

Ladies and Gentlemen,

Welcome to this year's Annual General Meeting. For the year just ended the Company's operating profit after income tax and before investment fluctuations was \$12,888,598 compared to \$9,866,331 in the previous year – an increase of 31%. The basic earnings per share were 16.07 cents compared to 14.5 cents for the previous year (which were adjusted for the bonus element in the June 2002 rights issue).

The increase in operating profit principally reflects additional interest and dividend income received following investment of the funds raised of \$56,146,968 in June 2002 through the 1 for 4 rights issue.

The result does not include notional, non-cash, non-taxable dividends forming part of the WMC Ltd and CSR Ltd demerger Schemes of Arrangement which have been treated as capital receipts in accordance with the advice we received in respect of the accounting standards.

Bank borrowings were \$30 million at the end of the financial year (previous year \$30 million) modestly gearing the investment portfolio by around 8.7%.

The Company's operating expenses (excluding borrowing costs) expressed as a percentage of the average market value of the portfolio were equivalent to 0.18%, a rise from 0.14% last year. This reflects the lower portfolio value, and an increase in administration, management, insurance costs, and directors fees.

The asset backing in the year to 30 June 2003 fell by 7.9% while the Australian S&P/ASX200 Index fell by 5.9%.

The graph in the Annual Report indicates the Company's growth has significantly outperformed the S&P/ASX 300 Accumulation Index over the last five years. Over that period the performance of an investment in AUI based on the Company's Net Asset Backing per share, assuming all dividends were reinvested, has grown 9.2% per annum compound compared to 6.9% per annum compound for the Index.

The final dividend for the year ending 30 June 2003 is 8 cents per share fully franked which with the interim dividend of 6 cents per share fully franked makes a total dividend for the year of 14 cents per share fully franked which is an increase of half a cent per share or 3.7%.

The portfolio of the Company is invested in Australian equities and at balance

date was spread over 60 companies. The Annual Report provides a list of the shareholdings at 30 June 2003 and 30 June 2002; the changes to the portfolio during the year; the percentage of the investment portfolio in terms of market values of each investment; and the twenty-five largest investments ranked in order of size at 30 June 2003.

The largest investments in terms of market value are National Australia Bank, ANZ Banking Group, Westpac, Wesfarmers and Rio Tinto. These five investments at 30 June 2003 comprised 33% of the portfolio and our twenty-five largest investments comprised 77% of the portfolio.

The share portfolio was invested as to 51% in the top 20 companies by market capitalisation; 27% in companies 21 to 50 in size; 8% in companies 51 to 100; and 14% in companies outside the largest 100 companies.

The main sectors of the portfolio were Banking 27%; Resources 14%, and Diversified Financials 7%.

The Company is invested in a portfolio of Australian equities with which your Board is comfortable. Our investment decisions are usually made with a view to dividend yield, and we are therefore particularly pleased that this policy has

enabled us to increase the Company's dividend for the tenth consecutive year.

Corporate Governance:

The Company has adopted, earlier than required, corporate governance principles in accordance with the Australian Stock Exchange Corporate Governance Council's "Principles of Good Corporate Governance and Best Practise Recommendations", which come into force next year. The principles adopted and any material departures from the recommendations, are outlined in the Corporate Governance Statement in the Annual Report and on the Company's website.

Outlook:

In last year's Chairman's Address I said that for numerous reasons "we have formed the view that we in Australia are in for a sideways moving sharemarket". This is still our view. The All Ordinaries Index was 3425 on 30 June 2001; 3163 on 30 June 2002 and 3000 on 30 June 2003. We consider the balance of probabilities is for the share market to recover a little this year.

In this environment our investment philosophy is to concentrate on strong leading companies with a bias to those with a reasonable yield.

Our net asset backing per share based on investments at market values and after provision for tax on net realised gains, but not unrealised gains, and after provision for the final dividend was \$3.87 at 30 June, 2003 and \$4.16 at 30 September, 2003.

Charles Goode

Chairman.



AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

ABN 37 004 268 679

CHAIRMAN'S
ADDRESS



ANNUAL GENERAL MEETING
TUESDAY 7 OCTOBER 2003