

DIVERSIFIED UNITED INVESTMENT LIMITED

ABN 33 006 713 177

APPENDIX 4D STATEMENT FOR THE HALF YEAR ENDING 31 DECEMBER 2011

CONTENTS

- Results for announcement to the market
- Letter to Australian Securities Exchange
- Financial Statements
- Independent Audit Report

RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the half year ended 31 December 2011 with the prior corresponding period being the half year ended 31 December 2010.

Results for announcement to the market

- Revenue from ordinary activities was \$14.6 million, up 4% from the prior period.
- Profit after tax was \$11.9 million, up 5% from the prior period.
- In the latest period no special dividends were received but an additional dividend of \$364,000 paid early was received from Mystate Ltd. In the prior period special dividends of \$527,000 after tax were received.
- Excluding special and additional dividends received Profit after tax rose 6.8%*.
- Earnings per share were 7.1 cents, an increase of 3% from the prior period. Excluding special dividends and additional dividends earnings per share rose 4.5%* to 6.9* cents per share.
- The total net profit for the period of \$11.9 million excludes net realised gains and losses which are transferred directly to the Asset Revaluation Reserve. This period net realised losses on the investment portfolio after tax were \$2,264,000 (prior period net realised losses: \$1,945,000).
- The interim dividend is 6.0 cents per share (6.0 cents for the prior period) fully franked payable on 15 March 2012. The record date for determining entitlement to the interim dividend is 28 February 2012.
- The interim dividend will not include any Listed Investment Company capital gain dividend.
- The net tangible asset backing per share based on the market valuation of investments was \$2.64 at 31 December 2011, compared to \$3.19 at the end of the prior period. These calculations are after the tax effect of net realised gains, before estimated tax on net unrealised gains/losses and before provision for the interim dividend.
- 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 of shares (without any discount) traded on the Australian Securities Exchange on the Record Date of 28 February 2012 and the three business days immediately preceding that date. The last day for receipt of an election notice for participation in the plan is 28 February 2012.

* Additional non IFRS information, unaudited.

DIVERSIFIED UNITED INVESTMENT LIMITED

ABN 33 006 713 177

LEVEL20
101 COLLINS STREET
MELBOURNE VIC 3000
Australia

TEL (613) 9654 0499
FAX (613) 9654 3499

14 February 2012

The General Manager
Australian Securities Exchange Ltd
10th Floor
20 Bond Street
Sydney NSW 2000

Dear Sir,

**Annual Financial Results and Dividend Announcement
for the Financial Half Year Ended 31 December 2011**

The Directors make the following report concerning the company's performance and interim dividend:-

Profit and Realised Capital Gains

Profit after income tax for the half year ended 31 December 2011 was \$11,860,000 (prior corresponding period: \$11,291,000) a rise of 5%. The profit does not include any special dividends but does include an additional second dividend from Mystate Ltd of \$364,000 after tax, being the 2012 interim dividend paid early (prior period special dividends were \$527,000). Excluding special and additional dividends received Profit after tax rose 6.8%*.

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 losses on the investment portfolio after tax for the half year were \$2,264,000 (prior period losses of \$1,945,000).

Operating expenses (excluding interest) for the half year were 0.08% of the average market value of the portfolio (previously 0.09%).

Earnings Per Share

Earnings per share based on the weighted average number of shares on issue for the half year were 7.1 cents per share (6.9* cents excluding special and additional dividends) compared to 6.9 cents for the prior period (6.6* cents excluding special dividends). Excluding the special and additional dividends, earnings per share rose 4.5%*.

* Additional non IFRS information, unaudited.

- 2 -

Dividends

The Directors also announce an interim dividend of 6 cents per share fully franked to shareholders registered on 28 February 2012, to be paid on 15 March 2012. The comparable 2011 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 28 February 2012 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 2012.

Asset Backing

The net tangible asset backing per share based on the market valuation of investments was \$2.64 at 31 December 2011 and \$2.76 at 31 January 2012. These calculations are after the tax effect of net realised gains, before estimated net 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 net unrealised gains were to be deducted, the above figures would be \$2.45 at 31 December 2011 and \$2.53 at 31 January 2012.

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 2011 was a fall of 12.1% while the S&P/ASX 200 and 300 accumulation indices fell 9.7% and 9.8% respectively over the same period. The Company's returns are after tax and expenses and the impact of the Company's gearing for which no allowance is made in the indices.

- 3 -

Investment Portfolio

As at 31 December 2011 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	51,630	10.3%
2. Commonwealth Bank of Australia Ltd	39,376	7.8%
3. ANZ Banking Group Ltd	39,007	7.6%
4. Woodside Petroleum Ltd	32,151	6.4%
5. Westpac Banking Corporation Ltd	32,000	6.4%
6. Rio Tinto Ltd	31,662	6.3%
7. National Australia Bank Ltd	28,032	5.6%
8. QBE Insurance Group Ltd	19,425	3.9%
9. CSL Ltd	19,200	3.8%
10. Woolworths Ltd	17,570	3.5%
11. Transurban Group	16,860	3.4%
12. Wesfarmers Ltd PPS and Ordinary	13,350	2.6%
13. Washington H Soul Pattinson & Co Ltd	12,447	2.5%
14. Westfield Group	11,715	2.3%
15. AGL Energy Ltd	11,464	2.3%
16. Consolidated Media Holdings Ltd	10,400	2.1%
17. Perpetual Ltd	10,215	2.0%
18. Mystate Ltd	8,736	1.7%
19. Australian Infrastructure Fund	8,685	1.7%
20. AMP Ltd	8,140	1.6%
21. Alumina Ltd	6,690	1.3%
22. Worley Parsons Ltd	6,418	1.3%
23. Orica Ltd	6,060	1.2%
24. Brickworks Ltd	5,425	1.1%
25. Origin Energy Ltd	5,336	1.1%
	<hr/>	
	451,994	89.8%
	<hr/>	
Total Investments at Market Value, Short Term Receivables and Cash	503,268	
	<hr/>	

Yours faithfully,

A J Hancock
Company Secretary

DIVERSIFIED UNITED INVESTMENT LIMITED

(ABN 33 006 713 177)

INTERIM FINANCIAL REPORT

31 DECEMBER 2011

DIVERSIFIED UNITED INVESTMENT LIMITED

Directors

C B Goode AC - Chairman
A R Burgess
S G Hiscock
P R Prentice

Company Secretary

Andrew Hancock FCA

Registered Office

Level 20
101 Collins Street
Melbourne Vic 3000
Tel: (613) 9654 0499
Fax: (613) 9654 3499
Email: info@dui.com.au
Website: www.dui.com.au

Bankers

ANZ Banking Group Limited
National Australia Bank Limited

Auditors

KPMG
Chartered Accountants

Share Registry

Link Market Services Ltd
Level 12
680 George Street
Sydney NSW 2000
Tel: (612) 8280 7644
Fax: (612) 9287 0303
E-mail: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

Securities Exchange

The Company is listed on the Australian Securities Exchange Ltd.
ASX Code: DUI

DIVERSIFIED UNITED INVESTMENT LIMITED

Directors' Report

The directors of Diversified United Investment Limited present their report together with the financial report for the half-year ended 31 December 2011 and the auditors' review report thereon.

Directors

The directors of the Company at any time during or since the end of the half-year are:

Name	Period of Directorship
Charles Goode AC (Chairman)	Director since 1991
Anthony Burgess	Director since 2008
Stephen Hiscock	Appointed 16 November 2011
Pierre Prentice	Appointed 1 February 2012
Martyn Myer AO	Director since 1991 – Retired 16 November 2011
Rupert Myer AM	Director since 2002 – Retired 31 January 2012

Review of Operations

Operating profit (excluding net gains or losses on investment portfolio) after income tax for the half-year ended 31 December 2011 was \$11,860,000 (previous corresponding period: \$11,291,000). No special dividends have been received during the half year (previous corresponding period: \$527,000), but the result does include an additional dividend from Mystate Ltd of \$364,000, being the 2012 interim dividend paid early.

Operating expenses (excluding finance expenses) were 0.08% of the average market value of the portfolio (previous corresponding period: 0.09%).

Dividends

The board has declared an interim dividend of 6 cents per share fully franked, the same as the previous corresponding period.

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 4 and forms part of the Directors' Report for the half-year ended 31 December 2011.

Rounding Off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Dated at Melbourne this 14th day of February 2012.

Signed in accordance with a resolution of the directors, for and on behalf of the board.

Charles Goode
Director



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Diversified United Investment Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2011, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

A J Waters

A J Waters
Partner

Melbourne

14 February 2012

DIVERSIFIED UNITED INVESTMENT LIMITED

Interim Income Statement for the Six Months Ended 31 December 2011

	<i>Note</i>	<i>31 December 2011 \$'000's</i>	<i>31 December 2010 \$'000's</i>
Revenue from investment portfolio		14,612	14,072
Administration and other expenses		(454)	(493)
Finance expenses		(2,233)	(2,282)
Operating profit before income tax expense		11,925	11,297
Income tax expense		(65)	(6)
Profit for the period		11,860	11,291
Basic and diluted earnings per share (cents)	4	7.1	6.9

The interim income statement is to be read in conjunction with the condensed notes to the interim financial report set out on pages 10 to 12.

DIVERSIFIED UNITED INVESTMENT LIMITED

Interim Statement of Comprehensive Income for the Six Months Ended 31 December 2011

	31 December 2011 \$ \$'000's	31 December 2010 \$ \$'000's
Profit for the period	11,860	11,291
Other Comprehensive income		
Revaluation of investment portfolio for the period	(73,460)	48,795
Provision for tax benefit/ (expense) on investment portfolio for the period	21,676	(14,672)
Total other comprehensive income net of income tax	(51,784)	34,123
Total comprehensive income ¹	(39,924)	45,414

¹ This is the Company's total net return for the period, which includes the net operating profit plus the net realised and unrealised gains and losses on the Company's investment portfolio.

The interim statement of comprehensive income is to be read in conjunction with the condensed notes to the interim financial report set out on pages 10 to 12.

DIVERSIFIED UNITED INVESTMENT LIMITED

Interim Balance Sheet as at 31 December 2011

	Note	31 December 2011 \$'000's	30 June 2011 \$'000's
ASSETS			
Cash assets		8,466	272
Receivables		894	4,318
Other		42	43
TOTAL CURRENT ASSETS		<u>9,402</u>	<u>4,633</u>
Investment portfolio		493,855	570,017
Other		11	12
TOTAL NON-CURRENT ASSETS		<u>493,866</u>	<u>570,029</u>
TOTAL ASSETS		<u>503,268</u>	<u>574,662</u>
LIABILITIES			
Payables		104	142
Current tax liability		55	60
Borrowings – interest bearing		19,841	-
TOTAL CURRENT LIABILITIES		<u>20,000</u>	<u>202</u>
Borrowings – interest bearing		44,642	64,669
Deferred tax liability	7	31,284	52,975
TOTAL NON-CURRENT LIABILITIES		<u>75,926</u>	<u>117,644</u>
TOTAL LIABILITIES		<u>95,926</u>	<u>117,846</u>
NET ASSETS		<u>407,342</u>	<u>456,816</u>
EQUITY			
Issued capital	6	296,451	294,414
Reserves		110,891	162,402
TOTAL EQUITY		<u>407,342</u>	<u>456,816</u>

The interim balance sheet is to be read in conjunction with the condensed notes to the interim financial report set out on pages 10 to 12.

DIVERSIFIED UNITED INVESTMENT LIMITED

Interim Statement of Changes in Equity for the Six Months ended 31 December 2011

	<i>Issued Capital (\$'000)</i>	<i>Revaluation Reserve (\$'000)</i>	<i>Realisation Reserve (\$'000)</i>	<i>Retained Earnings (\$'000)</i>	<i>Total Equity (\$'000)</i>
Balance at 1 July 2010	282,392	101,917	(4,471)	43,765	423,603
Comprehensive income					
Revaluation of investment portfolio	-	48,795	-	-	48,795
Tax expense on revaluation	-	(14,672)	-	-	(14,672)
Net realised gains and losses on investment portfolio	-	2,465	(2,465)	-	-
Tax expense or benefit on net realised gains and losses	-	(520)	520	-	-
Net operating profit for the period	-	-	-	11,291	11,291
	-	36,068	(1,945)	11,291	45,414
Transactions with shareholders		-			
Dividend reinvestment plan	2,896	-	-	-	2,896
Dividends paid	-	-	-	(11,284)	(11,284)
Share Purchase Plan	6,565	-	-	-	6,565
	9,461	-	-	(11,284)	(1,823)
Balance at 31 December 2010	291,853	137,985	(6,416)	43,772	467,194
Balance at 1 July 2011	294,414	125,087	(6,257)	43,572	456,816
Comprehensive income					
Revaluation of investment portfolio	-	(73,460)	-	-	(73,460)
Tax benefit on revaluation	-	21,676	-	-	21,676
Net realised gains and losses on investment portfolio	-	2,858	(2,858)	-	-
Tax expense or benefit on net realised gains and losses	-	(594)	594	-	-
Net operating profit for the period	-	-	-	11,860	11,860
	-	(49,520)	(2,264)	11,860	(39,924)
Transactions with shareholders					
Dividend reinvestment plan	2,037	-	-	-	2,037
Dividends paid	-	-	-	(11,587)	(11,587)
	2,037	-	-	(11,587)	(9,550)
Balance at 31 December 2011	296,451	75,567	(8,521)	43,845	407,342

The interim statement of changes in equity should be read in conjunction with the condensed notes to the interim financial report set out on pages 10 to 12.

DIVERSIFIED UNITED INVESTMENT LIMITED

Interim Statement of Cash Flows for the Six Months Ended 31 December 2011

	<i>31 December 2011 \$'000's</i>	<i>31 December 2010 \$'000's</i>
Cash flows from operating activities		
Interest received	128	296
Dividends and trust distributions received	17,684	15,953
Other income	221	575
Administration and other expenses paid	(488)	(485)
Finance costs paid	(2,419)	(2,484)
Income tax (paid) /refunded	(84)	212
Net cash from operating activities	15,042	14,067
Cash flows from investing activities		
Proceeds from sale of investments	20,503	18,021
Purchases of investments	(17,801)	(13,500)
Net cash used in investing activities	2,702	4,521
Cash flows from financing activities		
Proceeds from share purchase plan – net of costs	-	6,565
Dividends paid	(9,550)	(8,388)
Net cash used in financing activities	(9,550)	(1,823)
Net increase in cash held	8,194	16,765
Cash and cash equivalents at 1 July	272	3,200
Cash and cash equivalents at 31 December *	8,466	19,965

* Comprises cash and term deposits

The interim statement of cash flows should be read in conjunction with the condensed notes to the interim financial report set out on pages 10 to 12.

DIVERSIFIED UNITED INVESTMENT LIMITED

Condensed Notes to the Interim Financial Report for the Six Months Ended 31 December 2011

1. Reporting Entity

Diversified United Investment Limited (the 'Company') is a company domiciled in Australia.

The annual financial report of the Company as at and for the year ended 30 June 2011 is available upon request from the Company's office at Level 20, 101 Collins Street Melbourne Vic 3000 or at www.dui.com.au.

2. Statement of compliance

The interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the Company as at and for the year ended 30 June 2011.

This interim financial report was approved by the Board of Directors on 14 February 2012.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

3. Significant Accounting Policies

The accounting policies applied by the Company in this interim financial report are the same as those applied by the Company in the financial report at 30 June 2011.

4. Earnings per share

	<i>31 December 2011 Cents</i>	<i>31 December 2010 Cents</i>
Basic earnings per share	7.1	6.9

There are no factors which cause diluted earnings per share to be different from basic earnings per share.

The basic earnings per share for the half-year are calculated on a weighted average adjusted number of ordinary shares of 165,964,602 (previous corresponding period: 162,901,759) taking into account the shares issued in the dividend re-investment program.

DIVERSIFIED UNITED INVESTMENT LIMITED

Condensed Notes to the Interim Financial Report for the Six Months Ended 31 December 2011

31 December 2011 \$'000's	31 December 2010 \$'000's
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5. Dividends

Dividends recognised in the current period by the Company are:

Final fully franked dividend of 7.0 cents per share paid on 20 September 2011

11,587	11,284
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Subsequent to reporting date:

Since 31 December 2011, the directors have declared the following dividend payable on 15 March 2012:

Interim dividend of 6.0 cents per share fully franked, being the same as the previous corresponding period

9,981	9,876
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The financial effect of this dividend has not been brought to account in the financial statements for the period ended 31 December 2011.

31 December 2011 \$'000's	30 June 2011 \$'000's
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6 Issued Capital

166,343,322 ordinary fully paid shares
(30 June 2011: 165,493,512)

296,451	294,414
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Movements in issued capital

Balance at beginning of period

294,414	282,392
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Shares Issued

- Dividend re-investment plan

(i)

2,037

5,457

- Share Purchase Plan – net of costs

(ii)

-

6,565

296,451	294,414
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(i) In respect of the 2011 final dividend paid on 20 September 2011, 849,810 shares were issued at \$2.3971 each under the dividend re-investment plan.

(ii) On 4 October 2010, the company issued, at a purchase price of \$2.81 per share, 2,351,680 fully paid ordinary shares in accordance with the terms of the Company's Share Purchase Plan.

DIVERSIFIED UNITED INVESTMENT LIMITED

Condensed Notes to the Interim Financial Report for the Six Months Ended 31 December 2011

	<i>31 December</i>	<i>30 June</i>
	<i>2011</i>	<i>2011</i>
	<i>\$'000's</i>	<i>\$'000's</i>

7. *Deferred Tax Assets and Liabilities*

Revaluation reserve – Provision for tax on unrealised gains on investment portfolio	(39,442)	(60,525)
Other	-	(14)
Tax benefit of capital losses carried forward	8,158	7,564
Net tax liabilities	<u>(31,284)</u>	<u>(52,975)</u>

8. *Segment Reporting*

The Company operates as an investment company in Australia.

9. *Contingent Liabilities and Capital Commitments*

There were no contingent liabilities or capital commitments as at 31 December 2011.

10. *Related Parties*

All arrangements with related parties are consistent with those disclosed in the 30 June 2011 annual financial report.

11. *Events Subsequent to Balance Date*

There has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial periods.

DIVERSIFIED UNITED INVESTMENT LIMITED

Directors' Declaration

In the opinion of the directors of Diversified United Investment Limited ("the Company"):

1. The financial statements and notes set out on pages 5 to 12, are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the financial position of the Company as at 31 December 2011 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Melbourne this 14th day of February 2012.

Signed in accordance with a resolution of the Directors.

Charles Goode AC
Director



Independent auditor's review report to the members of Diversified United Investment Limited

Report on the financial report

We have reviewed the accompanying interim financial report of Diversified United Investment Limited, which comprises the balance sheet as at 31 December 2011, income statement and statement of comprehensive income, statement of changes in equity and statement of cash flows for the interim period ended on that date, notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2011 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Diversified United Investment Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Diversified United Investment Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 31 December 2011 and of its performance for the interim period ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

A handwritten signature in black ink, appearing to read 'A J Waters'.

A J Waters
Partner

Melbourne

14 February 2012