

DIVERSIFIED UNITED INVESTMENT LIMITED

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AUSTRALIA

HALF YEARLY REPORT TO SHAREHOLDERS

15 March 2011

Dear Shareholder,

Dividend Payment Enclosed

Enclosed with this letter is payment of the 6¢ 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 2011

At 28 February 2011 the unaudited net tangible asset backing of the Company's ordinary shares, based on investments at market value, after the tax effect of realised gains and before estimated tax on net unrealised gains/losses, and after provision for the interim dividend was \$3.21, or \$2.84 per share after providing for estimated tax on unrealised portfolio gains.

Results for Half Year Ended 31 December 2010

On 17 February 2011 the Directors made the following report to the Australian Securities Exchange concerning the company's performance and the 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 2010 was \$11,291,000 (previous corresponding period: \$8,175,000). Operating profit includes special dividends and distributions of \$527,000 (previously \$150,000).

Total net realised losses on the investment portfolio after tax for the half year were \$1,945,000 (previously losses of \$657,000).

Earnings Per Share

The operating earnings per share based on the weighted average number of shares on issue for the period was 6.9 cents per share (6.6 cents excluding special dividends) compared to 5.4 cents for the period to 31 December 2009 (5.3 cents excluding special dividends). Excluding the special dividends, earnings per share rose 25%. The weighted average number of ordinary shares for the period was 162,901,759 as against 152,534,286 in the previous period, an increase of 6.8%.

Dividends

The Directors also announce an interim dividend of 6 cents per share fully franked to shareholders registered on 28 February 2011, to be paid on 15 March 2011. The comparable 2010 interim dividend was 6 cents per share fully franked. The dividend contains no Listed Investment Company capital gains.

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 a 2.5% discount to the average selling price of shares traded on the Australian Securities Exchange on the Record Date of 28 February 2011 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 28 February 2011.

Asset Backing

The net tangible asset backing per share based on the market valuation of investments was \$3.19 at 31 December 2010 and \$3.20 at 31 January 2011. These calculations are after the tax effect of realised gains, before estimated tax on 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 unrealised gains were to be deducted, the above figures would be \$2.84 at 31 December 2010 and \$2.85 at 31 January 2011.

Performance

The Company's net asset backing accumulation performance (assuming all dividends were reinvested) for the six months to 31 December 2010 was a rise of 11.1% while the S&P/ASX 200 and 300 accumulation indices rose 12.8% and 13.4% respectively over the same period. The Company's returns are after tax and expenses for which no allowance is made in the indices.

During the period the performance of the indices was supported by an increase of 23.5% in the S&P ASX 200 Resources Accumulation index which includes many of the smaller resources companies which do not pay a dividend, and in which the Company does not invest.

Investment Portfolio

As at 31 December 2010 the twenty-five largest shareholdings of the company, at market values were:

Company	Market Value \$'000	% of Market Value of Total Investments
1. BHP Billiton Ltd	67,875	11.5%
2. Woodside Petroleum Ltd	55,328	9.3%
3. Rio Tinto Ltd	44,878	7.6%
4. ANZ Banking Group Ltd	44,365	7.5%
5. Commonwealth Bank of Australia Ltd	40,616	6.8%
6. Westpac Banking Corporation Ltd	35,536	6.0%
7. National Australia Bank Ltd	28,440	4.8%
8. QBE Insurance Group Ltd	27,225	4.6%
9. CSL Ltd	21,774	3.7%
10. Woolworths Ltd	18,879	3.2%
11. Transurban Group	15,258	2.6%
12. Alumina Ltd	14,880	2.5%
13. Wesfarmers Ltd PPS and Ordinary	14,490	2.4%
14. Westfield Group	14,370	2.4%
15. AGL Energy Ltd	12,184	2.1%
16. Washington H Soul Pattinson & Co Ltd	10,080	1.7%
17. Mystate Ltd	9,672	1.6%
18. Perpetual Ltd	9,363	1.6%
19. Consolidated Media Holdings	9,360	1.6%
20. Australian Infrastructure Fund	7,520	1.3%
21. Worley Parsons Ltd	6,685	1.1%
22. Santos Ltd	6,575	1.1%
23. Leighton Holdings Ltd	6,156	1.0%
24. Westfield Retail Trust	5,911	1.0%
25. Primary Health Care	5,655	1.0%
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	533,075	90.0%
Total Investments at Market Value and Cash	<hr/>	<hr/>
	592,130"	

Yours faithfully



A J Hancock
Company Secretary

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