

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 2011

Dear Shareholder,

Dividend Payment Enclosed

Enclosed with this letter is payment of the 12¢ 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 2011

At 28 February 2011 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 \$7.48, or \$6.50 per share after providing for estimated tax on unrealised portfolio gains.

Results for Half Year Ended 31 December 2010

On 17 February 2011 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 2010 was \$17,803,943 (previous corresponding period: \$12,048,460). Operating profit includes special dividends and distributions of \$2,021,500. There were no special dividends or distributions received in the prior period.

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

Net realised losses on the investment portfolio after tax were \$2,230,605 (previously gains of \$1,149,652).

Earnings Per Share

The operating earnings per share based on the weighted average number of shares on issue for the half year were 17.2 cents per share (15.3 cents excluding special dividends) compared to 12.3 cents for the period to 31 December 2009. The weighted average number of ordinary shares for the period was 103,388,144 against 97,829,793 in the previous period, an increase of 5.7%.

Dividends

The Directors have declared an interim dividend of 12.0 cents per share fully franked to shareholders registered on 28 February 2011, to be paid on 15 March 2011. The comparable 2010 interim dividend was 11.5 cents per share fully franked. The dividend contains no Listed Investment Company capital gains.

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 2.5% 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 28 February 2011.

Asset Backing

The net tangible asset backing per share based on the market valuation of investments was \$7.39 at 31 December 2010 and \$7.43 at 31 January 2011. 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 \$6.46 at 31 December 2010 and \$6.48 at 31 January 2011.

Performance

The Company's net asset backing accumulation performance for the six months to 31 December 2010 (assuming all dividends were reinvested) was a rise of 12.9%, compared to increases of 12.8% and 13.4% respectively in the S&P ASX 200 and 300 Accumulation indices. The Company's returns are after tax and expenses for which no allowance is made in the indices.

During the period the performance of the indices was supported by an increase of 23.5% in the S&P ASX 200 Resources Accumulation index which includes many of the smaller resources companies which do not pay a dividend, and in which the Company does not invest.

Investment Portfolio

As at 31 December 2010 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	95,025	10.9%
2. Rio Tinto Ltd	78,205	8.9%
3. ANZ Banking Group Ltd	61,878	7.1%
4. Woodside Petroleum Ltd	53,200	6.1%
5. Commonwealth Bank Ltd	50,770	5.8%
6. Westpac Banking Corporation Ltd	48,862	5.6%
7. National Australia Bank Ltd	47,400	5.4%
8. Wesfarmers Ltd PPS & Ordinary	46,430	5.3%
9. Diversified United Investment Ltd	34,920	4.0%
10. Woolworths Ltd	32,364	3.7%
11. QBE Insurance Group Ltd	25,410	2.9%
12. Orica Ltd	24,900	2.9%
13. Alumina Ltd	24,031	2.8%
14. AXA Asia Pacific Holdings Ltd	18,930	2.2%
15. Origin Energy Ltd	16,660	1.9%
16. AGL Energy Ltd	15,230	1.7%
17. Tabcorp Holdings Ltd	14,021	1.6%
18. Santos Ltd	13,150	1.5%
19. Brambles Ltd	12,816	1.5%
20. Westfield Group	11,496	1.3%
21. Perpetual Ltd	10,923	1.2%
22. CSL Ltd	10,887	1.2%
23. Mystate Ltd	9,672	1.1%
24. Consolidated Media Holdings Ltd	9,360	1.1%
25. Transurban Group Ltd	8,704	1.0%
	<hr/>	
	775,244	88.7%

Total Investments at Market Value and Cash 874,470"

Yours faithfully,



A J Hancock
Company Secretary

This page left intentionally blank