

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

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AUSTRALIA

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HALF YEARLY REPORT TO SHAREHOLDERS

17 March 2014

Dear Shareholder,

Dividend Payment Enclosed

Enclosed with this letter is payment of the 14.5¢ per share fully franked interim dividend, by way of cheque, notification of direct banking, or notification of allotment of shares under the Dividend Reinvestment Plan, according to your instructions.

Net Asset Backing 28 February 2014

At 28 February 2014 the unaudited net tangible asset backing of the Company's ordinary shares, based on investments at market value, after the tax effect of realised gains and before estimated tax on net unrealised gains/losses, and after provision for the interim dividend was \$8.49 per share, or \$7.27 per share after providing for estimated tax on unrealised portfolio gains.

Results for Half Year Ended 31 December 2013

On 18 February 2014 the Directors made the following report to the Australian Securities Exchange concerning the Company's performance and the interim dividend:-

Profit and Realised Capital Gains/Losses

Profit after income tax for the half year ended 31 December 2013 was \$20,885,039 (previous corresponding period: \$17,734,318). The Profit includes special and demerger dividends of \$1,190,550 after tax. The previous corresponding period included special and demerger dividends of \$170,345 after tax.

Excluding special and demerger dividends Profit after tax rose 12%.*

Net realised gains on the investment portfolio after tax were \$1,966,597 (previous corresponding period losses of \$12,763,789), which under accounting standards are transferred directly to the Asset Revaluation Reserve and are not included in Net Profit.

Operating expenses (excluding interest) for the half year were 0.05% of the average market value of the portfolio (previous corresponding period 0.07%).

Earnings Per Share

The earnings per share based on the weighted average number of shares on issue for the half year were 19.4 cents per share (18.3 cents excluding special and demerger dividends) compared to 16.8 cents (16.6* cents excluding special and demerger dividends) for the previous corresponding period. The weighted average number of ordinary shares for the period was 107,770,055 against 105,867,362 in the previous corresponding period, an increase of 1.8%.*

Dividends

The Directors have declared an interim dividend of 14.5 cents per share fully franked to shareholders registered on 27 February 2014, to be paid on 17 March 2014. The comparable 2013 interim dividend was 13.5 cents per share fully franked.

LIC Capital Gains

The interim dividend will not include any Listed Investment Company capital gain dividend.

Dividend Reinvestment Plan

The Company operates a Dividend Reinvestment Plan ("DRP") under which shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares. Pricing of the new DRP shares will be at the average selling price (without discount) of shares traded on the Australian Securities Exchange in the five trading days beginning from the day the shares begin trading on an ex dividend basis. The last day for the receipt of an election notice for participation in the plan is 27 February 2014.

Asset Backing

The net tangible asset backing per share based on the market valuation of investments was \$8.53 at 31 December 2013 and \$8.23 at 31 January 2014. These calculations are after the tax effect of realised gains, before tax on unrealised gains/losses, 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 portfolio gains were to be deducted, the above figures would be \$7.32 at 31 December 2013 and \$7.11 at 31 January 2014.

Performance

The Company's net asset backing accumulation performance for the six months to 31 December 2013 (assuming all dividends were reinvested) was a rise of 16%, compared to the rise of 14% in the S&P ASX 300 Accumulation index. The Company's returns are after tax and expenses and the impact of the Company's gearing for which no allowance is made in the index.

Investment Portfolio

Company	Market Value \$'000	% of Market Value of Total Investments
1. Australian & New Zealand Banking Group Ltd	88,633	8.7%
2. BHP Billiton Ltd	77,880	7.6%
3. Commonwealth Bank Ltd	77,800	7.6%
4. Westpac Banking Corporation Ltd	76,093	7.4%
5. National Australia Bank Ltd	73,143	7.2%
6. Wesfarmers Ltd	63,066	6.2%
7. Rio Tinto Ltd	55,572	5.4%
8. Woodside Petroleum Ltd	48,625	4.7%
9. Diversified United Investment Ltd	42,360	4.1%
10. Woolworths Ltd	40,620	4.0%
11. Orica Ltd	23,860	2.3%
12. Origin Energy Ltd	21,105	2.1%
13. CSL Ltd	20,688	2.0%
14. Brambles Ltd	19,215	1.9%
15. Transurban Group Ltd	19,152	1.9%
16. Oil Search Ltd	16,220	1.6%
17. Santos Ltd	16,093	1.6%
18. Telstra Corporation Ltd	15,750	1.5%
19. AMP Ltd	15,365	1.5%
20. Mystate Ltd	12,662	1.2%
21. Amalgamated Holdings Ltd	12,285	1.2%
22. Ramsay Health Care Ltd	11,896	1.2%
23. BT Investment Management Ltd	11,500	1.1%
24. QBE Insurance Group Ltd	11,165	1.1%
25. Tatts Group Ltd	9,300	0.9%
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	880,048	86.0%

**Total Investments at Market Value, Short Term
Receivables and Cash**

1,022,861

Yours faithfully,



A J Hancock
Company Secretary

* Additional non IFRS information, not subject to external review.