

DIVERSIFIED UNITED INVESTMENT LIMITED

ABN 33 006 713 177

LEVEL20
101 COLLINS STREET
MELBOURNE VIC 3000
AUSTRALIA

TEL (613) 9654 0499
FAX (613) 9654 3499

HALF YEARLY REPORT TO SHAREHOLDERS

15 March 2016

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 29 February 2016: \$3.24 per share

At 29 February 2016 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 and losses, and after provision for the interim dividend of 6.5¢ per share was \$3.24 per share, or \$2.93 per share after providing for estimated tax on unrealised portfolio gains.

Results for Half Year Ended 31 December 2015

On 16 February 2016 the Directors made the following report to the Australian Securities Exchange concerning the Company's performance and the interim dividend:-

The Directors make the following report concerning the company's performance and interim dividend:-

Profit and Realised Capital Gains

Profit after income tax for the half year ended 31 December 2015 was \$16,301,000 (prior corresponding period: \$14,802,000) a rise of 10%, or 11% if special dividends received of \$106,000 after tax (prior corresponding period: \$158,000) 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 \$3,456,000 (prior corresponding period: \$2,520,000).

Operating expenses (excluding interest) for the half year were .06% of the average market value of the portfolio (previously .07%).

Earnings Per Share

Earnings per share based on the weighted average number of shares on issue for the half year were 7.9 cents per share compared to 8.0 cents for the prior corresponding period. Excluding the special dividends, earnings per share fell 1% to 7.8 cents.*

The weighted average number of ordinary shares for the period rose 12% to 206,623,492, after taking into account the shares issued in the dividend re-investment plan and reflecting the issue of 34,304,489 new ordinary shares in the one for 5 renounceable rights issue in November 2014.

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 25 February 2016, to be paid on 15 March 2016. The comparable 2014 interim dividend was 6.5 cents per share fully franked.

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 23 February 2016 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 26 February 2016.

Asset Backing

The net tangible asset backing per share based on the market valuation of investments was \$3.59 at 31 December 2015 and \$3.38 at 31 January 2016. 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 \$3.18 at 31 December 2015 and \$3.04 at 31 January 2016.

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 2015 was a fall of 0.3% while the S&P/ASX 200 accumulation index fell 0.5% 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.

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

Investment Portfolio

As at 31 December 2015 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	74,411	8.9%
2. CSL Ltd	63,186	7.6%
3. Westpac Banking Corporation Ltd	63,093	7.6%
4. ANZ Banking Group Ltd	54,547	6.6%
5. Transurban Group	41,837	5.0%
6. National Australia Bank Ltd	39,260	4.7%
7. Vanguard All-World Ex-US Shares Index ETF	29,076	3.5%
8. Woodside Petroleum Ltd	28,720	3.4%
9. BHP Billiton Ltd	28,576	3.4%
10. Rio Tinto Ltd	26,826	3.2%
11. Vanguard US Total Market Shares Index ETF	21,614	2.6%
12. Medibank Private Ltd	21,500	2.6%
13. Washington H Soul Pattinson & Co Ltd	19,228	2.3%
14. Wesfarmers Ltd	18,308	2.2%
15. Asciano Ltd	17,480	2.1%
16. Woolworths Ltd	17,150	2.1%
17. BT Investment Management Ltd	14,789	1.8%
18. AMP Ltd	14,575	1.7%
19. Oil Search Ltd	13,400	1.6%
20. Computershare Ltd	12,782	1.5%
21. Suncorp Group Ltd	12,140	1.5%
22. iShares TR MSCI USA Min Vol Index ETF	11,305	1.4%
23. Vanguard Information Technology Index ETF	10,939	1.3%
24. iShares Global Healthcare Index ETF	10,559	1.3%
25. Westfield Corporation	9,510	1.1%
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	674,811	81.0%
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Total Investments at Market Value, Short Term Receivables and Cash	832,653	
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Note: 1. At 31 December bank borrowings were \$90M, and cash and short term receivables (included in the above figure) were \$7M.
2. At 31 December 10% of the portfolio was invested in international equities through Exchange Traded Index Funds.

A J Hancock
Company Secretary