

# DIVERSIFIED UNITED INVESTMENT LIMITED

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AUSTRALIA

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## HALF YEARLY REPORT TO SHAREHOLDERS

Dear Shareholder,

12 April 2006

### *Dividend Payment Enclosed*

Enclosed with this letter is payment of the 4¢ per share interim dividend, by way of cheque, notification of direct banking, or notification of allotment of shares under the Dividend Reinvestment Plan, according to your instructions.

### *One for Five Pro-rata Renounceable Rights Issue*

Recently you will have received a letter setting out details of the one for five pro-rata renounceable rights issue at \$2.70 per share announced by the Company.

A copy of the Prospectus for the issue and a personalised entitlement and acceptance form will be mailed to you on 20 April, 2006, and applications will close on 11 May, 2006.

### *Net Asset Backing 31 March 2006*

At 31 March 2006 the unaudited net asset backing per share after provision for the interim dividend was \$3.49, or \$2.85 after providing for estimated tax on unrealised portfolio gains.

### *Results for Half Year Ended 31 December 2005*

On 16 February, 2006 the Directors made the following report to the Australian Stock Exchange concerning the Company's performance and interim dividend:-

#### *“Operating Profit and Realised Capital Gains*

*Operating profit after income tax and before realised capital gains on long term investments for the half year ended 31 December 2005 was \$6,343,000 (previous corresponding period: \$5,726,000). Operating profit includes special dividends and distributions of \$804,000 (previously \$1,158,000).*

*Net realised capital gains after tax were \$3,865,000 (previously \$1,715,000).*

*Operating expenses (excluding interest) were 0.12% of the average market value of the portfolio (previously 0.13%).*

#### *Earnings Per Share*

*The operating earnings per share based on the weighted average number of shares on issue for the half year was 6.2 cents per share (5.5 cents excluding the special dividends) compared to 5.7 cents for the half year to 31 December 2004 (4.5 cents excluding special dividends).*

*Including capital gains and special dividends, earnings per share were 10.0 cents (previously 7.4 cents).*

#### *Dividends*

*The Directors also announce an interim dividend of 4.0 cents per share fully franked to shareholders registered on 22 March 2006, to be paid on 12 April 2006. The comparable 2005 interim dividend was 3.5 cents per share fully franked.*

#### *Dividend Reinvestment Plan*

*The last date for receipt of election notices under the Dividend Reinvestment Plan is 22 March 2006. 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 \$3.23 at 31 December 2005 and \$3.39 at 31 January 2006. 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 \$2.68 at 31 December 2005 and \$2.78 at 31 January 2006.

## Investment Portfolio

At 31 December 2005 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 at 31 December 2005 the twenty-five largest shareholdings of the company, at market values were:

| Company   | Market Value<br>\$'000 | % of Market Value of<br>Total Investments |
|---|------------------------|---|
| 1. Woodside Petroleum Ltd                         | 35,271                 | 9.6%                                      |
| 2. ANZ Banking Group Ltd                          | 23,950                 | 6.5%                                      |
| 3. Alumina Ltd                                    | 22,260                 | 6.1%                                      |
| 4. Commonwealth Bank of Australia Ltd             | 21,375                 | 5.8%                                      |
| 5. Rio Tinto Ltd                                  | 20,700                 | 5.7%                                      |
| 6. BHP Billiton Ltd                               | 18,200                 | 5.0%                                      |
| 7. Westpac Banking Corporation Ltd                | 18,200                 | 5.0%                                      |
| 8. QBE Insurance Group Ltd                        | 17,640                 | 4.8%                                      |
| 9. Tabcorp Holdings Ltd                           | 15,570                 | 4.2%                                      |
| 10. Perpetual Trustees Ltd                        | 13,600                 | 3.7%                                      |
| 11. National Australia Bank Ltd                   | 12,960                 | 3.5%                                      |
| 12. Westfield Group                               | 10,896                 | 3.0%                                      |
| 13. Australian Gas Light Company Ltd              | 10,314                 | 2.8%                                      |
| 14. Southern Cross Broadcasting (Aust) Ltd        | 9,226                  | 2.5%                                      |
| 15. St George Bank Ltd                            | 8,898                  | 2.4%                                      |
| 16. Transurban Group Ltd                          | 7,260                  | 2.0%                                      |
| 17. Australand Holdings Ltd                       | 7,245                  | 2.0%                                      |
| 18. Brambles Industries Ltd                       | 7,084                  | 1.9%                                      |
| 19. CSL Ltd                                       | 6,587                  | 1.8%                                      |
| 20. News Corporation Inc Class A Common CDI's     | 6,444                  | 1.8%                                      |
| 21. Suncorp Metway Ltd                            | 6,015                  | 1.6%                                      |
| 22. Alesco Corporation Ltd                        | 5,970                  | 1.6%                                      |
| 23. Washington H. Soul Pattinson & Co Ltd         | 5,880                  | 1.6%                                      |
| 24. Macquarie Infrastructure Group                | 5,696                  | 1.6%                                      |
| 25. Macquarie Communications Infrastructure Group | 5,680                  | 1.6%                                      |
|   | 322,921                | 88.1%                                     |
| <b>Total Investments at Market Value and Cash</b> | 366,596                | "   |

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