

# DIVERSIFIED UNITED INVESTMENT LIMITED

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## HALF YEARLY REPORT TO SHAREHOLDERS

### HALF YEAR ENDED 31 DECEMBER 2004

Dear Shareholder,

On 18 February, 2005 the Directors made the following report to the Australian Stock Exchange concerning the Company's performance and interim dividend:-

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#### *Operating Profit*

Operating profit after income tax for the half year ended 31 December 2004 was \$5,464,000 (previous corresponding period: \$6,620,000). If special dividends received are disregarded, operating profit increased 7.5%. In the current period special dividends and distributions of \$1,240,000 were received including \$780,000 from Macquarie Infrastructure Group. In the previous corresponding period special dividends of \$2,690,000 were received as part of the Telstra Corporation Ltd and Foster's Group Ltd share buy-back arrangements.

Operating expenses (excluding interest) were 0.13% of the average market value of the portfolio (previously 0.16%).

The earnings per share based on the weighted average number of shares on issue for the half-year was 5.4 cents per share (4.2 cents excluding special dividends) compared to 6.7 cents for the half-year to 31 December 2003 (4 cents excluding special dividends).

#### *Dividends*

The Directors also announce an interim dividend of 3.5 cents per share fully franked to shareholders registered on 22 March 2005, to be paid on 12 April 2005. The comparable 2004 interim dividend was 2.75 cents per share fully franked.

#### *Dividend Reinvestment Plan*

The last date for receipt of election notices under the Dividend Reinvestment Plan is 22 March 2005. The Plan offers shares lieu of the cash dividend, at current market prices without discount.

#### *Asset Backing*

The net tangible asset backing per share based on the market valuation of investments was \$2.58 at 31 December 2004 and \$2.68 at 31 January 2005. These calculations are after provision for tax on net realised gains, before tax on unrealised gains and 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 unrealised gains were to be deducted, the above figures would be \$2.21 at 31 December 2004 and \$2.27 at 31 January 2005.

#### *Investment Portfolio*

At 31 December 2004 the investment portfolio at market values was invested 99% in Australian equities (including property companies and trusts) and 1% in fixed interest securities and cash.

As the company currently does not hold any international investments, and in future any such investments are unlikely to be significant, and as many property companies and trusts have been combined, Directors consider that target asset allocations are no longer particularly meaningful for the Company and have been discontinued.

As at 31 December 2004 the twenty-five largest shareholdings of the company, at market values were:

<i>Company</i>	<i>Market Value \$'000</i>	<i>% of Market Value of Total Investments</i>
1. ANZ Banking Group Ltd	20,590	6.9%
2. Woodside Petroleum Ltd	18,090	6.1%
3. Tabcorp Holdings Ltd	17,290	5.8%
4. Commonwealth Bank of Australia Ltd	16,050	5.4%
5. Westpac Banking Corporation Ltd	15,592	5.2%
6. QBE Insurance Group Ltd	13,815	4.7%
7. Alumina Ltd	13,068	4.4%
8. Perpetual Trustees Ltd	12,580	4.2%
9. Rio Tinto Ltd	11,736	4.0%
10. National Australia Bank Ltd	11,528	3.9%
11. Southern Cross Broadcasting (Aust) Ltd	10,787	3.6%
12. Westfield Group	9,858	3.3%
13. BHP Billiton Ltd	9,204	3.1%
14. Australian Gas Light Company Ltd	8,220	2.8%
15. WMC Resources Ltd	7,220	2.4%
16. Transurban Group Ltd	6,700	2.3%
17. Australand Holdings Ltd	6,335	2.1%
18. St George Bank Ltd	6,312	2.1%
19. Washington H. Soul Pattinson & Co Ltd	6,006	2.0%
20. Macquarie Communications Infrastructure Group	5,520	1.9%
21. Suncorp Metway Ltd	5,214	1.8%
22. Telstra Corporation Ltd	4,910	1.7%
23. Brambles Industries Ltd	4,865	1.6%
24. Alesco Corporation Ltd	4,860	1.6%
25. Foodland Associated Ltd	4,854	1.6%
	251,204	84.5%
<b>Total Investments at Market Value and Cash</b>	297,374	”

Further information is available from the Company's website: [www.dui.com.au](http://www.dui.com.au), including the monthly net asset backing per share.

Yours faithfully

**Charles Goode**  
Chairman