

DIVERSIFIED UNITED INVESTMENT LIMITED

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HALF YEARLY REPORT TO SHAREHOLDERS

Half Year Ended 31 December 2001

Dear Shareholder,

On 18 February 2002 the Directors made the following report to the Australian Stock Exchange concerning the company's performance and interim dividend:-

Profit

For the half year ended 31 December 2001 the Company earned an operating profit after tax and before net gains on long term investments of \$3,402,000 (previous corresponding period were \$3,474,000). The profit after net gains on long term investments and after income tax for the half year, was \$14,612,000 (previously \$4,536,000).

Operating expenses (excluding interest and write downs) were 0.09% of the average market value of the portfolio (previously 0.12%).

The earnings per share based on the weighted average number of shares on issue for the half year using operating profit after tax and before net profits on sales of long term investments, were 3.5 cents per share (previous corresponding period 3.7 cents). Including net profits (after tax) on sales of long term investments, the earnings per share were 14.9 cents per share (previously 4.8 cents).

Interim Dividend

The Directors also announced an interim dividend of 2.5 cents per share fully franked to shareholders registered on 28 March 2002, to be paid on 11 April 2002. The comparable 2001 interim dividend was also 2.5 cents per share fully franked.

Asset Backing

The net tangible asset backing per share based on the market valuation of investments was \$2.07 at 31 December 2001. This calculation is after provision for tax on net realised gains, before tax on unrealised gains and after provision for the interim dividend of 2.5 cents per share.

The Company is a long term investor and does not intend disposing of its total portfolio. If estimated tax on unrealised portfolio gains were to be deducted, the above figure would be \$1.82 at 31 December 2001.

Investment Portfolio

At 31 December 2001 the investment portfolio at market values was invested in the following areas:

Australian Equities	88%
International Equities	2%
Fixed Interest Securities	2%
Listed Property Securities	6%
Short Term Deposits	2%

The current asset allocation targets, which are subject to change in the light of the investment climate from time to time, are Australian equities 80%, international equities 5%, fixed interest securities 5%, listed property securities 5% and short term deposits 5%.

As at 31 December 2001 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. Mayne Nickless Ltd	16,127	7.0%
2. ANZ Banking Group Ltd	14,818	6.4%
3. National Australia Bank Ltd	12,744	5.5%
4. WMC Limited	12,680	5.5%
5. Woodside Petroleum Ltd	12,051	5.3%
6. Commonwealth Bank of Australia Ltd	11,976	5.2%
7. Tabcorp Holdings Ltd	9,840	4.3%
8. CSL Ltd	7,981	3.5%
9. Rio Tinto Ltd	7,442	3.2%
10. Foster's Group Ltd	7,290	3.2%
11. Westpac Banking Corporation Ltd	7,169	3.1%
12. Perpetual Trustees Ltd	7,121	3.1%
13. Telstra Corporation Ltd	6,882	3.0%
14. QBE Insurance Group Ltd	6,451	2.8%
15. AMP Ltd	6,270	2.7%
16. Australian Gas Light Company Ltd	5,448	2.4%
17. Visions Systems Ltd		
– Ordinary	2,594	1.1%
– Ordinary Ex Prefs	2,526	1.1%
18. Transurban Ltd	4,370	1.9%
19. Westfield Trust	3,806	1.7%
20. Brambles Industries Ltd	3,640	1.6%
21. Lend Lease Corporation Ltd	3,523	1.5%
22. Southern Cross Broadcasting (Aust) Ltd	3,330	1.5%
23. The News Corporation (Preference Shares)	3,296	1.4%
24. Australand Holdings Ltd	2,775	1.2%
25. Washington H. Soul Pattison & Co.	2,634	1.1%
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	184,784	80.3%
 Total Investments at Market Value and Cash	 <hr/> <hr/>	 <hr/> <hr/>
	230,146	

Yours faithfully,

Charles Goode
Chairman