AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED
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HALF YEARLY REPORT TO SHAREHOLDERS

25 March 2009

Dear Shareholder,

Dividend Payment Enclosed

Enclosed with this letter is payment of the 11.5¢ 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 2009

At 28 February 2009 the net asset backing per share after the tax effect of net realised gains/losses, before tax on unrealised gains, and after provision for the interim dividend was $4.91, or $4.62 after providing for estimated tax on unrealised portfolio gains.

Results for Half Year Ended 31 December 2008

On 26 February 2009 the Directors made the following report to the Australian Securities Exchange concerning the company's performance and the interim dividend:-

"Operating Profit and Realised Capital Gains/Losses

Operating profit after income tax and before net realised and unrealised losses on the investment portfolio for the half year ended 31 December 2008 was $17,263,465 (previous corresponding period: $16,187,906). Operating profit includes special dividends and distributions received of $901,920 (previously $2,103,577).

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

Net realised losses on the investment portfolio after tax were $1,945,219 (previously gains of $16,949,916).

Unrealised Losses

Unrealised losses on the investment portfolio after tax transferred from the revaluation reserve were $7,337,000. Directors do not regard these unrealised losses as part of the normal operating profit of the Company which is used to determine the amount proposed to be paid as dividends.

Accounting standard AASB139 requires the company to assess whether any of its investments are "impaired" and if so transfer the unrealised loss on those investments previously recognised in the revaluation reserve to the Income Statement. As the company revalues its investments continuously through the revaluation reserve to current market values this does not affect the balance sheet valuation of net assets or the value of shareholder equity.

The accounting standards require recognition of impairment in the Income Statement to be based on a number of factors including the market price in the case of listed investments. Specifically the standard states that either a significant or prolonged decline in the market share price relative to the cost price is objective evidence of impairment. The standard does not prescribe the definition of the terms "significant" or "prolonged", leading to the possibility of differing interpretations.

The Company believes the share market will recognise fair value over the longer term but in the short term the market price may well under value or overvalue a company for a number of reasons including short term fluctuations in the economic cycle and investor confidence.

The Company is a long term investor and only makes a sale when there has been a fundamental change in the long term outlook for an investment, usually arising from significant changes in economic, regulatory or industry structural factors, or an alternative investment looks more attractive over the long term, or in response to a takeover offer. This long term investment approach is recognised in the Australian taxation legislation through the recognition of Listed Investment Company status for the Company.

The directors have adopted a policy for the assessment of impairment which takes into consideration this long term approach to investment. It is a policy that is very similar to that recommended by the association that represents the interests of similar well established Australian listed investment companies. On the basis of this policy the directors have determined that the only investments that require an impairment charge are those for which a decision has been made to sell at a price below cost.

However the international auditing profession has adopted a different interpretation of the terms "significant" and "prolonged" which does not take into account the long term nature of the Company's investment activities. Under this interpretation, which places more significance on short term movements in share prices than directors believe is appropriate for this Company, a small number of additional investments were deemed to be impaired. Directors are of the view that the unrealised losses recognised in this charge do not represent a permanent diminution in the long term fair value of the investments in question.

Dividends

The Directors have declared an interim dividend of 11.5 cents per share fully franked to shareholders registered on 10 March 2009, to be paid on 25 March 2009. The comparable 2008 interim dividend was 11.5 cents per share fully franked. The dividend contains no Listed Investment Company capital gains. This dividend is being paid about two weeks earlier than previous years and it is the Company's intention that future interim dividends will be paid on or about this date.

Earnings Per Share

The operating earnings per share based on the weighted average number of shares on issue for the half year were 18.1 cents per share (17.2 cents excluding the special dividends) compared to 18.8 cents for the half year to 31 December 2008 (16.4 cents excluding special dividends).

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 a 3% discount to the average selling price 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 10 March 2009.

Asset Backing

The net tangible asset backing per share based on the market valuation of investments was $5.47 at 31 December 2008 and $5.21 at 31 January 2009. These calculations are after the tax effect of net realised gains/losses, 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 $5.03 at 31 December 2008 and $4.85 at 31 January 2009.

Performance

The Company's net asset backing accumulation performance for the six months to 31 December 2008 (assuming all dividends were reinvested) was a decline of 30.0%, compared to a decline of 27.2% in the S&P ASX 300 Accumulation index.

Investment Portfolio

As at 31 December 2008 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	63,924	11.1%
2.	Woodside Petroleum Ltd	36,700	6.4%
3.	Westpac Banking Corporation Ltd	35,637	6.2%
4.	Diversified United Investment Ltd	29,520	5.1%
5.	ANZ Banking Group Ltd	29,433	5.1%
6.	National Australia Bank Ltd	29,218	5.1%
7.	Woolworths Ltd	26,670	4.6%
8.	Commonwealth Bank Ltd	23,596	4.1%
9.	Rio Tinto Ltd	22,800	3.9%
10.	QBE Insurance Group Ltd	21,939	3.8%
11.	Wesfarmers Ltd	18,000	3.1%
12.	Telstra Corporation Ltd	15,320	2.7%
13.	Brambles Ltd	13,356	2.3%
14.	Westfield Group	12,950	2.2%
15.	Origin Energy Ltd	12,896	2.2%
16.	Orica Ltd	12,582	2.2%
17.	AXA Asia Pacific Holdings Ltd	12,350	2.1%
18.	Tabcorp Holdings Ltd	11,184	1.9%
19.	AGL Energy Ltd	10,682	1.9%
20.	CSL Ltd	10,110	1.7%
21.	Perpetual Ltd	9,272	1.6%
22.	Suncorp Metway Ltd	8,400	1.4%
23.	Transurban Group Ltd	8,100	1.4%
24.	Alumina Ltd	7,923	1.4%
25.	Tattersall's Ltd	6,138	1.1%
		488,700	84.6%

Total Investments at Market Value and Cash 577,362"

Yours faithfully,

A J Hancock,
Company Secretary