

DIVERSIFIED UNITED INVESTMENT LIMITED

ABN 33 006 713 177

CHAIRMAN'S ADDRESS

DELIVERED BY MR CHARLES GOODE AT THE FOURTEENTH ANNUAL GENERAL MEETING OF THE COMPANY HELD AT LEVEL 5, 161 COLLINS STREET, MELBOURNE ON FRIDAY 7 OCTOBER 2005 AT 9.00 AM

Ladies and Gentlemen,

Welcome to the fourteenth Annual General Meeting of Diversified United Investment Limited.

I can again report that in the latest year there was a satisfactory increase in the Company's profit (before special dividends received and net gains on long term investments) and in our dividends paid, while the accumulation of the net asset backing per share plus dividends paid rose faster than the S&P/ASX300 Accumulation Index.

The operating profit after income tax and before net gains on long term investments was \$10.8m. in the period to 30 June 2005, a decrease of 1%, or, if special dividends received in both periods are excluded, \$9.0m and an increase of 10%. This profit is equivalent to earnings per share of 10.2 cents or 8.9 cents excluding the special dividends.

This year, special dividends totalling \$1.8M, after tax, were received from Australian Gas Light, Macquarie Infrastructure Group, Perpetual Trustees, Telstra and Washington H Soul Pattinson & Co. In 2004, special dividends of \$2.7M were received through the Company's participation in the Foster's and Telstra share buy backs schemes.

Bank borrowings were \$36 million at the end of the financial year (previous year \$34.5 million) modestly gearing the portfolio by around 11%.

Operating expenses represented 0.25% of the average market value of the portfolio.

A final fully franked dividend of 5 cents per share has been declared which with the interim dividend of 3.5 cents brought the dividend for the year to 8.5 cents per share, an increase of 1 cent per share or 13.3% over last year. The dividend has been increased every year since the Company was floated fourteen years ago.

The final dividend will include a Listed Investment Company capital gain "attributable part" of 1 cent per share. This will enable some shareholders to claim a tax deduction in their income tax returns. Details will be provided in the dividend statement.

The net tangible asset backing per share after provision for the final dividend and based on investments at market values and after provision for tax on net realised gains, but not unrealised gains, increased from \$2.10 at 30 June 2004 to \$2.71 at 30 June, 2005, a rise of 29%.

This rise was in a year in which the Australian S&P/ASX 300 Price Index rose by 20.8% but world equity markets were mixed – in the USA the Dow Jones Index fell 1.5% and the Standard and Poors 500 rose 4.4%, while in the UK the Financial Times 100 rose 14.5%.

The performance of an investment in DUI based on the Net Asset Backing per share, assuming all dividends were reinvested, has now outperformed the S&P/ASX 300 Accumulation Index over the one, three, five and seven year periods as follows:

To 30 June 2005	DUI Accumulation % p.a.	S&P ASX 300 Accumulation Index % p.a.
1 Year	32.9	26.0
3 Years	15.8	14.7
5 Years	11.0	9.5
7 Years	13.3	11.5

The Annual Report provides details of the investments of the Company at 30 June 2005 and 30 June 2004, and the proportion of the market value of the investment portfolio held in each company.

At 30 June 2005 we were 98.7% invested in 41 Australian listed companies and 1.3% in cash and bills of exchange.

The largest 25 equity investments comprised 86.6% of the portfolio and the details are set out on page four of the Annual Report.

The largest industry sectors were banking 24.4%; resources 23.5%; diversified financials 7.2%; transportation infrastructure 7.0%; and insurance 6.9%.

Continued Over

Since the end of the financial year we have sold our investment in WMC Resources through the BHP Billiton takeover. We have also sold our holdings in Amcor, Crane Group and CSR and reduced our investment in Vision Systems. We have added to our holdings in IOOF, Transurban Group, AXA Asia Pacific, News Corporation, Alumina and Macquarie Infrastructure Group.

At 30 September 2005 the portfolio was invested in banking 23.2%, resources 23.7%, diversified financials 7.4%, insurance 7.4%, infrastructure 6.1% and cash 4.5%.

Outlook:

The year past has again been a very favourable one for the Australian share market and our Company. It is said that economics is the dismal science but at the moment economists are finding it hard to live up to that reputation. We in Australia have low unemployment, low inflation, low interest rates and reasonable real growth in GDP. We are in a world where good economic growth is predicted to continue and as a country we are benefiting from the peaceful rise of China.

The share market reflects much of this favourable outlook. Good yield stocks are hard to find. Some price/earnings ratios are reasonable but are based on high earnings reflecting historically high profit margins. Our share market has run ahead of major international markets and in many industries overseas investments are looking more attractive.

The outlook is particularly dependent on the continued prosperity of the USA and how it manages the deficits in its balance of payments and Government budget, and its international relationships, particularly with China

Our net asset backing per share based on investments at market values and after provision for tax on net realised gains, but not unrealised gains, and after provision for the final dividend was \$2.71 at 30 June 2005 and \$3.06 at 30 September, 2005.

From 1 July 2005 the Company is required by the new Australian equivalent to International Financial Reporting Standards to provide for estimated tax that would arise on a theoretical disposal of the entire portfolio. DUI is a long term investor and does not intend disposing of its total portfolio. After deducting this provision the figure at 30 September 2005 was \$2.54. We will continue to announce monthly the NTA both before and after the provision.

Charles Goode
Chairman