

# DIVERSIFIED UNITED INVESTMENT LIMITED

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## HALF YEARLY REPORT TO SHAREHOLDERS

Dear Shareholder,

12 April 2007

### *Dividend Payment Enclosed*

Enclosed with this letter is payment of the 5.5¢ per share fully franked 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.

### *Net Asset Backing 31 March 2007*

At 31 March 2007 the unaudited net asset backing per share after provision for the interim dividend was \$3.93, or \$3.24 after providing for estimated tax on unrealised portfolio gains.

### *Results for Half Year Ended 31 December 2006*

On 15 February, 2007 the Directors made the following report to the Australian Securities Exchange concerning the Company's performance and interim dividend:-

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

*Operating profit after income tax and before net realised gains on the investment portfolio for the half year ended 31 December 2006 was \$8,890,000 (previous corresponding period: \$6,343,000). Operating profit includes special dividends and distributions received of \$867,000 (previously \$804,000).*

*Operating profit for the period includes income earned on additional investments made following the 1:5 rights issue in May 2006.*

*Net realised gains on the investment portfolio after tax were \$6,110,000 (previously \$3,865,000). In accordance with accounting standards, these gains include the non-cash, scrip based deemed sales arising from the scheme of arrangement affecting our holdings in Alinta Limited and Australian Gas Light Company.*

*Operating expenses (excluding interest) were 0.11% of the average market value of the portfolio (previously 0.12%).*

#### ***Earnings Per Share***

*The operating earnings per share based on the weighted average number of shares on issue for the half year was 7.2 cents per share (6.5 cents excluding the special dividends) compared to 6.0 cents for the half year to 31 December 2005 (5.3 cents excluding special dividends).*

*Including capital gains and special dividends, earnings per share were 12.2 cents (previously 9.7 cents).*

#### ***Dividends***

*The Directors also announce an interim dividend of 5.5 cents per share fully franked to shareholders registered on 22 March 2007, to be paid on 12 April 2007. The comparable 2006 interim dividend was 4.0 cents per share fully franked. The dividend contains no Listed Investment Company capital gains.*

#### ***Dividend Reinvestment Plan***

*The last date for receipt of election notices under the Dividend Reinvestment Plan is 22 March 2007. 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 \$3.70 at 31 December 2006 and \$3.80 at 31 January 2007. 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 \$3.08 at 31 December 2006 and \$3.15 at 31 January 2007.

### **Investment Portfolio**

At 31 December 2006 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 2006 the twenty-five largest shareholdings of the company, at market values were:

<b>Company</b>	<b>Market Value \$'000</b>	<b>% of Market Value of Total Investments</b>
1. Woodside Petroleum Ltd	38,110	7.6%
2. BHP Billiton Ltd	32,890	6.5%
3. ANZ Banking Group Ltd	28,210	5.6%
4. Rio Tinto Ltd	26,005	5.2%
5. QBE Insurance Group Ltd	25,965	5.2%
6. Westfield Group	25,188	5.0%
7. Commonwealth Bank of Australia Ltd	24,740	4.9%
8. Alumina Ltd	20,605	4.1%
9. Westpac Banking Corporation Ltd	19,392	3.9%
10. Tabcorp Holdings Ltd	16,850	3.4%
11. National Australia Bank Ltd	16,160	3.2%
12. Perpetual Trustees Australia Ltd	15,642	3.1%
13. Brambles Ltd	12,830	2.6%
14. Southern Cross Broadcasting (Aust) Ltd	11,186	2.2%
15. Suncorp Metway Ltd	10,175	2.0%
16. CSL Ltd	10,132	2.0%
17. Transurban Group Ltd	9,906	2.0%
18. St George Bank Ltd	9,900	2.0%
19. AGL Energy Ltd	9,708	1.9%
20. Woolworths Ltd	9,560	1.9%
21. Coles Group Ltd	8,400	1.7%
22. News Corporation Inc Class A Common CDI's	8,214	1.6%
23. IOOF Holdings Ltd	7,735	1.5%
24. AXA Asia Pacific Holdings Ltd	7,290	1.4%
25. Australand Holdings Ltd	6,983	1.4%
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	411,776	81.9%
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<b>Total Investments at Market Value and Cash</b>	502,546	"

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