

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

ABN 37 004 268 679

LEVEL 4
45 EXHIBITION STREET
MELBOURNE VIC 3000
AUSTRALIA

TEL (613) 9654 0499
FAX (613) 9654 3499

HALF YEARLY REPORT TO SHAREHOLDERS

HALF YEAR ENDED 31 DECEMBER 2003

Dear Shareholder,

On 23 February 2004 the Directors made the following report to the Australian Stock Exchange concerning the company's performance and the interim dividend: -

Net Profit

The Directors of Australian United Investment Company Limited announce that the net operating profit after income tax for the half year ended 31 December 2003 was \$9,215,578 compared to \$6,405,991 for the previous corresponding period, an increase of \$2,809,587. The increase in operating profit includes \$2,121,104 special dividends received as part of the Telstra Corporation Ltd and Foster's Group Ltd share buy back arrangements.

Operating expenses (excluding interest) were 0.09% of the average market value of the portfolio (2002: 0.09%).

The earnings per share were 11.44 cents for the half year to 31 December 2003 (8.81 cents excluding the Telstra and Foster's special buy-back dividends) compared to 7.99 cents for the half year to 31 December 2002.

Interim Dividend

The directors also announce an interim dividend of 6.5 cents per share fully franked to shareholders registered on 24 March 2004, to be paid on 13 April 2004. The comparable 2003 interim dividend was 6 cents per share fully franked.

Dividend Reinvestment Plan

The last date for receipt of election notices under the Dividend Reinvestment Plan is 24 March 2004. The Plan offers shares in lieu of the cash dividend, at current market prices without discount.

Asset Backing

The net tangible asset backing per share based on the market valuation of investments was \$4.46 at 31 December 2003 and \$4.40 at 31 January 2004. These calculations are after provision for tax on net realised gains, before tax on unrealised gains 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 \$3.96 at 31 December 2003 and \$3.92 at 31 January 2004.

Investment Portfolio

As at 31 December 2003 the twenty-five largest shareholdings of the company, at market values were:

Company	Market Value \$'000	% of Market Value of Total Investments
1. ANZ Banking Group Ltd	30,297	7.8%
2. National Australia Bank Ltd	29,950	7.7%
3. Westpac Banking Corporation Ltd	21,587	5.5%
4. Rio Tinto Ltd	16,740	4.3%
5. Alumina Ltd	16,425	4.2%
6. Wesfarmers Ltd	15,894	4.1%
7. Tabcorp Holdings Ltd	13,364	3.4%
8. WMC Resources Ltd	13,230	3.4%
9. Commonwealth Bank Ltd	11,780	3.0%
10. Woodside Petroleum Ltd	11,544	3.0%
11. Suncorp Metway Ltd	9,912	2.5%
12. Orica Ltd	9,772	2.5%
13. BHP Billiton Ltd	9,752	2.5%
14. TAB Ltd	9,240	2.4%
15. Southern Cross Broadcasting (Aust) Ltd	8,536	2.2%
16. Perpetual Trustees Australia Ltd	8,520	2.2%
17. Brambles Industries Ltd	8,448	2.2%
18. Woolworths Ltd	8,260	2.1%
19. Diversified United Investment Ltd	7,921	2.0%
20. Foodland Associated Ltd	7,784	2.0%
21. Alesco Corporation Ltd	7,092	1.8%
22. Amcor Ltd	6,608	1.7%
23. QBE Insurance Group Ltd	6,360	1.6%
24. The News Corporation Ltd	6,295	1.6%
25. Australian Gas Light Company Ltd	6,176	1.6%
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	301,487	77.2%
Total Investments at Market Value and Cash	390,525	

Further information is available from the Company's website: www.aui.com.au, including the monthly net asset backing per share.

Yours faithfully



Charles Goode
Chairman