DIVERSIFIED UNITED INVESTMENT LIMITED

ABN 33 006 713 177

CHAIRMAN'S ADDRESS

DELIVERED BY MR CHARLES GOODE AT THE SEVENTEENTH ANNUAL GENERAL MEETING OF THE COMPANY HELD AT 147 COLLINS STREET, MELBOURNE ON WEDNESDAY 15 OCTOBER 2008 AT 9.00 AM

Ladies and Gentlemen,

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

I can report that in the latest year there was a good increase in the Company's profit (before special dividends received and net gains on long term investments) and in our dividends paid. However the accumulation of the net asset backing per share plus dividends paid declined 12.2%, which was a little less than the comparable index decline of 13.7%.

The operating profit after income tax and before net gains on long term investments was $20 million in the period to 30 June 2008, an increase of 20%, or, if special dividends received in both periods are excluded, $18.7 million, an increase of 18.6%. The year's result reflects a 12% increase in income from dividends and trust distributions, a large increase in interest income and a 6% higher interest expense. In March and April $54M of new equity was raised through a share placement and the share purchase plan.

The operating earnings per share excluding realised gains were 15.4 cents, compared to 13.5 cents for the previous year. Excluding special dividends, earnings per share were 14.4 cents, a rise of 13% over the 12.7 cents for the previous year.

This year, special dividends totalling $1,302,000, after tax, were received from Alinta, Henderson Group, Southern Cross Broadcasting, Macquarie Airports, Macquarie Capital Alliance and Village Roadshow. In 2007, special dividends of $891,000 were received.

Bank borrowings were $40 million at the end of the financial year (previous year $73 million) amounting to around 7% of the investment portfolio at market value. At this level of borrowings our annual interest expense was covered seven times by investment revenue.

Operating expenses represented 0.14% of the average market value of the portfolio compared to 0.17% last year.

A final fully franked dividend of 7 cents per share has been declared which with the interim dividend of 6 cents brought the dividend for the year to 13 cents per share, an increase of 1 cent per share or 8% over last year. The dividend has been increased every year since the Company was floated seventeen years ago.

The final dividend will include a Listed Investment Company capital gain dividend of 6.4 cents per share. This will enable some shareholders to claim a tax deduction in their income tax return. Details will be provided in the dividend statement. The ability of the Company to pay LIC dividends is dependent on a number of factors including the level of gains realised from time to time on the long term investment portfolio. This year realised investment gains included the takeover of our holdings in Alinta and Southern Cross Broadcasting.

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, declined from $4.10 at 30 June 2007 to $3.47 at 30 June, 2008, a fall of 15%.

This decline was in a year in which the Australian S&P/ASX 200 Price Index fell by 17%, while in the USA the Dow Jones Index fell 15% and the Standard and Poors 500 fell 15%, the UK Financial Times 100 Index fell 15%, and the Japan Nikkei – 225 Index fell 26%.

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

Continued Over

To 30 June 2008	***DUI Accumulation % p.a.***	***S&P ASX 300 Accumulation Index % p.a.***
1 Year	(12.2)	(13.7)
3 Years	13.4	11.4
5 Years	19.3	16.2

The Annual Report provides details of the investments of the Company at 30 June 2008 and 30 June 2007, and the proportion of the market value of the investment portfolio held in each company.

At 30 June 2008 we were 91.5% invested in 41 Australian listed companies or trusts and 8.5% in cash and bills of exchange.

The largest 25 equity investments comprised 82.6% of the portfolio and the details are set out on page five of the Annual Report.

The largest industry sectors were Resources 36%; Banking 16%; Insurance 6%; and Diversified Financials 6%.

Since the end of the financial year, we have taken up our entitlements in the issues by Orica, Australand and Alumina.

At 30 September 2008 our borrowings (all at fixed rates) were $45M while cash reserves were $55M. The portfolio was invested in the Resources sector as to 29%, Banking 18%, Diversified Financials 5%, Insurance 8%, and Property 5%.

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 $3.47 at 30 June 2008 and $3.08 at 30 September, 2008.

DUI is a long term investor and does not intend disposing of its total portfolio. However, under current accounting standards, the Company is required to provide for estimated tax that would arise on a theoretical disposal of the entire portfolio. After deducting this provision the figure was $3.00 at 30 June 2008 and at 30 September 2008 was $2.74.

Outlook:

Our portfolio this year to date has fallen with the decline in the Australian share market. We expect continued uncertainty and volatility and expect to be fairly inactive as we hold a solid portfolio of stocks through these times. We expect our dividend income to be maintained although the market value of our portfolio will experience more than normal fluctuations.

Charles Goode
Chairman