

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

ABN 37 004 268 679

APPENDIX 4D STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2017

CONTENTS

- Results for announcement to the market
- Letter to Australian Securities Exchange
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RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the **half year ended 31 December 2017** with the prior corresponding period being the half year ended 31 December 2016.

The report is based on audit reviewed financial statements. A copy of the auditor's review report can be found on pages 15 and 16.

Results for announcement to the market

- Revenue from ordinary activities was \$26.7 million, a rise of 7.6% from the prior corresponding period.
- Profit after tax was \$23.1 million, up 8.4% from the prior corresponding period.
- Total net profit for the period of \$23.1 million excludes net realised gains and losses which are transferred directly to the Asset Realisation Reserve under the accounting standards.
- This period special dividends of \$480,000 after tax were received (prior corresponding period \$435,000).
- Excluding special dividends received, profit after tax rose 8.4%*.
- Earnings per share based on profit after tax were 18.7 cents, an increase of 8.1% from the prior corresponding period. Excluding special dividends received, earnings per share rose 8.3%* to 18.3* cents. The weighted average number of ordinary shares for the period rose 0.3% to 123,793,021 after taking into account the shares issued in the dividend re-investment plan.
- The interim dividend for the half year is 16.0 cents per share (15.5 cents prior corresponding period) fully franked payable on 14 March 2018. The record date for determining entitlement to the interim dividend is 23 February 2018.
- The interim dividend will not include any Listed Investment Company capital gain 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 volume weighted average selling price 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, without any discount. The last day for the receipt of an election notice for participation in the plan is 26 February 2018.
- The net tangible asset backing per share based on the market valuation of investments was \$9.04 at 31 December 2017, compared to \$8.34 at the end of the prior corresponding period, a rise of 8.4%. These calculations are after tax on net realised gains, before any future tax benefit of net realised losses, before estimated tax on net unrealised gains/losses, and before provision for the interim dividend.

* 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

15 February 2018

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 2017

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 2017 was \$23,141,480 (previous corresponding period: \$21,345,411). The Profit includes special dividends received after tax of \$480,000 (previously: \$435,000).

Excluding special dividends Profit after tax rose 8.4%*.

Net realised gains on the investment portfolio after tax were \$2,779,299 (previous corresponding period losses of \$2,689,267), which under accounting standards are transferred directly to the Asset Realisation Reserve and are not included in Net Profit.

Operating expenses (including external management fees of the Small Cap managed funds, and excluding interest) for the half year were 0.05% of the average market value of the portfolio (previous corresponding period 0.05%).

Earnings Per Share

Earnings per share based on the weighted average number of shares on issue for the half year were 18.7 cents per share compared to 17.3 cents for the prior corresponding period. Excluding the special dividends, earnings per share rose 8.3% to 18.3 cents*.

The weighted average number of ordinary shares for the period rose 0.3% to 123,793,021 after taking into account the shares issued in the dividend reinvestment plan.

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

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Dividends

The Directors have declared an interim dividend of 16.0 cents per share fully franked to shareholders registered on 23 February 2018, to be paid on 14 March 2018. The comparable 2017 interim dividend was 15.5 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 volume weighted average selling price of shares traded on the Australian Securities Exchange in the five trading days beginning from the day the shares start trading on an ex dividend basis, without any discount. The last day for the receipt of an election notice for participation in the plan is 26 February 2018.

Asset Backing

The net tangible asset backing per share based on the market valuation of investments was \$9.04 at 31 December 2017 and \$9.01 at 31 January 2018. These calculations are after tax on net realised gains, before any future tax benefit of net realised losses, before estimated tax on net 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 \$7.79 at 31 December 2017 and \$7.77 at 31 January 2018.

Performance

The Company's net asset backing accumulation performance for the six months to 31 December 2017 (assuming all dividends were reinvested) was a rise of 7.8%, compared to the rise of 8.4% in the S&P ASX 200 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.

Including the value of franking credits, the Company's accumulation return for the half year to 31 December 2017 was a rise of 9.0% compared to a rise of 9.2% in the S&P/ASX 200 Franking Credit Adjusted Total Return Index.

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Investment Portfolio

As at 31 December 2017 the twenty-five largest shareholdings of the Company, at market value, were:

Company	Market Value \$'000	% of Market Value of Total Investments
1. Commonwealth Bank Ltd	102,434	8.2%
2. Australian & New Zealand Banking Group Ltd	81,191	6.5%
3. Westpac Banking Corporation Ltd	78,375	6.3%
4. National Australia Bank Ltd	66,532	5.3%
5. Wesfarmers Ltd	62,188	5.0%
6. Diversified United Investment Ltd	58,176	4.6%
7. Transurban Group Ltd	57,111	4.6%
8. Rio Tinto Ltd	56,857	4.5%
9. CSL Ltd	56,520	4.5%
10. BHP Billiton Ltd	54,704	4.4%
11. Woodside Petroleum Ltd	41,350	3.3%
12. Woolworths Ltd	32,760	2.6%
13. AMP Ltd	23,355	1.9%
14. Sonic Healthcare Ltd	22,860	1.8%
15. Telstra Corporation Ltd	21,780	1.7%
16. Macquarie Atlas Roads Group	21,386	1.7%
17. Brambles Ltd	21,147	1.7%
18. Ramsay Health Care Ltd	21,036	1.7%
19. Event Hospitality and Entertainment Ltd	19,905	1.6%
20. Sydney Airport	18,330	1.5%
21. Lend Lease Group	17,985	1.4%
22. Washington H Soul Pattinson	17,800	1.4%
23. South32 Ltd	17,450	1.4%
24. Oil Search Ltd	17,138	1.4%
25. Invocare Ltd	16,100	1.3%
	<hr/>	
	1,004,470	80.3%
	<hr/> <hr/>	

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

1,251,677

*Note: At 31 December 2017 bank borrowings were \$130M, and cash and short term receivables (included in the above figures) were \$53M.

Yours faithfully,

A J Hancock
Company Secretary

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED
(ABN 37 004 268 697)

INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Directory

Directors

C B Goode AC - Chairman
J S Craig
F S Grimwade

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

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: (+61) 1300 554 474
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

Interim Financial Report for the six months ended 31 December 2017

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AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Directors' Report

The directors of Australian United Investment Company Limited present their Directors' report together with the financial report for the six months ended 31 December 2017 and the auditor's 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
Peter Wetherall	Director since 2001 (retired 7 February 2018)
James Craig	Director since 2009
Fred Grimwade	Director since 2014

Review of Operations

Profit after income tax was \$23,141,480 for the six months ended 31 December 2017 (prior corresponding period: \$21,345,411). Special dividends received during this period were \$480,000 (prior corresponding period: \$435,000).

Earnings per share based on profit after tax was 18.7 cents, an increase of 8.1% from the prior corresponding period. Excluding special dividends received, earnings per share increased 8.3% to 18.3 cents per share.

The weighted average number of ordinary shares for the period rose 0.3% to 123,793,021, after taking into account the shares issued in the dividend reinvestment plan.

Operating expenses (including external management fees of the Small Cap managed funds, and excluding finance expenses) were 0.05% of the average market value of the portfolio (prior corresponding period: 0.05%).

Dividends

The board has declared an interim dividend of 16.0 cents per share fully franked (prior corresponding period: 15.5 cents per share fully franked).

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 5 and forms part of the directors' report for the six months ended 31 December 2017.

Dated at Melbourne this 15th day of February 2018.

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 of Australian United Investment Company Limited for the half-year ended 31 December 2017 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

Maria Trinci

Maria Trinci

Partner

Melbourne

15 February 2018

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED
Statement of Profit or Loss and Other Comprehensive Income
for the six months ended 31 December 2017

	Note	31 December 2017 \$	31 December 2016 \$
Revenue from investment portfolio		26,729,985	24,839,477
Administration and other expenses		(581,094)	(557,526)
Finance expenses		(2,598,740)	(2,592,497)
Profit before income tax		23,550,151	21,689,454
Income tax expense		(408,671)	(344,043)
Profit after income tax		23,141,480	21,345,411
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Revaluation of investment portfolio for the period		57,951,058	96,852,050
Provision for tax expense on revaluation of investment portfolio for the period		(17,407,097)	(29,287,425)
Other comprehensive income net of income tax		40,543,961	67,564,625
Total comprehensive income		63,685,441	88,910,036
Basic and diluted earnings per share (cents)	4	18.7	17.3

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the Condensed Notes to the Financial Statements set out on pages 10 to 13.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Balance Sheet as at 31 December 2017

	Note	31 December 2017 \$	30 June 2017 \$
Assets			
Cash assets		51,358,594	41,476,805
Receivables		1,658,000	15,756,290
Current tax receivable		-	33,814
Other		83,404	68,603
Total Current Assets		53,099,998	57,335,512
Investment portfolio	7	1,198,976,247	1,138,120,986
Total Non-Current Assets		1,198,976,247	1,138,120,986
Total Assets		1,252,076,245	1,195,456,498
Liabilities			
Payables		481,277	4,137,362
Current tax payable		281,842	-
Option valuation		116,000	-
Borrowings – interest bearing	9	30,160,220	-
Total Current Liabilities		31,039,339	4,137,362
Provision for long service leave		44,410	42,726
Borrowings – interest bearing	9	100,731,968	130,657,743
Deferred tax liability	8	155,638,797	138,152,191
Total Non-Current Liabilities		256,415,175	268,852,660
Total Liabilities		287,454,514	272,990,022
Net Assets		964,621,731	922,466,476
Equity			
Issued capital	6	441,750,274	440,395,756
Reserves		522,871,457	482,070,720
Total Equity		964,621,731	922,466,476

The Balance Sheet is to be read in conjunction with the Condensed Notes to the Financial Statements set out on pages 10 to 13.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Statement of Changes in Equity for the six months ended 31 December 2017

	Issued Capital \$	Revaluation Reserve \$	Realisation Reserve \$	Retained Earnings \$	Total \$
As at 1 July 2016	437,926,192	253,183,931	15,734,562	126,733,088	833,577,773
Comprehensive Income					
Revaluation of investment portfolio	-	96,852,050	-	-	96,852,050
Tax on revaluation	-	(29,287,425)	-	-	(29,287,425)
Net realised losses on investment portfolio	-	3,586,053	(3,586,053)	-	-
Tax benefit on net realised losses	-	(896,786)	896,786	-	-
Profit	-	-	-	21,345,411	21,345,411
	-	70,253,892	(2,689,267)	21,345,411	88,910,036
Transactions with shareholders					
Dividend reinvestment plan	1,331,272	-	-	-	1,331,272
Dividends paid	-	-	-	(22,823,692)	(22,823,692)
	1,331,272	-	-	(22,823,692)	(21,492,420)
As at 31 December 2016	439,257,464	323,437,823	13,045,295	125,254,807	900,995,389

	Issued Capital \$	Revaluation Reserve \$	Realisation Reserve \$	Retained Earnings \$	Total \$
As at 1 July 2017	440,395,756	334,857,223	18,368,472	128,845,025	922,466,476
Comprehensive Income					
Revaluation of investment portfolio	-	57,951,058	-	-	57,951,058
Tax on revaluation	-	(17,407,097)	-	-	(17,407,097)
Net realised gains on investment portfolio	-	(2,533,470)	2,533,470	-	-
Tax expense on net realised gains	-	(245,829)	(781,821)	-	-
Deferred tax benefit on realised gains	-	-	1,027,650	-	-
Profit	-	-	-	23,141,480	23,141,480
	-	37,764,662	2,779,299	23,141,480	63,685,441
Transactions with shareholders					
Dividend reinvestment plan	1,354,518	-	-	-	1,354,518
Dividends paid	-	-	-	(22,884,704)	(22,884,704)
	1,354,518	-	-	(22,884,704)	(21,530,186)
As at 31 December 2017	441,750,274	372,621,885	21,147,771	129,101,801	964,621,731

The Statement of Changes in Equity is to be read in conjunction with the Condensed Notes to the Financial Statements set out on pages 10 to 13.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Statement of Cash Flows
for the six months ended 31 December 2017

	Note	31 December 2017 \$	31 December 2016 \$
Cash flows from operating activities			
Interest received		390,966	160,967
Dividends and trust distributions received		34,891,679	30,547,967
Option premium income received		154,173	1,108,542
Finance costs paid		(2,364,296)	(1,789,135)
Administration and other expenses paid		(582,191)	(596,772)
Net cash flow from operating activities		32,490,331	29,431,569
Cash flows from investing activities			
Proceeds from sale of investments		31,890,664	46,593,513
Purchases of investments		(32,969,090)	(59,395,444)
Net cash flow from investing activities		(1,078,426)	(12,801,931)
Cash flows from financing activities			
Dividends paid net of dividend reinvestment plan		(21,530,116)	(21,492,419)
Proceeds from borrowings		-	8,000,000
Net cash flow used in financing activities		(21,530,116)	(13,492,419)
Net increase / (decrease) in cash held		9,881,789	3,137,219
Cash and cash equivalents at 1 July		41,476,805	18,325,528
Cash and cash equivalents at 31 December		51,358,594	21,462,747

The Statement of Cash Flows is to be read in conjunction with the Condensed Notes to the Financial Statements set out on pages 10 to 13.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Condensed Notes to the Financial Statements for the six months ended 31 December 2017

1. Reporting Entity

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

The annual financial report of the Company as at and for the year ended 30 June 2017 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 2017.

This interim financial report was approved by the Board of Directors on 15 February 2018.

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 2017.

4. Earnings per share

	31 December 2017 Cents	31 December 2016 Cents
Basic and diluted earnings per share	18.7	17.3
Earnings per share excluding special dividends	18.3	16.9

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

Special dividends received during this period were \$480,000 (prior corresponding period: \$435,000).

The basic earnings per share for the half-year is calculated on a weighted average number of ordinary shares of 123,793,021 (prior corresponding period: 123,473,815) after taking into account the shares issued in the dividend re-investment plan.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Notes to the Financial Statements for the six months ended 31 December 2017

5. Dividends

	31 December 2017 \$	31 December 2016 \$
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Dividends recognised in the current year by the Company are:

Final fully franked dividend of 18.5 cents per share paid on 22 September 2017 (prior corresponding period: 18.5 cents per share fully franked)	22,884,704	22,823,692
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Subsequent to reporting date:

Since 31 December 2017, the directors have declared the following dividend payable on 14 March 2018:

Interim dividend of 16.0 cents per share fully franked (prior corresponding period: 15.5 cents per share fully franked)	19,818,765	19,151,386
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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 2017.

6. Issued capital

	31 December 2017 \$	30 June 2017 \$
123,867,282 ordinary fully paid shares (30 June 2017: 123,702,655)	441,750,274	440,395,756

Movements in issued capital:

Balance at beginning of the financial year	440,395,756	437,926,192
Shares issued		
- Dividend re-investment plan ⁽¹⁾	1,354,518	2,469,564
	441,750,274	440,395,756

(1) In respect of the final dividend paid in September 2017, 164,627 ordinary shares were issued at \$8.2278 each.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Notes to the Financial Statements for the six months ended 31 December 2017

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.

8. Deferred Tax Assets and Liabilities

	31 December 2017 \$	30 June 2017 \$
Revaluation reserve – Provision for tax on unrealised gains on the equity investment portfolio	165,068,343	147,415,418
Tax effect of unfranked dividends receivable	-	72,063
Tax effect of fair value movement in options	162	-
Tax benefit of capital losses carried forward	(9,416,385)	(9,170,557)
Tax benefit of excess franking credits carried forward	-	(151,915)
Tax benefit of long service leave	(13,323)	(12,818)
Net deferred tax liabilities	155,638,797	138,152,191

9. Borrowings

	31 December 2017 \$	30 June 2017 \$
Current		
Loan Facility – Secured	30,160,220	-
Non-Current		
Loan Facilities – Secured	100,731,968	130,657,743
	130,892,188	130,657,743

The total face value of the drawn facilities as at period end was \$130 million (30 June 2017: \$130 million). The liabilities are recorded at the face value of the amount drawn and accrued interest.

At 31 December 2017 the market value of investments secured against the loan facilities was \$499,176,000 (30 June 2017: \$471,057,750).

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Notes to the Financial Statements for the six months ended 31 December 2017

10. Segment Reporting

The Company's only segment of operation is as an investment company in Australia.

11. Contingent Liabilities and Capital Commitments

There were no contingent liabilities or capital commitments as at 31 December 2017.

12. Related Parties

All arrangements with related parties are consistent with those disclosed in the 30 June 2017 annual financial report.

13. 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 items, transactions or events 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 6 to 13, 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 2017 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 15th day of February 2018.

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

Report on the Interim Financial Report of Australian United Investment Company Limited

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Australian United Investment Company Limited.

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:

- giving a true and fair view of the Company's financial position as at 31 December 2017 and of 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*.

The **Interim Financial Report** comprises:

- the balance sheet as at 31 December 2017
- 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 13 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Interim Period** is the six months ended on 31 December 2017



Responsibilities of the Directors 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*
- 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 for the review of the Interim Financial Report

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 2017 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 Period 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.

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

KPMG

KPMG

Maria Trinci

Maria Trinci

Partner

Melbourne

15 February 2018