Ladies and Gentlemen,

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

I can report that in the latest year there was a modest increase in the Company's profit (before net gains on long term investments), and in the dividend while the net asset backing per share declined amidst falling equity markets.

The operating profit after income tax and before net gains on long term investments was $6.9m. in the period to 30 June 2002, an increase of 1.6%. This profit is equivalent to earnings per share of 7.1 cents.

The year's result reflects a good increase in income from dividends of $622,000 and trust income $331,000 offset by higher borrowing costs of $387,000 and a reduction in the profits from trading and options income of $539,000.

A final fully franked dividend of 4 cents per share has been declared which with the interim dividend of 2.5 cents brought the dividend for the year to 6.5 cents per share. This is the tenth consecutive year in which the dividend has been increased.

The Company has elected to revalue its non-current investments to market value on a continuous basis. This means that unrealised gains and losses arising from the disposal of non-current investments are transferred from the Asset Revaluation Reserve to Retained Profits and are not recognised in the Statement of Financial Performance. This is a change in accounting policy which directors believe will provide more relevant information particularly as to asset values in the Statement of Financial Position and has been applied as from 1st July, 2001.

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, decreased from $2.14 at 30 June 2001 to $1.94 at 30 June, 2002, a fall of 9.3%.

This decline was in a year in which world equity markets declined sharply with in the USA the Dow Jones Index falling 12% and the S&P 500 falling 19%; the Financial Times 100 falling by 17.5%, the French market falling 25%, the German market falling 28% and the Australian All Ordinaries Index declining by 7.6%.

Over the last five years the performance of an investment in DUI based on the Net Asset Backing per share, assuming all dividends were reinvested, has grown 9.8% per annum compound compared with 7% per annum compound for the S&P/ASX 300 Accumulation Index.

The Annual Report provides you with details of investments of the Company at 30 June 2002 and 30 June 2001; the proportion of the market value of the investment portfolio held in each company; and a brief description of the overseas companies in which the Company has a shareholding.

The Annual Report shows the investment portfolio comprises investments in the equities of 37 companies listed in Australia (88.2% of the portfolio); in the equities of four companies listed overseas (2.2% of the portfolio); in the converting preference shares or convertible notes of four companies (3.3% of the portfolio); in twelve listed property trusts (6.1% of the portfolio); and cash (0.2% of the portfolio).

The largest 25 equity investments comprised 83.4% of the portfolio and the details are set out on page four of the Annual Report.

The largest industry sectors were banking 25%; resources 14%; health care 7%; and media and communications 6%.

Outlook for World Economy:

The USA had an increase in its real GDP of only 0.3% in calendar 2001 and for this calendar year it is expected to be 1% to 2% and only a little higher in 2003.

Although the US economy appears to be recovering, albeit hesitantly, from last year's recession, it is unlikely that the US will make the same contribution to world growth in the next few years as it did in the 1990's. During that decade domestic USA demand grew at 4% per annum and absorbed imports at double digit growth per annum. The US current account deficit has now reached 5% of GDP and therefore there is a limit on the extent it can continue to stimulate world economic activity.

The US has had a mild recession with strong consumer demand and falling and low interest rates being major supporting factors. The Federal Reserve cut interest rates 13 times with a reduction in rates from 6.5% to 1.75%. The mildness of the recession may be reflected in the mildness of the recovery.

Europe continues to be sluggish seemingly more interested in the quality of life than economic progress and there is little progress in structural reforms of the labour market and fast adoption of new technology.

Japan is even slower in making structural changes and addressing the problems of its labour market, the non-performing loans in the banking sector, the level of consumer confidence, and the rising Government deficit which is now 6.5% of GDP.

There seems to be a general expectation of a strong economic pick up in the rest of East Asia in 2003 on the basis of a recovery in the US economy and in the case of some countries the successful fostering of stronger domestic demand.

In this world scene China and Australia have outstanding economic performances. Australia continues to perform better than the world average with a stable political environment, 3.5% real annual GDP growth, 2%-3% inflation, 6%-7% unemployment, a balanced Government budget, and a balance of payments deficit of 3.5% of GDP.

Australian Market:

If we look at movements in the Australian sharemarket since 1880 we can identify eight major bull markets – periods in which the All Ordinaries Index increased by more than 50% in real terms. These bull markets averaged around ten years and these markets were characterised by good growth in GDP, low inflation, and steady or falling interest rates.

Bull Markets	Length Of Period	Nominal Terms (%)	Real Terms (%)	Average GDP Growth Rate (% pa)	Average Inflation Rate (% pa)	Ch. In 10-year bond yield (pc pts)
1880-1889	9	119	112	4.9	0.3	-20.9
1893-1914	21	237	156	3.5	1.3	0.3
1918-1929	11	164	113	2.3	2.0	0.3
1931-1937	6	137	121	4.4	1.2	0.6
1953-1968	15	328	191	4.6	2.6	0.6
1977-1980	3	98	53	2.9	8.9	1.4
1983-1987	4	271	162	2.9	7.2	-3.6
1991-2001	10	123	88	3.6	1.7	-5.2
Average	7.9	175	121	3.6	3.1	-3.6

Footnotes:
The years are to 30 June.
The GDP implicit price deflator has been used.
The quality of the data is variable particularly for the earlier years.

There have been seven bear markets – those in which the All Ordinaries Index has fallen by more than 20% in real terms. The bear markets are on average half as long being four to five years and are characterised by either low or negative GDP movements, or high inflation or rising interest rates.

Bear Markets	Length of Period	Nominal Terms (%)	Real Terms (%)	Average GDP Growth Rate (% pa)	Average Inflation Rate (% pa)	Ch. In 10-year bond yield (pc pts)
1889-1893	4	-32	-22	-4.5	-3.6	0.4
1914-1918	4	-15	-35	2.1	7.1	0.7
1929-1931	2	-44	-31	-4.0	-9.6	1.3
1937-1953	16	32	-55	3.2	6.9	0.5
1968-1977	11	-24	-67	4.1	9.7	5.3
1980-1982	2	-22	-36	3.2	10.4	4.6
1987-1991	4	-16	-34	3.2	6.5	-1.7
Average	4.7	-20	-42	1.0	3.7	1.6

We have just come off a typical ten year bull market which has been less spectacular than previous bull markets despite the strong performance of the economy. This period was relatively free of the speculative pressures that often characterised previous bull markets and which were prevalent in the US and elsewhere in the second half of the nineties.

Looking at our position going forward it seems we can expect reasonable GDP growth, low inflation and a modest increase in bond yields. This would suggest a sideways market outlook.

If we look at the movements in the share of corporate after-tax profits as a percentage of GDP since 1960 we see it has fallen from 5% - 6% in the 1960/65 period to around 1% in 1975 and then risen to a peak of 7.5% in 1994. Since then it has drifted off to around 6% but this is still at the high end of the range.

The sharemarket capitalisation as a percentage of GDP has risen from around 40% in the 1987-1992 period to 100% and only around 15% of this level can be explained by privatisations.

Our conclusions are that we are not particularly concerned about a sharp drop in the market from current levels but we do not expect a resumption of the increases we have seen over the last decade. We consider the likelihood is for the market, over the next few years to fluctuate but broadly remain around the current level or increase modestly in line with GDP growth as it is unlikely to benefit from falling interest rates or an increase of GDP going to corporate profits.

Applying this outlook to our investment portfolio we are concentrating on franked dividend income from sound companies with a reasonable outlook. Since 30 June 2002 we have exited from our modest holdings in international shares as the dividends are low, are unfranked, the outlook for the Australian dollar is reasonable, and the Australian sharemarket is showing greater steadiness than international markets. We have done well out of our investments in international markets and we may well return to such investments in future years.

It is interesting to see the increases in the major share indices from 1st January 1995 to 1 January 2000 and then the fall to 1st September 2002.

		% Change 1.1.95-1.1.2000	% Change 1.1.2000-30.9.2002	% Change from High in March Qtr. 2000 to 30.9.02
USA	S & P 500	+ 219	- 44	- 47%
UK	FTSE 100	+ 126	- 46	- 46%
German	DAX	+ 232	- 60	- 66%
Japan	Nikkei	- 4	- 50	- 55%
Australia	S&P/ASX200	+ 68	- 5	- 15%

We have also reduced the size of our trading portfolio and the associated writing of options.

As we do not see interest rates falling further our investments for income, are not in fixed income securities but in ordinary shares, listed property trusts, convertible securities and short-term deposits. Our target percentages at the meeting of directors today were moved from 85% Australian Equities to 90%, international equities from 2.5% to zero, listed property trusts from 5% to 6%, convertible instruments from 2.5% to 3% and short-term deposits from 5% to 1%.

The 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 $1.94 at 30 June 2002 and $1.77 at 30 September, 2002.

Charles Goode
Chairman

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DIVERSIFIED UNITED INVESTMENT LIMITED

ABN 33 006 713 177

CHAIRMAN'S ADDRESS

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ANNUAL GENERAL MEETING
MONDAY 7 OCTOBER 2002