

DIVERSIFIED UNITED INVESTMENT LIMITED

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HALF YEARLY REPORT TO SHAREHOLDERS

15 March 2012

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 29 February 2012

At 29 February 2012 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 \$2.76, or \$2.52 per share after providing for estimated tax on unrealised portfolio gains.

Results for Half Year Ended 31 December 2011

On 14 February 2012 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 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%*.*

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.

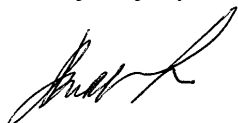
* Additional non IFRS information, unaudited.

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%
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	451,994	89.8%
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Total Investments at Market Value, Short Term Receivables and Cash	503,268	

Yours faithfully,



A J Hancock
Company Secretary