

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

ABN 37 004 268 679

APPENDIX 4D STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2013

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- Results for announcement to the market
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RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the **half year ended 31 December 2013** with the prior corresponding period being the half year ended 31 December 2012.

Results for announcement to the market

- Revenue from ordinary activities was \$23.8 million, up 12% from the prior corresponding period.
- Profit after tax was \$20.9 million, up 18% from the prior corresponding period.
- This period special and demerger dividends of \$1,190,550 after tax were received (prior corresponding period \$170,345).
- Excluding special and demerger dividends received, Profit after tax rose 12%*.
- Earnings per share were 19.4 cents, an increase of 15% from the prior corresponding period. Excluding special and demerger dividends received, earnings per share rose 10%* to 18.3* cents.
- The interim dividend for the half year is 14.5 cents per share (13.5 cents prior corresponding period) fully franked payable on 17 March 2014. The record date for determining entitlement to the interim dividend is 27 February 2014.
- The interim dividend will not include any Listed Investment Company capital gain dividend.
- The net tangible asset backing per share based on the market valuation of investments was \$8.53 at 31 December 2013, compared to \$7.15 at the end of the prior corresponding period. These calculations are after the tax effect of net realised gains, before estimated tax on net unrealised gains/losses, and before provision for the interim dividend.
- 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 commencing from the day the shares start 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.

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

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

18 February 2014

The General Manager
Australian Securities Exchange
P O Box H224
Australia Square
Sydney NSW 2000

Dear Sir,

FINANCIAL REPORT AND DIVIDEND ANNOUNCEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

The Directors make the following report concerning the company's performance and 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.

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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%
	<hr/>	
	880,048	86.0%
	<hr/> <hr/>	

Total Investments at Market Value, Short Term Receivables and Cash

1,022,861

A J Hancock
Company Secretary

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

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED
(ABN 37 004 268 679)

INTERIM FINANCIAL REPORT
31 DECEMBER 2013

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Directors

C B Goode AC - Chairman
P J Rose AO
P J Wetherall
J S Craig

Company Secretary

Andrew J Hancock FCA

Registered Office

Level 20
101 Collins Street
Melbourne Vic 3000
Tel: (613) 9654 0499
Fax: (613) 9654 3499
Email: info@aui.com.au
Website: www.aui.com.au

Bankers

ANZ Banking Group Limited
National Australia Bank Limited

Auditors

KPMG
Chartered Accountants

Share Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
Locked Bag A14
Sydney South NSW 1235
Tel: (612) 8280 7644
Fax: (612) 9287 0303
Email: registrars@linkmarketservices.com.au
Web: www.linkmarketservices.com.au

Securities Exchange

The Company is listed on the Australian Securities Exchange Ltd.
ASX Code: AUI

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Directors' Report

The directors of Australian United Investment Company Limited present their report together with the financial report for the six months ended 31 December 2013 and the auditors' review report thereon.

Directors

The directors of the Company at any time during or since the end of the half-year are:

<i>Name</i>	<i>Period of Directorship</i>
Charles Goode AC (Chairman)	Director since 1990
John Rose AO	Director since 2000
Peter Wetherall	Director since 2001
Jim Craig	Director since 2009

Review of Operations

Operating profit after income tax was \$20,885,039 for the six months ended 31 December 2013 (previous corresponding period: \$17,734,318). Special and demerger dividends received during this period were \$1,190,550 (previous corresponding period: \$170,345).

Operating expenses (excluding finance expenses) were 0.05% of the average market value of the portfolio (previous corresponding period: 0.07%).

Dividends

The board has declared an interim dividend of 14.5 cents per share fully franked (previous corresponding period: 13.5 cents per share fully franked).

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 4 and forms part of the directors' report for the six months ended 31 December 2013.

Dated at Melbourne this 18th day of February 2014.

Signed in accordance with a resolution of the Directors, for and on behalf of the board.

Charles Goode
Director



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Australian United Investment Company Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2013 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Michelle Hinchliffe

Michelle Hinchliffe
Partner

Melbourne

18 February 2014

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Statement of Profit or Loss and Other Comprehensive Income for the Six Months Ended 31 December 2013

	<i>Note</i>	<i>31 December 2013</i>	<i>31 December 2012</i>
		<i>\$</i>	<i>\$</i>
Revenue from investment portfolio		23,807,029	21,176,766
Administration and other expenses		(523,630)	(543,056)
Finance expenses		(2,523,513)	(2,967,038)
Operating profit before income tax		20,759,886	17,666,672
Income tax benefit		125,153	67,646
Profit for the period		20,885,039	17,734,318
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Revaluation of investment portfolio for the period		109,689,476	93,013,888
Provision for tax expense on revaluation of investment portfolio for the period		(33,171,300)	(27,932,787)
Other comprehensive income net of income tax		76,518,176	65,081,101
Total comprehensive income		97,403,215	82,815,419
Basic and diluted earnings per share (cents)	4	19.4	16.8

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the Condensed Notes to the Interim Financial Report set out on pages 9 to 11.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Balance Sheet as at 31 December 2013

	<i>Note</i>	<i>31 December 2013</i>	<i>30 June 2013</i>
		\$	\$
ASSETS			
Cash assets		46,799,514	30,028,183
Receivables		4,636,651	7,164,200
Other		65,835	46,034
TOTAL CURRENT ASSETS		51,502,000	37,238,417
Investment portfolio	7	971,466,507	864,775,738
TOTAL NON-CURRENT ASSETS		971,466,507	864,775,738
TOTAL ASSETS		1,022,968,507	902,014,155
LIABILITIES			
Payables		198,278	77,792
Call Option Obligation		31,000	-
Borrowings – interest bearing		19,807,158	-
TOTAL CURRENT LIABILITIES		20,036,436	77,792
Borrowings – interest bearing		79,388,256	99,123,752
Deferred tax liability	8	130,828,008	97,781,861
TOTAL NON-CURRENT LIABILITIES		210,216,264	196,905,613
TOTAL LIABILITIES		230,252,700	196,983,405
NET ASSETS		792,715,807	705,030,750
EQUITY			
Issued capital	6	337,630,943	330,189,974
Reserves		455,084,864	374,840,776
TOTAL EQUITY		792,715,807	705,030,750

The Balance Sheet is to be read in conjunction with the Condensed Notes to the Interim Financial Report set out on pages 9 to 11.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Statement of Changes in Equity for the Six Months ended 31 December 2013

	<i>Issued Capital</i>	<i>Revaluation Reserve</i>	<i>Realisation Reserve</i>	<i>Retained Earnings</i>	<i>Total</i>
	\$	\$	\$	\$	\$
As at July 2012	317,201,060	150,369,980	33,723,491	97,180,192	598,474,723
Comprehensive Income					
Revaluation of investment portfolio	-	93,013,888	-	-	93,013,888
Tax expense on revaluation	-	(27,932,787)	-	-	(27,932,787)
Net realised gains and losses on investment portfolio	-	17,219,817	(17,219,817)	-	-
Tax benefit on net realised gains and losses	-	(4,456,028)	4,456,028	-	-
Net operating profit for the period	-	-	-	17,734,318	17,734,318
	-	77,844,890	(12,763,789)	17,734,318	82,815,419
Transactions with shareholders					
Dividend reinvestment plan	6,772,832	-	-	-	6,772,832
Dividends	-	-	-	(15,784,550)	(15,784,550)
	6,772,832	-	-	(15,784,550)	(9,011,718)
As at 31 December 2012	323,973,892	228,214,870	20,959,702	99,129,960	672,278,424
As at 1 July 2013	330,189,974	259,472,028	12,843,880	102,524,868	705,030,750
Comprehensive Income					
Revaluation of investment portfolio	-	109,689,476	-	-	109,689,476
Tax expense on revaluation	-	(33,171,300)	-	-	(33,171,300)
Net realised gains and losses on investment portfolio	-	(3,207,635)	3,207,635	-	-
Tax expense on net realised gains and losses	-	1,241,038	(1,241,038)	-	-
Net operating profit for the period	-	-	-	20,885,039	20,885,039
	-	74,551,579	1,966,597	20,885,039	97,403,215
Transactions with shareholders					
Dividend reinvestment plan	7,440,969	-	-	-	7,440,969
Dividends	-	-	-	(17,159,127)	(17,159,127)
	7,440,969	-	-	(17,159,127)	(9,718,158)
As at 31 December 2013	337,630,943	334,023,607	14,810,477	106,250,780	792,715,807

The Statement of Changes in Equity is to be read in conjunction with the Condensed Notes to the Interim Financial Report set out on pages 9 to 11.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Statement of Cash Flows for the Six Months Ended 31 December 2013

	<i>31 December 2013</i>	<i>31 December 2012</i>
	<i>\$</i>	<i>\$</i>
Cash flows from operating activities		
Interest received	548,325	435,122
Dividends & trust distributions received	28,614,005	26,450,577
Option premium income received	506,983	371,347
Sub-underwriting fee received	-	5,000
Finance costs paid	(2,451,852)	(2,914,947)
Administration and other expenses paid	(422,945)	(531,445)
Net cash flow from operating activities	<u>26,794,516</u>	<u>23,815,654</u>
Cash flows from investing activities		
Proceeds from sale of investments	30,744,827	38,887,058
Purchases of investments	(31,049,854)	(17,364,698)
Net cash flow from/(used in) investing activities	<u>(305,027)</u>	<u>21,522,360</u>
Cash flows from financing activities		
Dividends paid net of dividend reinvestment plan	(9,718,158)	(9,011,718)
Net cash flow from financing activities	<u>(9,718,158)</u>	<u>(9,011,718)</u>
Net increase in cash held	16,771,331	36,326,296
Cash and cash equivalents at 1 July	30,028,183	2,578,483
Cash and cash equivalents at 31 December	<u><u>46,799,514</u></u>	<u><u>38,904,779</u></u>

The Statement of Cash Flows is to be read in conjunction with the Condensed Notes to the Interim Financial Report set out on pages 9 to 11.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Condensed Notes to the Interim Financial Report for the Six Months Ended 31 December 2013

1. Reporting Entity

Australian United Investment Company Limited (the 'Company') is a company domiciled in Australia.

The annual financial report of the Company as at and for the year ended 30 June 2013 is available on request from the Company's office at Level 20, 101 Collins Street Melbourne Vic 3000 or at www.aui.com.au.

2. Statement of compliance

The interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the Company at 30 June 2013.

This interim financial report was approved by the Board of Directors on 18 February 2014.

3. Significant Accounting Policies

The accounting policies applied by the Company in this interim financial report are the same as those applied by the Company in the financial report at 30 June 2013 except for the adoption of AASB 13 Fair Value Measurement, which establishes a single framework for measuring fair value and making disclosures about fair value measurements. In particular, it defines fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7 Financial Instruments: Disclosures. Some of these disclosures are now specifically required in interim financial statements and have been disclosed in Note 7. Notwithstanding the above, the policy change had no impact on the measurements of the Company's assets and liabilities.

4. Earnings per share

	<i>31 December 2013 Cents</i>	<i>31 December 2012 Cents</i>
Basic earnings per share	19.4	16.8
Earnings per share excluding special and demerger dividends	18.3	16.6

There are no factors which cause diluted earnings per share to be different from basic earnings per share.

The basic earnings per share for the half-year is calculated on a weighted average adjusted number of ordinary shares of 107,770,055 taking into account the shares issued in the dividend re-investment program. The 2012 figure is based on a weighted average number of ordinary shares of 105,867,362.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Condensed Notes to the Interim Financial Report for the Six Months Ended 31 December 2013

<i>31 December 2013</i>	<i>31 December 2012</i>
\$	\$

5. *Dividends*

Dividends recognised in the current period by the Company are:

Final fully franked dividend of 16.0 cents per share paid on 25 September 2013 (previous corresponding period: 15.0 cents per share fully franked)

17,159,127	15,784,550
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Subsequent to reporting date:

Since 31 December 2013, the directors have declared the following dividend payable on 17 March 2014:

- Interim dividend of 14.5 cents per share fully franked (previous corresponding period: 13.5 cents per share fully franked)

15,693,269	14,360,133
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The financial effect of this dividend has not been brought to account in the interim financial report for the period ended 31 December 2013.

<i>31 December 2013</i>	<i>30 June 2013</i>
\$	\$

6. *Issued Capital*

108,229,443 ordinary shares, fully paid (30 June 2013: 107,246,566)

337,630,943	330,189,974
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Movements in issued capital

Balance at beginning of period

330,189,974	317,201,060
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Shares Issued

- Dividend re-investment plan

(i) 7,440,969	12,988,914
337,630,943	330,189,974

(i) In respect of the 2013 final dividend paid 25 September 2013 982,877 shares were issued at \$7.5706 each under the dividend re-investment plan.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Condensed Notes to the Interim Financial Report for the Six Months Ended 31 December 2013

7. Net Fair Values of Financial Assets and Liabilities

Valuation Approach

Net fair values of financial assets and liabilities are determined by the Company on the following basis:

Recognised Financial Instruments

Listed securities included in “Investments” are readily traded on organised markets in a standardised form. The net fair value of listed securities is determined by valuing them at the last quoted market price as at balance date. In accordance with Australian Accounting Standards, this is considered “level 1” under the fair value measurement hierarchy, which is defined as quoted prices (unadjusted) in active markets for identical assets or liabilities.

For all other financial assets and liabilities, the carrying amount closely approximates its fair value.

	<i>31 December</i>	<i>30 June</i>
	<i>2013</i>	<i>2013</i>
	\$	\$

8. Deferred Tax Assets and Liabilities

Revaluation reserve – Provision for tax on unrealised gains on the equity investment portfolio	143,406,874	112,807,911
Other	-	80,505
Tax benefit of capital losses carried forward	(11,131,028)	(13,677,096)
Tax benefit of excess franking credits carried forward	(1,447,838)	(1,429,459)
Net tax liabilities	<u>130,828,008</u>	<u>97,781,861</u>

9. Segment Reporting

The Company’s only segment of operations is as an investment company in Australia.

10. Contingent Liabilities and Capital Commitments

There were no contingent liabilities or capital commitments as at 31 December 2013 other than outstanding put options sold, which if exercised at the option of the purchaser before their expiry date would have required the Company to purchase \$19,150,000 worth of investments.

11. Related Parties

All arrangements with related parties are consistent with those disclosed in the 30 June 2013 annual financial report.

12. Events Subsequent to Balance Date

There has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature, likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial periods.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Directors' Declaration

In the opinion of the directors of Australian United Investment Company Limited ("the Company"):

1. The interim financial statements and notes, as set out on pages 5 to 11, are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the financial position of the Company as at 31 December 2013 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Melbourne this 18th day of February 2014.

Signed in accordance with a resolution of the directors.

Charles Goode AC
Director



Independent auditor's review report to the members of Australian United Investment Company Limited

We have reviewed the accompanying interim financial report of Australian United Investment Company Limited, which comprises the balance sheet as at 31 December 2013, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the interim period ended on that date, notes 1 to 12 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2013 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Australian United Investment Company Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Australian United Investment Company Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 31 December 2013 and of its performance for the interim period ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

Michelle Hinchliffe

Michelle Hinchliffe
Partner

Melbourne

18 February 2014