

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

ABN 37 004 268 679

LEVEL 20
101 COLLINS STREET
MELBOURNE VIC 3000
AUSTRALIA

TEL (613) 9654 0499
FAX (613) 9654 3499

HALF YEARLY REPORT TO SHAREHOLDERS

15 March 2012

Dear Shareholder,

Dividend Payment Enclosed

Enclosed with this letter is payment of the 13¢ 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 29 February 2012

At 29 February 2012 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 \$6.50, or \$5.83 per share after providing for estimated tax on unrealised portfolio gains.

Results for Half Year Ended 31 December 2011

On 15 February 2012 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 2011 was \$17,414,378 (previous corresponding period: \$17,803,943). The Profit includes special and additional dividends of \$401,874 after tax, comprising special dividends of \$37,874 and an additional second dividend of \$364,000 after tax received from Mystate Ltd, being the 2012 interim dividend paid early. In the previous corresponding period special dividends of \$2,021,500 were received.

Excluding special and additional dividends Profit after tax rose 8%.*

Net realised losses on the investment portfolio after tax were \$5,522,528 (previously losses of \$2,230,605), 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 0.06% of the average market value of the portfolio (previously 0.07%).

Earnings Per Share

The earnings per share based on the weighted average number of shares on issue for the half year were 16.6 cents per share (16.2 cents excluding special and additional dividends) compared to 17.2 cents (15.3* cents excluding special dividends) for the period to 31 December 2010. The weighted average number of ordinary shares for the period was 104,967,037 against 103,388,144 in the previous period, an increase of 1.4%.*

Dividends

The Directors have declared an interim dividend of 13.0 cents per share fully franked to shareholders registered on 28 February 2012, to be paid on 15 March 2012. The comparable 2011 interim dividend was 12 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 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 28 February 2012.

Asset Backing

The net tangible asset backing per share based on the market valuation of investments was \$6.17 at 31 December 2011 and \$6.50 at 31 January 2012. 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 \$5.62 at 31 December 2011 and \$5.85 at 31 January 2012.

Performance

The Company's net asset backing accumulation performance for the six months to 31 December 2011 (assuming all dividends were reinvested) was a fall of 12.9%, compared to falls of 9.7% and 9.8% respectively in the S&P ASX 200 and 300 Accumulation indices. 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 indices.

Investment Portfolio

As at 31 December 2011 the twenty-five largest shareholdings of the company, at market values were:

Company	Market Value \$'000	% of Market Value of Total Investments
1. BHP Billiton Ltd	72,282	9.7%
2. Rio Tinto Ltd	55,175	7.4%
3. ANZ Banking Group Ltd	54,404	7.3%
4. Commonwealth Bank Ltd	49,220	6.6%
5. National Australia Bank Ltd	46,720	6.3%
6. Westpac Banking Corporation Ltd	44,000	5.9%
7. Wesfarmers Ltd PPS & Ordinary	42,800	5.7%
8. Woodside Petroleum Ltd	38,275	5.1%
9. Woolworths Ltd	30,120	4.0%
10. Diversified United Investment Ltd	27,480	3.7%
11. Orica Ltd	24,240	3.3%
12. QBE Insurance Group Ltd	18,130	2.4%
13. Origin Energy Ltd	16,008	2.1%
14. AGL Energy Ltd	14,330	1.9%
15. Brambles Ltd	14,320	1.9%
16. AMP Ltd	13,024	1.7%
17. Santos Ltd	12,240	1.6%
18. Transurban Group	11,802	1.6%
19. Alumina Ltd	10,804	1.4%
20. Telstra Corporation Ltd	9,990	1.3%
21. CSL Ltd	9,600	1.3%
22. SP AusNet	9,400	1.3%
23. Westfield Group	9,372	1.3%
24. Newcrest Mining Ltd	8,880	1.2%
25. Mystate Ltd	8,736	1.2%
	651,352	87.2%

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

746,762

Yours faithfully,



A J Hancock
Company Secretary"

* Additional non IFRS information, unaudited.