

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

ABN 37 004 268 679

APPENDIX 4D STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2018

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- 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 2018** with the prior corresponding period being the half year ended 31 December 2017.

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

Results for announcement to the market

- Revenue from ordinary activities was \$28.4 million, a rise of 6.3% from the prior corresponding period.
- Profit after tax was \$24.7 million, up 6.7% from the prior corresponding period.
- Total net profit for the period of \$24.7 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 \$180,000 after tax were received (prior corresponding period \$480,000).
- Excluding special dividends received, profit after tax rose 8.2%*.
- Earnings per share based on profit after tax were 19.9 cents, an increase of 6.4% from the prior corresponding period. Excluding special dividends received, earnings per share rose 7.7%* to 19.7* cents. The weighted average number of ordinary shares for the period rose 0.1% to 124,097,203 after taking into account the shares issued in the dividend re-investment plan.
- The interim dividend for the half year is 17.0 cents per share (16.0 cents prior corresponding period) fully franked payable on 14 March 2019. The record date for determining entitlement to the interim dividend is 25 February 2019.
- 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 2019.
- The net tangible asset backing per share based on the market valuation of investments was \$8.44 at 31 December 2018, compared to \$9.04 at the end of the prior corresponding period, a fall of 6.6%. 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

14 February 2019

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 2018

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 2018 was \$24,688,988 (previous corresponding period: \$23,141,480). The Profit includes special dividends received after tax of \$180,000 (previously: \$480,000).

Excluding special dividends Profit after tax rose 8.2%*.

Net realised losses on the investment portfolio after tax were \$6,549,919 (previous corresponding period gains of \$2,779,299), which under accounting standards are transferred directly to the Asset Realisation Reserve and are not included in Net Profit.

Operating expenses 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 19.9 cents per share compared to 18.7 cents for the prior corresponding period. Excluding the special dividends, earnings per share rose 7.7% to 19.7 cents*.

The weighted average number of ordinary shares for the period rose 0.1% to 124,097,203 after taking into account the shares issued in the dividend reinvestment plan.

Dividends

The Directors have declared an interim dividend of 17.0 cents per share fully franked to shareholders registered on 25 February 2019, to be paid on 14 March 2019. The comparable 2018 interim dividend was 16.0 cents per share fully franked.

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

LIC Capital Gains

The interim dividend will not include any Listed Investment Company capital gain dividend.

Franking Balance and Franking Credit Refunds

The Company has a modest franking account balance which would fully frank approximately 1.7 years of future dividends at the current rate of dividend per share.

Directors monitor the level of the franking account carefully and are cognisant the franking credits have value to shareholders and in particular those shareholders on lower marginal tax rates, self managed superannuation funds and charities.

As the Chairman said at last year's Annual General Meeting, directors believe the Australian Labor Party's proposal to deny some shareholders franking credit refunds is an unfair policy which will potentially disadvantage many older self funded retirees while not affecting others such as those in larger superannuation funds.

There remain real uncertainties - as to whether the ALP policy will be implemented in its current form, including the results of the next Federal election and successful passage of legislation through the new parliament; and then the effective start date of the new policy.

Directors will continue to monitor developments closely and will continue to advocate against the implementation of this inequitable proposal.

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 2019.

Asset Backing

The net tangible asset backing per share based on the market valuation of investments was \$8.44 at 31 December 2018 and \$8.68 at 31 January 2019. 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 \$7.37 at 31 December 2018 and \$7.55 at 31 January 2019.

Performance

The Company's net asset backing accumulation performance for the six months to 31 December 2018 (assuming all dividends were reinvested) was a fall of 6.5%, compared to the fall of 6.8% 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 2018 was a fall of 5.7% compared to a fall of 6.2% in the S&P/ASX 200 Franking Credit Adjusted Total Return Index.

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Investment Portfolio

As at 31 December 2018 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	94,107	8.1%
2. CSL Ltd	74,064	6.4%
3. Australian & New Zealand Banking Group Ltd	73,380	6.3%
4. Westpac Banking Corporation Ltd	67,608	5.8%
5. Transurban Group Ltd	64,075	5.5%
6. BHP Billiton Ltd	63,326	5.5%
7. Rio Tinto Ltd	58,852	5.1%
8. Woodside Petroleum Ltd	56,376	4.9%
9. Diversified United Investment Ltd	55,440	4.8%
10. National Australia Bank Ltd	55,361	4.8%
11. Wesfarmers Ltd	45,108	3.9%
12. Sydney Airport	30,285	2.6%
13. Woolworths Ltd	29,420	2.5%
14. Washington H Soul Pattinson	24,890	2.1%
15. Brambles Ltd	21,315	1.8%
16. Atlas Arteria Ltd	21,284	1.8%
17. Event Hospitality and Entertainment Ltd	20,400	1.8%
18. Challenger Financial Services Group	17,082	1.5%
19. Seek Ltd	16,920	1.5%
20. Coles Group Ltd	16,436	1.4%
21. Orica Ltd	12,937	1.1%
22. Aurizon Holdings Ltd	12,840	1.1%
23. Lend Lease Group	12,793	1.1%
24. Suncorp Group Ltd	12,630	1.1%
25. Invocare Ltd	12,360	1.1%
	<hr/>	
	969,289	83.6%
	<hr/> <hr/>	

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

1,159,311

*Note: At 31 December 2018 bank facilities were \$150M, drawn as to \$110M, and cash and short term receivables (included in the above figures) were \$58M.

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 2018

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Directory

Directors

C B Goode AC - Chairman
D C Hershman
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 2018

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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 2018 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
Dion Hershan	Director since 2018
James Craig	Director since 2009
Fred Grimwade	Director since 2014

Review of Operations

Profit after income tax was \$24,688,988 for the six months ended 31 December 2018 (previous corresponding period: \$23,141,480). Special dividends received during this period were \$180,000 (previous corresponding period: \$480,000).

Earnings per share based on profit after tax was 19.9 cents, an increase of 6.42% from the prior corresponding period. Excluding special dividends received, earnings per share increased 7.65% to 19.7 cents per share.

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

Dividends

The board has declared an interim dividend of 17.0 cents per share fully franked (previous corresponding period: 16.0 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 2018.

Dated at Melbourne this 14th day of February 2019.

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 2018 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



Chris Sargent
Partner

Melbourne
14 February 2019

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED
Statement of Profit or Loss and Other Comprehensive Income
for the six months ended 31 December 2018

	Note	31 December 2018 \$	31 December 2017 \$
Revenue from investment portfolio		28,412,486	26,729,985
Administration and other expenses		(614,645)	(581,094)
Finance expenses		(2,691,042)	(2,598,740)
Profit before income tax		25,106,799	23,550,151
Income tax expense		(417,811)	(408,671)
Profit after income tax		24,688,988	23,141,480
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Revaluation of investment portfolio for the period		(97,427,254)	57,951,058
Provision for tax benefit/(expense) on revaluation of investment portfolio for the period		28,925,961	(17,407,097)
Other comprehensive income net of income tax		(68,501,293)	40,543,961
Total comprehensive income		(43,812,305)	63,685,441
Basic and diluted earnings per share (cents)	4	19.9	18.7

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 2018**

	Note	31 December 2018 \$	30 June 2018 \$
Assets			
Cash assets		55,092,801	22,815,836
Receivables		2,638,000	16,559,523
Other		99,800	99,136
Total Current Assets		57,830,601	39,474,495
Investment portfolio	7	1,101,580,511	1,234,283,989
Total Non-Current Assets		1,112,244,502	1,243,262,947
Total Assets		1,170,075,103	1,282,737,443
Liabilities			
Payables		187,466	66,984
Current tax payable		651,006	292,466
Option valuation		98,500	-
Borrowings – interest bearing	9	30,304,110	10,017,037
Total Current Liabilities		31,241,082	10,376,487
Provision for long service leave		47,862	46,119
Borrowings – interest bearing	9	80,691,949	120,886,308
Deferred tax liability	8	132,342,646	161,357,381
Total Non-Current Liabilities		223,746,448	291,298,767
Total Liabilities		254,987,530	301,675,255
Net Assets		915,087,573	981,062,188
Equity			
Issued capital	6	444,347,237	442,948,316
Reserves		470,740,336	538,113,872
Total Equity		915,087,573	981,062,188

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 2018**

	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 benefit on net realised gains	-	(245,829)	245,829	-	-
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

	Issued Capital \$	Revaluation Reserve \$	Realisation Reserve \$	Retained Earnings \$	Total \$
As at 1 July 2018	442,948,316	383,881,499	20,322,400	133,909,973	981,062,188
Comprehensive Income					
Revaluation of investment portfolio	-	(97,427,254)	-	-	(97,427,254)
Tax on revaluation	-	28,925,961	-	-	28,925,961
Net realised losses on investment portfolio	-	8,197,641	(8,197,641)	-	-
Tax benefit on net realised losses	-	(1,647,722)	1,647,722	-	-
Profit	-	-	-	24,688,988	24,688,988
	-	(61,951,374)	(6,549,919)	24,688,988	(43,812,305)
Transactions with shareholders					
Dividend reinvestment plan	1,398,921	-	-	-	1,398,921
Dividends paid	-	-	-	(23,561,230)	(23,561,230)
	1,398,921	-	-	(23,561,230)	(22,162,308)
As at 31 December 2018	444,347,237	321,930,125	13,772,481	135,037,731	915,087,573

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 2018*

	Note	31 December 2018 \$	31 December 2017 \$
Cash flows from operating activities			
Interest received		201,444	390,966
Dividends and trust distributions received		36,530,598	34,891,679
Option premium income received		94,417	154,173
Finance costs paid		(2,598,329)	(2,364,296)
Income taxes paid		(130,976)	-
Administration and other expenses paid		(524,863)	(582,191)
Net cash flow from operating activities		33,572,292	32,490,331
Cash flows from investing activities			
Proceeds from sale of investments		109,701,810	31,890,664
Purchases of investments		(68,834,827)	(32,969,090)
Net cash flow from investing activities		40,866,983	(10,478,426)
Cash flows from financing activities			
Dividends paid net of dividend reinvestment plan		(22,162,308)	(21,530,116)
Repayment of borrowings		(20,000,000)	-
Net cash flow used in financing activities		(42,162,308)	(21,530,116)
Net increase in cash held		32,276,967	9,881,789
Cash and cash equivalents at 1 July		22,815,835	41,476,805
Cash and cash equivalents at 31 December		55,092,801	51,358,594

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 2018

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 2018 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 2018.

This interim financial report was approved by the Board of Directors on 14 February 2019.

3. Significant Accounting Policies

On 1 July 2018 AASB 15 Revenue from Contracts with Customers became effective. This standard did not have an impact on the financial statements.

Other than the above, 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 2018.

4. Earnings per share

	31 December 2018 Cents	31 December 2017 Cents
Basic and diluted earnings per share	19.9	18.7
Earnings per share excluding special dividends	19.7	18.3

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 number of ordinary shares of 124,097,203 (previous corresponding period: 123,951,103) 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 2018

5. Dividends

	31 December 2018 \$	31 December 2017 \$
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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 21 September 2018 (previous corresponding period: 18.5 cents per share fully franked)	23,561,230	22,884,704
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Subsequent to reporting date:

Since 31 December 2018, the directors have declared the following dividend payable on 14 March 2019:

Interim dividend of 17.0 cents per share fully franked (previous corresponding period: 16.0 cents per share fully franked)	21,108,919	19,818,765
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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 2018.

6. Issued capital

	31 December 2018 \$	30 June 2018 \$
124,170,114 ordinary fully paid shares (30 June 2018: 124,006,471)	444,347,237	442,948,316

Movements in issued capital:

Balance at beginning of the financial year	442,948,316	440,395,756
Shares issued		
- Dividend re-investment plan ⁽¹⁾	1,398,921	2,552,560
	444,347,237	442,948,316

(1) In respect of the final dividend paid in September 2018, 163,673 ordinary shares were issued at \$8.5456 each.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Notes to the Financial Statements for the six months ended 31 December 2018

7. Net Fair Values of Financial Assets and Liabilities

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. Level 1 investments comprised \$1,101,580,511 (2018: \$1,234,283,989).

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

8. Deferred Tax Assets and Liabilities

	31 December 2018 \$	30 June 2018 \$
Revaluation reserve – Provision for tax on unrealised gains on the equity investment portfolio	143,006,637	170,284,876
Tax effect of unfranked dividends receivable	-	81,465
Tax effect of other items	(58,158,114)	(20,805)
Tax benefit of capital losses carried forward	(10,605,877)	(8,958,155)
Net deferred tax liabilities	132,342,646	161,387,381

9. Borrowings

	31 December 2018 \$	30 June 2018 \$
Current		
Loan Facility – Secured	30,304,110	10,017,037
Non-Current		
Loan Facilities – Secured	80,691,949	120,886,308
	110,996,059	130,903,345

The total face value of the drawn facilities as at period end was \$110 million (30 June 2018: \$130 million). The liabilities are recorded at the face value of the amount drawn and accrued interest.

At 31 December 2018 the market value of investments secured against the loan facilities was \$446,734,750 (30 June 2018: \$499,576,750).

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Notes to the Financial Statements for the six months ended 31 December 2018

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 2018.

12. Related Parties

All arrangements with related parties are consistent with those disclosed in the 30 June 2018 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 2018 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 14th day of February 2019.

Signed in accordance with a resolution of the directors.

Charles Goode AC
Director



Independent Auditor's Review Report

To the shareholders 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 (the "Company").

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 2018 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 2018
- 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 2018.



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 2018 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

Chris Sargent

Partner

Melbourne

14 February 2019