

DIVERSIFIED UNITED INVESTMENT LIMITED

ABN 33 006 713 177

APPENDIX 4D STATEMENT FOR THE HALF YEAR ENDING 31 DECEMBER 2005

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- Results for announcement to the market
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RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the half year ended 31 December 2005 with the corresponding period being the half year ended 31 December 2004.

Results for announcement to the market

- Revenue from ordinary activities was \$7.7 million, 8.4% up from the prior period.
- Profit from ordinary activities after tax and before realised capital gains was \$6.3 million, up 10.8% from the prior period.
- Net realised capital gains on long term investments after tax were \$3.9 million, up 125.4% from the prior period.
- Total net profit attributable to shareholders was \$10.2 million, 37.2% up from the prior period.
- In the current period special dividends and distributions of \$804,000 after tax were received. In the previous corresponding period special dividends of \$1,158,000 after tax were received.
- The interim dividend for the half year is 4.0 cents per share (3.5 cents previous period) fully franked payable on 12 April 2006. The record date for determining entitlement to the interim dividend is 22 March 2006.

DIVERSIFIED UNITED INVESTMENT LIMITED

ABN 33 006 713 177

LEVEL 4
45 EXHIBITION STREET
MELBOURNE VIC 3000
AUSTRALIA

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

16 February 2006

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

Dear Sir,

Half Yearly Financial Report and Dividend Announcement **for the Half Year Ended 31 December 2005**

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

Operating Profit and Realised Capital Gains

Operating profit after income tax and before realised capital gains on long term investments for the half year ended 31 December 2005 was \$6,343,000 (previous corresponding period: \$5,726,000). Operating profit includes special dividends and distributions of \$804,000 (previously \$1,158,000).

Net realised capital gains after tax were \$3,865,000 (previously \$1,715,000).

Operating expenses (excluding interest) were 0.12% of the average market value of the portfolio (previously 0.13%).

Earnings Per Share

The operating earnings per share based on the weighted average number of shares on issue for the half year was 6.2 cents per share (5.5 cents excluding the special dividends) compared to 5.7 cents for the half year to 31 December 2004 (4.5 cents excluding special dividends).

Including capital gains and special dividends, earnings per share were 10.0 cents (previously 7.4 cents).

Dividends

The Directors also announce an interim dividend of 4.0 cents per share fully franked to shareholders registered on 22 March 2006, to be paid on 12 April 2006. The comparable 2005 interim dividend was 3.5 cents per share fully franked.

Dividend Reinvestment Plan

The last date for receipt of election notices under the Dividend Reinvestment Plan is 22 March 2006. 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 \$3.23 at 31 December 2005 and \$3.39 at 31 January 2006. 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 \$2.68 at 31 December 2005 and \$2.78 at 31 January 2006.

Investment Portfolio

At 31 December 2005 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 2005 the twenty-five largest shareholdings of the company, at market values were:

<i>Company</i>	<i>Market Value \$'000</i>	<i>% of Market Value of Total Investments</i>
1. Woodside Petroleum Ltd	35,271	9.6%
2. ANZ Banking Group Ltd	23,950	6.5%
3. Alumina Ltd	22,260	6.1%
4. Commonwealth Bank of Australia Ltd	21,375	5.8%
5. Rio Tinto Ltd	20,700	5.7%
6. BHP Billiton Ltd	18,200	5.0%
7. Westpac Banking Corporation Ltd	18,200	5.0%
8. QBE Insurance Group Ltd	17,640	4.8%
9. Tabcorp Holdings Ltd	15,570	4.2%
10. Perpetual Trustees Ltd	13,600	3.7%
11. National Australia Bank Ltd	12,960	3.5%
12. Westfield Group	10,896	3.0%
13. Australian Gas Light Company Ltd	10,314	2.8%
14. Southern Cross Broadcasting (Aust) Ltd	9,226	2.5%
15. St George Bank Ltd	8,898	2.4%
16. Transurban Group Ltd	7,260	2.0%
17. Australand Holdings Ltd	7,245	2.0%
18. Brambles Industries Ltd	7,084	1.9%
19. CSL Ltd	6,587	1.8%
20. News Corporation Inc Class A Common CDI's	6,444	1.8%
21. Suncorp Metway Ltd	6,015	1.6%
22. Alesco Corporation Ltd	5,970	1.6%
23. Washington H. Soul Pattinson & Co Ltd	5,880	1.6%
24. Macquarie Infrastructure Group	5,696	1.6%
25. Macquarie Communications Infrastructure Group	5,680	1.6%
	322,921	88.1%
Total Investments at Market Value and Cash	366,596	

Yours faithfully

A J Hancock
Company Secretary

DIVERSIFIED UNITED INVESTMENT LIMITED
(ABN 33 006 713 177)

HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2005

DIVERSIFIED UNITED INVESTMENT LIMITED

Directors

C B Goode AC - Chairman
G E Moir
M K Myer
R H Myer AM

Company Secretary

Andrew Justin Hancock FCA

Principal Office

Level 4
45 Exhibition Street
Melbourne Vic 3000
Tel: (613) 9654 0499
Fax: (613) 9654 3499
Email: info@dui.com.au
Website: www.dui.com.au

Registered Office

Diversified United Investment Limited
C/- KPMG
147 Collins Street
Melbourne Vic 3000

Bankers

Australia and New Zealand Banking Group Limited
National Australia Bank Limited

Auditors

KPMG
Chartered Accountants

Share Registry

Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford Vic 3067
Tel: 1300 850 505 or (613) 9415 5000
Fax: (613) 9473 2500
Website: www.computershare.com

Stock Exchange

The Company is listed on the Australian Stock Exchange Ltd.

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 2005 and the auditors' review report thereon.

Directors

The names of each person who has been a director of the Company at any time during or since the end of the half-year, are:

<i>Name</i>	<i>Period of Directorship</i>
Charles B. Goode AC Chairman	Director since 1991 Appointed Chairman 1991
Graeme E. Moir	Director since 1991
Martyn K. Myer	Director since 1991
Rupert H. Myer AM	Director since 2002

Review of Operations

Operating profit after income tax (excluding realised capital gains) for the half-year ended 31 December 2005 was \$6,343,000 (previous corresponding period: \$5,726,000). Operating profit after income tax including realised capital gains for the half-year ended 31 December 2005 was \$10,208,000 (previous corresponding period: \$7,441,000). The operating profit after tax includes \$804,000 of special dividends received. The 2004 half-year operating profit after tax included special dividends and distributions received of \$1,158,000 including \$698,000 from Macquarie Infrastructure Group.

At 31 December 2005, 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.

Operating expenses (excluding interest) were 0.12% of the average market value of the portfolio (2004: 0.13%).

DIVERSIFIED UNITED INVESTMENT LIMITED

Directors' Report (Continued)

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

The lead auditor's independence declaration is set out on page 5 and forms part of the directors' report for the half-year ended 31 December 2005.

Rounding Of Amounts

The Company is of a kind referred to in ASIC Class Order 98/0100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

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

Melbourne, 16th February 2006

C B Goode
Director



Lead Auditor's Independence Declaration under Section 307C of the Corporation 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 2005 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

Ms Somerville

Michelle Somerville
Partner

Melbourne

16 February 2006

DIVERSIFIED UNITED INVESTMENT LIMITED

Condensed Income Statement for the Half-Year Ended 31 December 2005

	<i>31 December 2005 \$'000's</i>	<i>31 December 2004 \$'000's</i>
Revenue from investment portfolio	7,717	7,118
Operating expenses	(411)	(346)
Borrowing expenses	(1,097)	(1,082)
	<hr/>	<hr/>
Operating profit before income tax expense and realised capital gains	6,209	5,690
Income tax benefit	134	36
	<hr/>	<hr/>
Net operating profit before realised capital gains	6,343	5,726
	<hr/>	<hr/>
Realised capital gains		
Net realised gains on investment portfolio	5,712	1,833
Income tax (expense) thereon	(1,847)	(118)
	<hr/>	<hr/>
Net realised capital gains	3,865	1,715
	<hr/>	<hr/>
Profits attributable to members of the Company	10,208	7,441
	<hr/> <hr/>	<hr/> <hr/>
Basic and diluted earnings per share (cents)	10.0	7.4

Basic and diluted operating earnings per share (cents) before realised capital gains is shown in Note 3.

The income statement is to be read in conjunction with the notes to the half-year financial statements set out on pages 10 to 14.

DIVERSIFIED UNITED INVESTMENT LIMITED

Condensed Balance Sheet as at 31 December 2005

	Note	31 December 2005 \$'000's	30 June 2005 \$'000's
CURRENT ASSETS			
Cash assets		3,368	3,919
Receivables		918	2,291
Other		29	24
TOTAL CURRENT ASSETS		4,315	6,234
NON-CURRENT ASSETS			
Investment portfolio		363,228	310,806
Deferred tax assets		227	329
TOTAL NON-CURRENT ASSETS		363,455	311,135
TOTAL ASSETS		367,770	317,369
CURRENT LIABILITIES			
Current tax		1,612	-
Payables		60	58
Borrowings		23	-
TOTAL CURRENT LIABILITIES		1,695	58
NON-CURRENT LIABILITIES			
Deferred tax liability		56,794	43,943
Borrowings		35,932	36,000
Provisions		757	657
TOTAL NON-CURRENT LIABILITIES		93,483	80,600
TOTAL LIABILITIES		95,178	80,658
NET ASSETS		272,592	236,711
EQUITY			
Issued capital	5	112,787	111,188
Revaluation reserve		124,567	95,424
Realisation reserve		14,350	-
Retained profits		20,888	30,099
TOTAL EQUITY		272,592	236,711

The balance sheet is to be read in conjunction with the notes to the half-year financial statements set out on pages 10 to 14.

DIVERSIFIED UNITED INVESTMENT LIMITED

Condensed Statement of Changes in Equity for the half-year ended 31 December 2005

		<i>31 December 2005</i>	<i>31 December 2004</i>
	<i>Note</i>	<i>\$'000's</i>	<i>\$'000's</i>
Total equity at the beginning of the period		236,711	190,448
Unrealised gains on investment portfolio net of tax		29,143	28,261
Profit for the period (including realised capital gains)		10,208	7,441
		<hr/>	<hr/>
		39,351	35,702
Transactions with shareholders			
Dividends paid from retained earnings	4	(5,069)	(4,767)
Issue of shares	5	1,599	1,142
		<hr/>	<hr/>
		(3,470)	(3,625)
Total equity at the end of the period		<hr/>	<hr/>
		272,592	222,525

This statement of changes in equity should be read in conjunction with the notes to the half-year financial statements set out on pages 10 to 14.

DIVERSIFIED UNITED INVESTMENT LIMITED

Condensed Statement of Cash Flows for the Half-Year Ended 31 December 2005

	<i>31 December 2005 \$'000's</i>	<i>31 December 2004 \$'000's</i>
	<i>Inflows/ (Outflows)</i>	<i>Inflows/ (Outflows)</i>
Cash flows from operating activities		
Interest received	216	75
Dividends & trust distributions received	8,781	7,512
Operating expenses	(315)	(275)
Finance costs paid	(1,165)	(1,096)
Net cash inflow from operating activities	7,517	6,216
Cash flows from investing activities		
Sales from investment portfolio	14,924	7617
Purchases for investment portfolio	(19,546)	(8,324)
Net cash (outflow) from investing activities	(4,622)	(707)
Cash flows from financing activities		
Dividends paid	(3,470)	(3,625)
Borrowings	24	24
Net cash (outflow) from financing activities	(3,446)	(3,601)
Net increase/(decrease) in cash held	(551)	1,908
Cash at the beginning of the half-year	3,919	1,166
Cash at the end of the half-year	3,368	3,074

The statement of cash flows is to be read in conjunction with the notes to the half-year financial statements set out on pages 10 to 14.

DIVERSIFIED UNITED INVESTMENT LIMITED

Notes to the Condensed Financial Statements for the Half-Year Ended 31 December 2005

1. Statement of Significant Accounting Policies

(a) Basis of Preparation of half-year financial report

The condensed half-year financial statements are a general purpose financial report which have been prepared in accordance with Accounting Standard AASB 134: Interim Financial Reporting, the recognition and measurement requirements of applicable AASB standards, Urgent Issues Group interpretations adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The condensed half-year financial report is to be read in conjunction with the 30 June 2005 Annual Financial Report and any public announcements by Diversified United Investment Ltd during the half-year, in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

These accounting policies have been consistently applied and, except where there is a change in accounting policy as disclosed below and in Note 2, are materially consistent with those applied in the 30 June 2005 Annual Financial Report.

The half-year report does not include full disclosures of the type normally included in the annual financial report.

Australian equivalents to International Financial Reporting Standards

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards ("AIFRS"). The condensed half-year financial report of the Company also complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

Financial statements of the Company until 30 June 2005 had been prepared in accordance with previous Australian General Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing financial statements for the period ended 31 December 2005, the Company has amended certain accounting methods applied in the AGAAP financial statements to comply with AIFRS. Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRS on the Company's equity and its net income are given in Note 2. The Company has restated comparatives for the effect of AIFRS.

(b) Investments

Classification

The Company is a long term investor. Under AIFRS, investments are classified as available-for-sale. After initial recognition at cost, investments are measured at fair value.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement as a realised capital gain or loss.

DIVERSIFIED UNITED INVESTMENT LIMITED

Notes to the Condensed Financial Statements for the Half-Year Ended 31 December 2005

1. Statement of Significant Accounting Policies (continued)

(b) Investments (continued)

Realised Gains on Investment Portfolio included in Net Profit

Under AIFRS, the revaluation adjustment relating to long-term investments standing in the Revaluation Reserve at the time of realisation, which was previously transferred directly to Retained Earnings, is now included in the net profit of the Company before being transferred to the Realisation Reserve.

Realisation Reserve

The Company established a Realisation Reserve as at 1 July 2005 to which all realised capital gains (net of tax) of the Company since inception have been transferred from retained profits.

(c) Taxation

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the company tax rate adjusted by changes in deferred tax assets and liabilities which arise from items being brought to account in different periods for income tax and accounting purposes. Deferred tax assets and deferred tax liabilities are offset where they are expected to reverse in the same periods.

The expected tax on disposal of securities in the investment portfolio is recognised directly in equity and as a deferred tax liability. Where the Company disposes of such securities, tax is calculated on gains made according to the particular parcels allocated to the sale for tax purposes offset against any capital losses carried forward. At this time, the tax recognised directly in equity is transferred to Net Profit and adjusted to actual tax expense. The associated deferred tax liability is similarly adjusted and transferred to tax payable.

(d) Revenue from investment portfolio

The activity of the Company is that of an investment company, returns being in the form of dividends, interest income and trust income. Dividend income is recognised in the income statement at ex-dividend date.

DIVERSIFIED UNITED INVESTMENT LIMITED

Notes to the Condensed Financial Statements for the Half-Year Ended 31 December 2005

2. Explanation of Transition to Australian Equivalents to IFRS

An explanation of how the transition from previous AGAAP to AIFRSs has affected the entity's financial position, financial performance and cash flows is set out below.

(a) Reconciliation of total equity as presented under previous AGAAP to that under AIFRS

	<i>Year Ended 30 June 2005 \$'000</i>	<i>Half-year ended 31 December 2004 \$'000</i>	<i>Date of transition to IFRS 1 July 2004 \$'000</i>
Total equity under AGAAP	279,674	260,765	215,826
<i>Adjustments to equity:</i>			
Providing for tax on unrealised gains ⁽ⁱ⁾	(42,963)	(38,240)	(25,378)
Total equity under AIFRS	<u>236,711</u>	<u>222,525</u>	<u>190,448</u>

- (i) In accordance with AIFRS, the Company has recognised an additional deferred tax liability for the capital gains potentially payable on unrealised gains in the investment portfolio. This liability has been offset against the unrealised gains on the investment portfolio recognised in the Revaluation Reserve.

(b) Reconciliation of the profit or loss reported under previous AGAAP to that under AIFRS

	<i>Year ended 30 June 2005 \$'000</i>	<i>Half-year ended 31 December 2004 \$'000</i>
Profit after tax as previously reported	10,798	5,464
<i>Adjustments to profit:</i>		
Gross realised gains on Investment Portfolio ⁽ⁱ⁾	2,112	1,833
Income tax related to net realised gains on Investment Portfolio	(263)	(118)
Provision for tax on unrealised gains previously recognised transferred direct to equity	575	262
Profit after tax under AIFRS	<u>13,222</u>	<u>7,441</u>

- (i) In accordance with AIFRS, net realised gains are now included in the Net Profit of the Company. Previously these amounts were transferred directly from the Revaluation Reserve to Retained Earnings.

DIVERSIFIED UNITED INVESTMENT LIMITED

Notes to the Condensed Financial Statements for the Half-Year Ended 31 December 2005

3. Earnings per share

	<i>31 December 2005 Cents</i>	<i>31 December 2004 Cents</i>
Basic earnings per share	10.0	7.4
Basic operating earnings per share before realised capital gains	6.2	5.7
Basic operating earnings per share before special dividends and realised capital gains	5.5	4.5

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 is calculated on a weighted average adjusted number of ordinary shares of 101,577,839 taking into account the shares issued in the dividend re-investment program. The 2004 figure is based on a weighted average number of ordinary shares of 100,592,057.

<i>31 December 2005 \$'000's</i>	<i>31 December 2004 \$'000's</i>
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4. Dividends

Dividends recognised in the current period by the Company are:

Final dividend paid on 11 October 2005	<u>5,069</u>	<u>4,767</u>
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Subsequent to reporting date:

Since 31 December 2005, the directors have declared the following dividend payable on 12 April 2006:

- Interim dividend of 4.0 cents per share fully franked	<u>4,076</u>
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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 2005.

DIVERSIFIED UNITED INVESTMENT LIMITED

Notes to the Condensed Financial Statements for the Half-Year Ended 31 December 2005

	<i>31 December 2005 \$'000's</i>	<i>30 June 2005 \$'000's</i>
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5. Issued capital

101,904,470 ordinary fully paid shares
(30 June 2005: 101,320,974)

112,787	111,188
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Movements in ordinary share capital

111,188	109,079
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Balance at beginning of period

Shares Issued

- Dividend re-investment plan

(i)

1,599	2,109
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112,787	111,188
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- (i) In respect of the 2005 final dividend paid on 11 October 2005, 583,496 shares were issued at \$2.74 each under the dividend re-investment plan.

6. Segment Reporting

The Company operates as an investment company in Australia.

7. Contingent Liabilities and Capital Commitments

There were no contingent liabilities or capital commitments as at 31 December 2005.

DIVERSIFIED UNITED INVESTMENT LIMITED

Directors' Declaration

In the opinion of the directors of Diversified United Investment Limited:

1. The financial statements and notes, set out on pages 6 to 14, 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 2005 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 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 16th day of February, 2006

Signed in accordance with a resolution of the Directors:

C B Goode
Director



Independent review report to the members of Diversified United Investment Limited

Scope

We have reviewed the financial report of Diversified United Investment Limited ("the Company") for the half-year ended 31 December 2005, consisting of the condensed interim statements of income, balance sheet, changes in equity, cash flows, accompanying notes and the directors' declaration set out on pages 6 to 15. The Company's directors are responsible for the financial report including the relevant reconciling information regarding adjustments required under the Australian Accounting Standard AASB 1 *First-Time Adoption of Australian equivalents to International Financial Reporting Standards*.

We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the Company's financial position, and performance as represented by the results of its operations and its cash flows and in order for the Company to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Diversified United Investment Limited is not in accordance with:

- (a) the Corporations Act 2001, including:
 - i. giving a true and fair view of the Company's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and
 - ii. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

KPMG

KPMG

msomerville

Michelle Somerville

Partner

Melbourne

16 February 2006