

DIVERSIFIED UNITED INVESTMENT LIMITED

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HALF YEARLY REPORT TO SHAREHOLDERS

17 March 2014

Dear Shareholder,

Dividend Payment Enclosed

Enclosed with this letter is payment of the 6.5¢ 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 28 February 2014

At 28 February 2014 the unaudited net tangible asset backing of the Company's ordinary shares, based on investments at market value, after tax on realised gains and before estimated tax on net unrealised gains/losses, and after provision for the interim dividend was \$3.74 per share, or \$3.22 per share after providing for estimated tax on unrealised portfolio gains.

Results for Half Year Ended 31 December 2013

On 18 February 2014 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 2013 was \$13,190,000 (prior corresponding period: \$11,582,000) a rise of 14%. The profit includes special and demerger dividends of \$517,600 (prior corresponding period: \$99,368). Excluding special and demerger dividends received profit after tax rose 10%.*

In the half year special dividends were received from Westpac Bank and The Trust Company and a non-cash demerger dividend was received from the Brambles/Recall demerger.

The net 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 \$495,000 (prior period losses of \$2,695,000).

Operating expenses (excluding interest) for the half year were .08% of the average market value of the portfolio (previously .09%).

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

Earnings Per Share

Earnings per share based on the weighted average number of shares on issue for the half year were 7.8 cents per share (7.5 cents excluding special and demerger dividends) compared to 6.9 cents for the prior corresponding period (6.8 * cents excluding special and demerger dividends). Excluding the special and demerger dividends, earnings per share rose 10%*. The weighted average number of ordinary shares for the period was 169,805,418 against 167,950,614 in the prior corresponding period, an increase of 1 %.*

Dividends

The Directors also announce an interim dividend of 6.5 cents per share fully franked to shareholders registered on 27 February 2014 to be paid on 17 March 2014. The comparable 2013 interim dividend was 6 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 average selling price (without any discount) of shares traded on the Australian Securities Exchange on the Record Date of 27 February 2014 and the three business days immediately preceding that date. The last day for the receipt of an election notice for participation in the plan is 27 February 2014.

Asset Backing

The net tangible asset backing per share based on the market valuation of investments was \$3.74 at 31 December 2013 and \$3.63 at 31 January 2014. These calculations are after tax on realised gains, before estimated tax on net unrealised gains and losses 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 net unrealised gains were to be deducted, the above figures would be \$3.23 at 31 December 2013 and \$3.15 31 January 2014.

Performance

The Company's net asset backing accumulation performance (assuming all dividends were reinvested, and after all expenses and tax) for the half year to 31 December 2013 was a rise of 16.3% while the S&P/ASX 300 accumulation index rose 14% over the same period. The Company's accumulation performance is after tax, all expenses, and the impact of the Company's gearing, and such items are not included in the S&P/ASX Index.

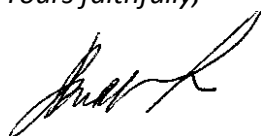
** Additional non IFRS information, not subject to external review.*

Investment Portfolio

As at 31 December 2013 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 | 62,240 | 8.9% |
| 2 ANZ Banking Group Ltd | 61,237 | 8.7% |
| 3 BHP Billiton Ltd | 60,784 | 8.7% |
| 4 Westpac Banking Corporation Ltd | 58,284 | 8.3% |
| 5 National Australia Bank Ltd | 41,796 | 6.0% |
| 6 Woodside Petroleum Ltd | 40,845 | 5.8% |
| 7 CSL Ltd | 38,962 | 5.6% |
| 8 Rio Tinto Ltd | 37,499 | 5.3% |
| 9 Woolworths Ltd | 23,695 | 3.4% |
| 10 Transurban Group | 20,520 | 2.9% |
| 11 Wesfarmers Ltd | 19,572 | 2.8% |
| 12 Origin Energy Ltd | 15,899 | 2.3% |
| 13 Washington H Soul Pattinson & Co Ltd | 14,610 | 2.1% |
| 14 Mystate Ltd | 12,662 | 1.8% |
| 15 QBE Insurance Group Ltd | 12,085 | 1.7% |
| 16 Asciano Ltd | 11,520 | 1.6% |
| 17 BT Investment Management Ltd | 11,500 | 1.6% |
| 18 Oil Search Ltd | 11,354 | 1.6% |
| 19 AMP Ltd | 10,975 | 1.6% |
| 20 Westfield Group | 10,090 | 1.4% |
| 21 Computershare Ltd | 9,104 | 1.3% |
| 22 Perpetual Ltd | 7,722 | 1.1% |
| 23 Brickworks Ltd | 7,150 | 1.0% |
| 24 Worley Parsons Ltd | 6,640 | 0.9% |
| 25 Brambles Ltd | 6,405 | 0.9% |
| | <hr/> 613,151 | <hr/> 87.4% |
| Total Investments at Market Value, Short Term Receivables and Cash | <hr/> <hr/> 701,395 | |

Yours faithfully,



A J Hancock
Company Secretary