

DIVERSIFIED UNITED INVESTMENT LIMITED

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HALF YEARLY REPORT TO SHAREHOLDERS

HALF YEAR ENDED 31 DECEMBER 2002

Dear Shareholder,

On 18 February 2003 the Directors made the following report to the Australian Stock Exchange concerning the company's performance and interim dividend:-

Operating Profit

Operating profit after income tax for the half year ended 31 December 2002 was \$3,615,000 (previous corresponding period: \$3,402,000), an increase of 6.3%. The result does not include the notional, non-cash, non-taxable dividend forming part of the WMC demerger Scheme of Arrangement implemented in December 2002.

Operating expenses (excluding interest and write downs) were 0.15% of the average market value of the portfolio (previously 0.09%).

The earnings per share based on the weighted average number of shares on issue for the half year was 3.7 cents per share (last year 3.5 cents).

Dividends

The Directors also announce an interim dividend of 2.5 cents per share fully franked to shareholders registered on 28 March 2003, to be paid on 11 April 2003. The comparable 2002 interim dividend was 2.5 cents per share fully franked.

Asset Backing

The net tangible asset backing per share based on the market valuation of investments was \$1.78 at 31 December 2002 and \$1.73 at 31 January 2003. 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 \$1.63 at 31 December 2002 and \$1.60 at 31 January 2003.

Investment Portfolio

At 31 December 2002 the investment portfolio at market values was invested in the following areas:

Australian Equities	88%
Fixed Interest Securities	4%
Listed Property Securities	7%
Short Term Deposits	1%

The current asset allocation targets, which are subject to change in the light of the investment climate from time to time, are Australian equities 90%, fixed interest securities 3%, listed property securities 6% and short term deposits 1%.

As at 31 December 2002 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. ANZ Banking Group Ltd	14,435	7.2%
2. National Australia Bank Ltd	12,700	6.3%
3. Woodside Petroleum Ltd	11,142	5.5%
4. Commonwealth Bank of Australia Ltd	10,800	5.4%
5. Tabcorp Holdings Ltd	10,650	5.3%
6. Westpac Banking Corporation Ltd	8,250	4.1%
7. Foster's Group Ltd	7,650	3.8%
8. Mayne Group Ltd	7,641	3.8%
9. QBE Insurance Group Ltd	7,335	3.6%
10. Rio Tinto Ltd	6,790	3.4%
11. Australand Holdings Ltd		
- Ordinary	2,880	1.4%
- Reset Preference Shares	3,811	1.9%
12. Alumina Ltd	6,493	3.2%
13. Perpetual Trustees Ltd	6,456	3.2%
14. Australian Gas Light Company Ltd	6,324	3.1%
15. WMC Resources Ltd	5,592	2.8%
16. Telstra Corporation Ltd	5,579	2.8%
17. Southern Cross Broadcasting (Aust) Ltd	4,650	2.3%
18. Foodland Associated Ltd	4,438	2.2%
19. AMP Ltd		
- Ordinary	3,611	1.8%
- Reset Preference Shares	676	0.3%
20. Transurban Citylink Ltd	4,020	2.0%
21. Westfield Trust	3,817	1.9%
22. Vision Systems Ltd	3,750	1.9%
23. CSL Ltd	3,348	1.7%
24. Washington H. Soul Pattinson & Co Ltd	3,108	1.5%
25. TAB Limited	3,030	1.5%
		83.9%
	168,976	
Total Investments at Market Value and Cash	201,465	

Yours faithfully



Charles Goode
Chairman