents for the prior corresponding period. Excluding the special dividends, earnings per share rose 7% to 7.9 cents.*

* Additional non IFRS information, not subject to external review.

The weighted average number of ordinary shares for the period was 184,446,857 against 173,200,947 taking into account the shares issued in the dividend re-investment plan and having adjusted for the bonus element in the one for five renounceable rights issue, an increase of 6.5%.

Rights Issue and International Investments

During the period the Company raised \$102,613,000 in the one for five rights issue at \$3.00 per share. The purpose of the issue was to diversify the investment portfolio including an allocation towards 10% in international investments. At 31 December international investments accounted for 8.9% of the market value of the portfolio. International investments include an investment in the BetaShares US Dollar Exchange Traded Fund pending investment in international equity Exchange Traded Funds. Foreign exchange currency exposures are unhedged.

Dividends

The Directors have declared an interim dividend of 6.5 cents per share fully franked to DUI Ordinary (ASX Code: DUI) shareholders registered on 26 February 2015, to be paid on 17 March 2015. The comparable 2014 interim dividend was 6.5 cents per share fully franked. Holders of DUI New shares (ASX Code: DUIN) are not entitled to the interim dividend.

LIC Capital Gains

The interim dividend will not include any Listed Investment Company capital gain dividend.

Dividend Reinvestment Plan

The Company operates a Dividend Reinvestment Plan ("DRP") under which shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares. Pricing of the new DRP shares will be at the volume weighted average selling price of shares traded on the Australian Securities Exchange on the Dividend ex date of 24 February 2015 and the four business days immediately following that date. The last day for the receipt of an election notice for participation in the plan is 27 February 2015.

Asset Backing

The net tangible asset backing per share based on the market valuation of investments was \$3.68 at 31 December 2014 and \$3.75 at 31 January 2015. These calculations are after tax on realised gains, but before any future tax benefit of realised losses and before estimated tax on net unrealised gains and losses. They are also before provision for the interim dividend.

The Company is a long term investor and does not intend disposing of its total portfolio. If estimated tax on net unrealised gains were to be deducted, the above figures would be \$3.24 at 31 December 2014 and \$3.29 at 31 January 2015.

Performance

The Company's net asset backing accumulation performance (assuming all dividends paid by the Company were reinvested in its shares, and after all expenses and tax) for the half year to 31 December 2014 was a rise of 2.7% while the S&P/ASX 300 accumulation index rose 2.4% over the same period. The Company's accumulation performance is after tax, all expenses, and the impact of the Company's gearing. Such items are not included in the S&P/ASX Index.

Investment Portfolio

As at 31 December 2014 the twenty-five largest shareholdings of the company, at market values were:

Company	Market Value \$'000	% Market Value of Total Investments
1. Commonwealth Bank of Australia Ltd	68,520	8.1%
2. ANZ Banking Group Ltd	60,971	7.2%
3. Westpac Banking Corporation Ltd	59,688	7.1%
4. CSL Ltd	52,008	6.2%
5. BHP Billiton Ltd	46,992	5.6%
6. BetaShares US Dollar ETF	45,965	5.5%
7. National Australia Bank Ltd	40,320	4.8%
8. Woodside Petroleum Ltd	38,010	4.5%
9. Rio Tinto Ltd	34,800	4.1%
10. Transurban Group	31,746	3.8%
11. Medibank Private Ltd	31,330	3.7%
12. Woolworths Ltd	21,476	2.5%
13. Wesfarmers Ltd	18,449	2.2%
14. Oil Search Ltd	15,780	1.9%
15. Origin Energy Ltd	14,004	1.7%
16. AMP Ltd	13,750	1.6%
17. Washington H Soul Pattinson & Co Ltd	13,680	1.6%
18. Asciano Ltd	13,310	1.6%
19. Vanguard US Total Market Shares Index ETF	13,072	1.5%
20. Computershare Ltd	12,980	1.5%
21. Mystate Ltd	12,350	1.5%
22. Vanguard All-World Ex-US Shares Index ETF	11,218	1.3%
23. Sonic Healthcare Ltd	9,250	1.1%
24. Westfield Corporation	9,020	1.1%
25. Scentre Group	8,446	1.0%
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	697,135	82.7%
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Total Investments at Market Value, Short Term Receivables and Cash	842,926	
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Note: At 31 December bank borrowings were \$85M, and cash and short term receivables (included in the above figure) were A\$39M.

Yours faithfully,

A J Hancock
Company Secretary