



Australian United Investment Company Limited

APPENDIX 4E FOR THE YEAR ENDED 30 JUNE 2024

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- Results for Announcement to the Market
- Media Release
- Financial Statements
- Independent Auditor's Report



Results for announcement to the market

The reporting period is the **year ended 30 June 2024** with the prior corresponding period being the year ended 30 June 2023.

The report is based on audit reviewed financial statements. A copy of the audit report can be found on page 36.

- Revenue from ordinary activities was \$58.0 million, a fall of 9.4% from the prior year.
- Statutory profit after tax was \$49.1 million, down 12.9% from the prior year.
- Statutory profit after tax excludes net realised gains and losses which are transferred directly to the Realisation Reserve under the accounting standards.
- Statutory profit after tax includes special dividends received of \$1.3 million (2023: \$1.2 million). Excluding these items, revenue fell 10.4%¹ and profit after tax fell 13.4%¹.
- Earnings per share based on profit after tax fell 12.8% to 39.0 cents (2023: 44.7 cents). Excluding special dividends received, earnings per share fell 13.5% to 37.9 cents¹.
- The Pre-tax Net Tangible Asset ("Pre-tax NTA") backing of the Company's shares at 30 June 2024 was \$11.74 per share (2023: \$10.63). The Pre-tax NTA backing calculation is before any future tax benefit of net realised losses, before estimated tax on net unrealised gains and losses, and before provision for the Company's final dividend.
- Directors have declared a total dividend of 28 cents per share fully franked, comprising an ordinary final dividend of 20 cents per share (2023: 20.0 cents) plus a special dividend of 8 cents per share (2023: none). The record date for determining entitlement to the dividend is 27 August 2024 and the dividend will be paid on 17 September 2024.
- The final dividend will not include any Listed Investment Company capital gain.
- 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 28 August 2024.

¹ Additional non-IFRS information.



Australian United Investment Company Limited

15 August 2024

ASX Announcement

Financial Results and Dividend Announcement for the financial year ended 30 June 2024

The Directors make the following report concerning the Company's performance and final dividend.

Market review and performance

Financial markets have shown strong performance after the lows of late 2023, as investors gained confidence in the economic outlook. The economy remained stable through the financial year, and with inflation easing has raised the possibility of future interest rate cuts next calendar year. The S&P/ASX 200 Accumulation Index rose 12.1% through the period, with the Banks and Technology sectors outperforming.

The accumulation performance of the Company's Pre-tax Net Tangible Asset (NTA) backing (before provision for tax on net unrealised gains) was an increase of 14.2%. This performance is calculated after all expenses, current taxes paid or payable, and the impact of the Company's gearing. Such items are not included in the S&P/ASX indices.

Financial results

Statutory profit after tax for the year ended 30 June 2024 was \$49.1 million (2023: \$56.4 million). Revenues received during the year were lower, primarily due to lower dividends from BHP, Rio Tinto and Woodside as a result of softer commodity prices.

Statutory profit after tax includes special dividends received of \$1.3 million (2023: \$1.2 million). Excluding these items revenue fell 10.4% and statutory profit after tax fell 13.4%¹.

More information on the Company's activities, performance and financial results can be found in the Operating and Financial Review on page 3 of the Annual Financial Report.

¹ Additional non-IFRS information.

Dividends and franking

The Directors have declared a total dividend of 28 cents per share (2023: 20 cents per share) fully franked at 30%, comprising an ordinary final dividend of 20 cents per share plus a special dividend of 8 cents per share.

The special dividend will be sourced from prior years' retained earnings which mainly comprise special dividends received over a number of years by the Company from its investments. The Directors consider, in the absence of unforeseen circumstances, that the Company has a sufficient franking account balance and profit reserves to support a special dividend of 8 cents per share for each of the next five years.

The dividend will be payable to shareholders registered on 26 August 2024 and will be paid on 17 September 2024.

Together with the interim dividend of 17 cents per share, total dividends declared for the year are 45 cents per share fully franked (2023: 37 cents fully franked).

The Company has a long history of paying reliable fully franked dividends and has maintained or increased its dividends paid per share every year since 1994.

LIC capital gains

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

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. The last day for the receipt of an election notice for participation in the plan is 28 August 2024.

Annual General Meeting

The Annual General Meeting of the Company will be held as a hybrid meeting on Wednesday 16 October 2024 at 11.00am. Further details will be announced closer to the date of the meeting.

Nominations for elections of directors will close at 5.00pm on Tuesday, 27 August 2024.

Outlook

We continue to be cautious on the short-term outlook for the share market mainly for the reason that it is trading near its all-time high and multiples are above the long-term average.

There are numerous areas of geopolitical conflict or tension in the world which could lead to a more adverse general environment. The current round of world national elections also has the potential to create volatility in markets.

We expect a slower growing Australian economy rather than a recession. We expect interest rates to have peaked but to remain around current levels for this calendar year. The dividends from our shareholdings in BHP, Rio Tinto, and Woodside were significantly lower than in the previous year and may be even lower in the year ahead.

In summary, we envisage a resilient economy withstanding difficult conditions but growing slowly and we have concerns that the share market does not fully reflect the various uncertainties in the world economy. The emphasis may move from the direction and timing of future interest rate movements to a greater focus on the economy and earnings.

Our current expectation is for the Company to declare a steady ordinary dividend in the year ahead and we anticipate, in the absence of unforeseen circumstances, to declare an annual special dividend of eight cents per share in each of the next five years. This program of special dividends reflects a policy of distributing in future years a significant proportion of our accumulated franking credits which have built up over time from special dividends the Company has received from its investments.

**AUSTRALIAN UNITED INVESTMENT
COMPANY LIMITED**

ABN 37 004 268 679

**Annual Financial Report
for the year ended 30 June 2024**

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Directors' Report

for the year ended 30 June 2024

The Directors of Australian United Investment Company Limited present their Directors' Report together with the financial report for the financial year ended 30 June 2024 and the auditor's report thereon.

Board and Management

Board of Directors

The Directors of the Company at any time during or since the end of the financial year are:

Charles Goode AC B.Com (Hons) (Melb), MBA (Columbia), Hon LLD (Melb), Hon LLD (Mon)
Non-executive Chairman, appointed April 1990 (Chairman since October 1993)

Mr Goode is the Chairman of the Board of Diversified United Investment Limited (since 1991), Chairman Emeritus of The Ian Potter Foundation Limited (having been Governor 1987 – 2024, Chairman 1994 – 2024) and Chairman Emeritus of Flagstaff Partners (having been Chairman 2010 – 2019). Mr Goode was formerly Chairman of Australia and New Zealand Banking Group Limited (Director 1991 – 2010, Chairman 1996 – 2010) and Chairman of Woodside Petroleum Limited (Director 1988 – 2007, Chairman 1999 – 2007).

Fred Grimwade B.Com/LLB (Hons) (Melb), MBA (Columbia), FAICD
Non-executive Director, appointed March 2014
Lead Independent Director, appointed October 2022

Mr Grimwade is a Principal and Director of Fawkner Capital Management Pty Ltd. He is currently Chairman of XRF Scientific Limited. Formerly he held senior executive positions with Colonial First State Investments Group, Colonial Mutual Group, Western Mining Corporation and Goldman, Sachs & Co. He is the Chairman of the Company's Audit and Risk Management Committee.

Dion Hershman B.Com/B.A. (Mon), MBA (Columbia)
Non-executive Director, appointed April 2018

Mr Hershman is Executive Chairman and Head of Australian Equities at Yarra Capital Management. He has more than 20 years' finance industry experience. Formerly he held senior executive positions with Goldman Sachs Asset Management, Citadel Investment Group (New York), Fidelity Investments (Boston) and Boston Consulting Group. He is Chairman of the Company's Nomination and Remuneration Committee.

Wayne Kent B.Com/LLB (Melb), SF FIN
Non-executive Director, appointed November 2021

Mr Kent has a 40-year career spanning Law, Investment Banking and Private Equity, including extensive experience in the Australian and International markets. He is currently a Senior Adviser to Flagstaff Partners, an independent corporate finance advisory firm. He co-founded Macquarie's Equity Capital Markets business and has held senior executive positions at Macquarie and Credit Suisse, Australia. He is also a co-owner or investor in a number of privately owned businesses and industrial properties in Australia.

Directors' Report (continued)

for the year ended 30 June 2024

Company Secretary

James Pollard B.BusCom (Mon), Grad Cert FP (Kaplan), FGIA, CA
Company Secretary, Appointed February 2020

Mr Pollard is also Company Secretary of Diversified United Investment Limited (since 2020), and has over 15 years' experience in accounting, taxation and private wealth advisory.

Directors' meetings

The number of Directors' meetings held (including meetings of Committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year were:

	Director's meetings (including subcommittees)		Audit and Risk Management Committee meetings		Nomination & Remuneration Committee meetings	
	Meetings attended	Meetings eligible	Meetings attended	Meetings eligible	Meetings attended	Meetings eligible
Charles Goode	12	12	2	2	1	1
Fred Grimwade	12	12	2	2	1	1
Dion Hershman	11	12	2	2	1	1
Wayne Kent	12	12	2	2	1	1

All Directors are members of the Audit and Risk Management Committee, which is chaired by Fred Grimwade. All Directors are members of the Nomination and Remuneration Committee, which is chaired by Dion Hershman.

Directors' interests

As at the date of this report the relevant interest of each Director in the issued capital of the Company as notified by the Directors to the Australian Securities Exchange in accordance with s205G(1) of the Corporations Act 2001 is as follows:

	Ordinary shares		
	Note 1	Note 2	Note 3
Charles Goode	156,699	1,501,908	33,583
Fred Grimwade	-	24,080	-
Dion Hershman	-	12,000	-
Wayne Kent	-	10,000	-

Note 1 Beneficial in own name.

Note 2 Held by an entity / related party in which the Director has a relevant interest.

Note 3 Held for the Director in accordance with the terms of the Non-Executive Directors 2006 Accrued Entitlements Share Plan.

Directors' Report (continued)

for the year ended 30 June 2024

Except as stated above, no Director:

- (a) has any relevant interest in shares of the Company or a related body corporate;
- (b) has any relevant interests in debentures of, or interests in a registered scheme made available by, the Company or a related body corporate;
- (c) has any rights or options over shares in, debentures of, or interests in a registered scheme made available by, the Company or a related body corporate;
- (d) is a party to a contract, or is entitled to a benefit under a contract, that confers a right to call for or deliver shares in, or debenture of or interests in a registered scheme made available by the Company or a related body corporate.

Operating and Financial Review

About the Company

The principal activity of the Company is that of an investment company which seeks, through a portfolio of securities predominantly comprising shares of companies listed on the ASX, to provide income and capital appreciation over the longer term.

The Directors have sought to invest in a diversified portfolio of investments with the objective of obtaining current income and longer-term capital gain within an acceptable level of risk.

Review of activities during the year

There has been no significant change in the nature of the Company's activities during the financial year.

Portfolio turnover for the year to 30 June 2024 was 8.8%. The largest acquisitions and disposals during the period were:

Acquisitions	\$ millions	Disposals	\$ millions
ResMed ⁽¹⁾	22.3	Reece ⁽⁴⁾	27.8
NextDC ^(1,2)	12.0	Goodman Group ⁽⁴⁾	15.4
Brickworks ⁽³⁾	11.7	Link Administration Holdings ⁽⁵⁾	12.6
Newmont ⁽³⁾	11.4	Ramsay Health Care ⁽⁶⁾	12.3
Origin Energy ⁽¹⁾	8.0	James Hardie ⁽⁴⁾	12.1

(1) Additions to existing positions.

(2) Includes participation in the April 2024 capital raising.

(3) New position.

(4) Fully disposed of holding.

(5) Fully disposed by takeover via scheme of arrangement.

(6) Partially disposed of holding.

At 30 June, the Company had total borrowing facilities available of \$175 million (2023: \$195 million).

Directors' Report (continued)

for the year ended 30 June 2024

Performance

During the year the accumulation performance of the Company's Pre-tax Net Tangible Asset (NTA) backing (before provision for tax on net unrealised gains) was an increase of 14.2%, compared to the S&P/ASX 200 Accumulation Index increase of 12.1%.

Including the benefit of franking credits for shareholders who can fully utilise them, the Company's accumulation return for the year to 30 June 2024 was an increase of 15.8% compared to an increase of 13.6% in the S&P/ASX 200 franking credit adjusted return.

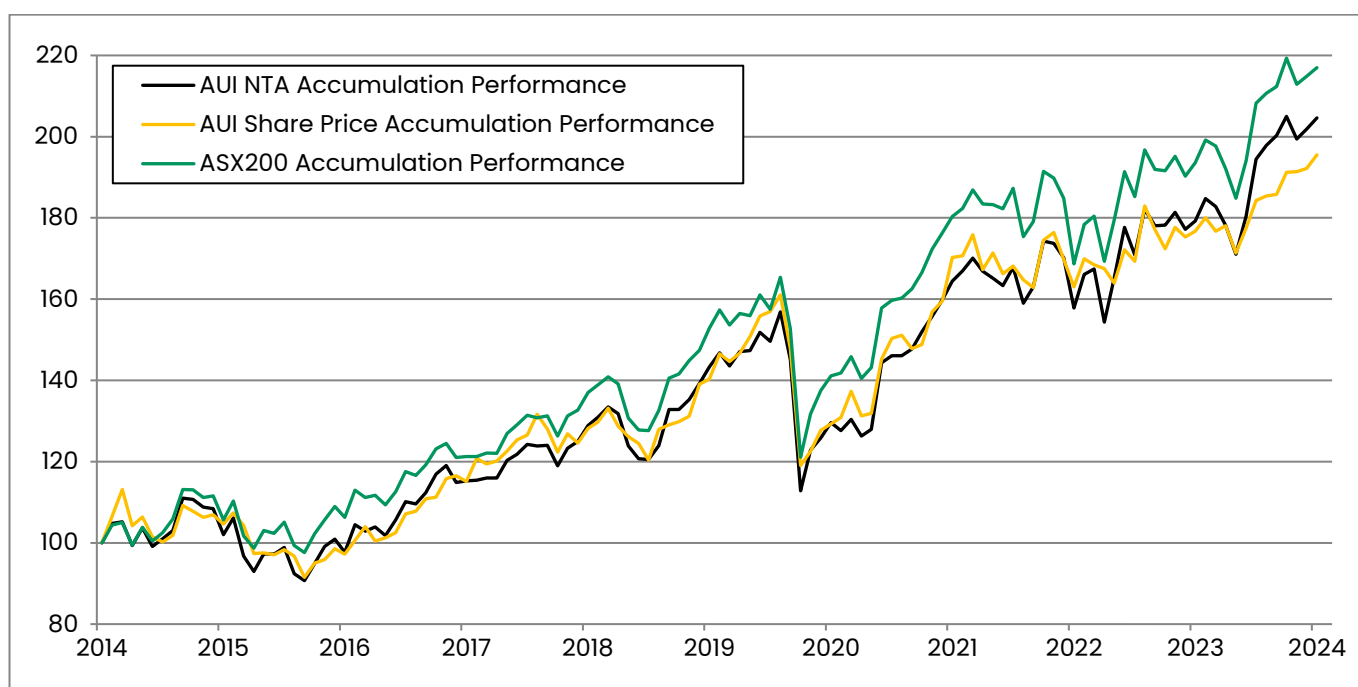
The Company's Pre-tax NTA backing accumulation performance is after all expenses, tax, and the impact of the Company's gearing. Such items are not included in the S&P/ASX indices.

The Company's relative performance for the year was assisted by overweight allocations to Carsales, Wesfarmers and Origin. Performance was held back by overweight holdings in Transurban, Woodside and Ramsay, and an underweight allocation to NAB.

The Company's NTA and share price performance in recent years (assuming all dividends paid by the Company were re-invested in its shares) is as follows:

	1 year	3 years	5 years	10 years
AUI NTA backing accumulation p.a.	14.2%	7.6%	7.4%	7.4%
AUI share price accumulation p.a.	10.6%	4.7%	6.9%	6.9%
S&P/ASX200 accumulation index p.a.	12.1%	6.4%	7.3%	8.1%

The following graph shows the accumulation performance of the Company's Pre-tax NTA backing (before provision for tax on net unrealised gains) and the Company's share price accumulation performance, assuming in both cases that all dividends were re-invested, and the S&P/ASX 200 Accumulation Index, over the last ten years.



Source: Evans & Partners

Directors' Report (continued)

for the year ended 30 June 2024

Financial results

For the year ended 30 June 2024, profit after tax was \$49.1 million compared to \$56.4 million in the previous year – a decrease of 12.9%.

Profit after tax includes certain items which are non-recurring or capital in nature, including special dividends declared by investee companies (referred to as “special income”). Special income received during the year totalled \$1.3 million after tax (2023: \$1.2 million). Excluding this, profit after tax decreased 13.4%.

The weighted average number of ordinary shares for the year was 126.1 million compared to 126.0 million in the previous year, an increase of 0.1%.

Earnings per share was 37.9 cents per share excluding special income (2023: 43.8 cents) or was 39.0 cents per share including special income (2023: 44.7 cents).

Net Tangible Asset backing

The Pre-tax NTA backing of the Company's ordinary shares at 30 June 2024 was \$11.74 per share (2023: \$10.63). This is calculated based on investments at market value and is after tax on net realised gains, before any future tax benefit of net realised losses, before estimated tax on net unrealised gains and losses, and before the Company's final dividend.

The Company is a long-term investor and does not intend disposing of its portfolio. However, if estimated tax on net unrealised portfolio gains were to be deducted, the NTA backing would be \$9.74 per share (2023: \$8.99).

Borrowings

Key information in relation to the Company's borrowings is provided below:

	2024	2023
Bank facilities available	\$175 million	\$195 million
Amount drawn	\$77 million	\$86 million
Cash on hand, net receivables and pending settlements	\$22.6 million	\$11.3 million
Net debt as a proportion of the portfolio excluding cash	3.6%	5.3%
Interest expense coverage by revenue	11.4 times	12.5 times

Management expense ratio

Expenses (excluding finance costs) were 0.10% of the average market value of the investment portfolio (2023: 0.10%).

Directors' Report (continued)

for the year ended 30 June 2024

Dividends

Dividends paid or declared by the Company since the end of the previous financial year were:

	Cents per share	Total \$'000	Franking	Payment date
Declared during the year 2024				
Final 2023 dividend	20.0	25,265	100%	19 September 2023
Interim 2024 dividend	17.0	21,502	100%	15 March 2024
Declared after end of year				
Final 2024 dividend - ordinary	20.0	24,778	100%	17 September 2024
Final 2024 dividend - special	8.0	9,911	100%	17 September 2024
	28.0	34,689	100%	

Financial results history

The Company's financial results in respect of the current financial year and the previous four financial years was:

	2024	2023	2022	2021	2020
Profit after tax (\$ Millions)	49.1	56.4	72.0	40.5	41.1
Special income after tax (\$ Millions)	1.3	1.2	20.9	7.5	1.1
Underlying profit (profit after tax less special income after tax) (\$ Millions) ⁽¹⁾	47.8	55.2	51.1	33.0	40.0
Earnings per share (cents)	39.0	44.7	57.5	32.5	33.1
Earnings per share (excluding special income after tax) (cents)	37.9	43.8	40.8	26.5	32.2
Ordinary dividends per share (cents)	37.0	37.0	37.0	36.0	36.0
Special dividends per share (cents)	8.0	-	-	-	-
Pre-tax NTA backing per share (before tax on net unrealised gains), 30 June	\$11.74	\$10.63	\$9.70	\$10.46	\$8.59
Share Price, 30 June	\$10.43	\$9.79	\$9.38	\$10.16	\$8.05
Management expense ratio	0.10%	0.10%	0.10%	0.11%	0.12%

(1) Underlying profit represents the ordinary and recurring income of the Company's investment portfolio, and is determined by deducting non-recurring items, non-cash items or income which is capital in nature from statutory net profit after tax.

Share buyback

The Company has an on-market share buyback capability in place which provides the Company the option to purchase its own shares on-market, with any shares bought back being cancelled. Cancelling these shares when they have been bought at a discount to NTA increases the value of all remaining shares on issue.

During the financial year, 2,733,126 shares were purchased and subsequently cancelled by the Company through its on-market share buyback at a total cost of \$28.1 million.

Directors' Report (continued)

for the year ended 30 June 2024

Material business risks

The Company is exposed to material financial risks from its equity investments, cash on hand and borrowing facilities held. These risks include:

- Credit, liquidity and market risk, each of which are detailed in Note 19 to the Financial Statements, and
- Interest rate risk, detailed in Note 20 to the Financial Statements.

The Company incorporates environmental, social and governance (ESG) risk and opportunity assessment as part of its investment decision making practices. The Company's approach to ESG in relation to its investment process is detailed in its Responsible Investment Policy, available on the Company's website.

Other material business risks faced by the Company and the key risk mitigation strategies in place include:

Risk description	Key risk mitigation strategies
Operational risk – the risk of failure of internal operations or of key third party providers, resulting in the Company being unable to perform essential functions.	<ul style="list-style-type: none">• Backup, business continuity and disaster recovery procedures are in place internally and with key third party providers.• Duplication of knowledge between the Company and key third party providers.
Information technology (IT) and cybersecurity – the risk of the loss or theft of data resulting from the failure of IT systems or inadequate security controls.	<ul style="list-style-type: none">• IT systems are continually monitored to detect and respond to failures.• Cybersecurity reviews are performed regularly to ensure best practice strategies are implemented.• Information security practices of key third party providers are reviewed and monitored to confirm they are appropriate.
Fraud and theft – the risk of loss or theft of the Company's financial assets due to internal or external events.	<ul style="list-style-type: none">• Majority of assets are held in external custody, covered by appropriate protocols and insurances.• Callback and confirmation procedures ensure instructions on material transactions are validly authorised.
Compliance risk – the risk of failure to meet regulatory or other obligations, and the resulting financial and non-financial impact to the Company.	<ul style="list-style-type: none">• Compliance obligations are documented and monitored.• Independent external advice supports internal procedures.• The Company holds Directors and Officers insurance.

Directors' Report (continued)

for the year ended 30 June 2024

Indemnification and insurance of Directors and Officers

The names of each person holding the position of Director of Australian United Investment Company Limited during the financial year are Charles Goode (Chairman), Fred Grimwade, Dion Hershman and Wayne Kent.

The Company has indemnified each current Director and the Company Secretary against all liabilities to another person (other than the Company or a related body corporate) that may arise from his position with the Company except where the liability arises out of conduct involving a lack of good faith. The agreements stipulate that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has paid insurance premiums in respect of Directors' and Officers' liability and legal expenses insurance, for current and former Directors and Officers, insuring them against liabilities, costs and expenses arising out of conduct which does not involve a wilful breach of duty. This insurance premium covers the period from 18 June 2024 to 30 June 2025.

Events subsequent to balance date

Other than as disclosed in the Financial Statements, there has not arisen in the interval between the end of the financial 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.

Likely developments

The Directors do not anticipate any particular developments in the operations of the Company which will affect the results of future financial years other than that the value of the investment portfolio is expected to fluctuate broadly in line with market movements.

It is the Directors' intention to continue to invest in a portfolio of listed securities for long term capital gain and dividend income.

State of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

Non-audit services

There were no non-audit services provided by the auditor during the financial year (2023: nil).

Corporate Governance Statement

The Company's Corporate Governance Statement for the year ended 30 June 2024 will be published together with the 2024 Annual Report.

The Company's most recent Corporate Governance Statement can be found on the Company's website at <https://www.aui.com.au/corporate-governance>.

Directors' Report (continued)

for the year ended 30 June 2024

Environmental regulation

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

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

The lead auditor's independence declaration is set out on page 11 and forms part of the Directors' Report for the year ended 30 June 2024.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and in accordance with that instrument, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Remuneration Report

This Remuneration Report has been audited.

Directors

Non-executive Directors fees paid were as follows:

	2024			2023		
	Fee \$	Superannuation \$	Total \$	Fee \$	Superannuation \$	Total \$
Charles Goode	180,180	19,820	200,000	171,946	18,054	190,000
Fred Grimwade	90,090	9,910	100,000	85,973	9,027	95,000
Dion Hershan	90,090	9,910	100,000	85,973	9,027	95,000
Wayne Kent	90,090	9,910	100,000	85,973	9,027	95,000
Total	450,450	49,550	500,000	429,865	45,135	475,000

No additional fees are paid to members of the Board Committees.

Company Secretary

The services of the Company Secretary, James Pollard, are provided to Diversified United Investment Limited through an administrative services agreement with the Company.

After cost recovery for those services, remuneration paid (including superannuation) by the Company was \$120,000 (2023: \$110,000).

Remuneration process

The Nomination and Remuneration Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to employees and Directors of the Company including superannuation entitlements, retirement and termination entitlements, fringe benefits policies and professional indemnity policies. The Company's key management personnel are the Directors and the Company Secretary.

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors. The Nomination and Remuneration Committee may seek independent advice on the appropriateness of remuneration packages, given trends in comparative companies and

Directors' Report (continued)

for the year ended 30 June 2024

considering Company activity and changing responsibilities. The remuneration structures are designed to attract suitably qualified candidates, and to facilitate the broader outcome of supporting the Company's objectives of obtaining current income and longer-term capital gains within an acceptable level of risk.

Directors' fees are fixed and reviewed annually, and the maximum total of Directors' fees is set by the shareholders in general meeting, considering the Company's performance and market conditions. The current maximum is \$600,000.

Non-executive directors do not receive performance-related compensation and are not provided with retirement benefits apart from statutory superannuation and any shares issued as a result of accumulated benefits from the Non-Executive Directors' 2006 Accrued Entitlements Share Plan.

Dealings with Directors and the Company Secretary

Each Director and the Company Secretary has signed a Deed of Access, Indemnity and Insurance with the Company and is covered by the Company's Directors and Officers Liability Insurance. No Director has entered a material contract with the Company since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year end, other than the Deeds of Access, Indemnity and Insurance held.

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

Charles Goode

Chairman

15 August 2024



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 audit of Australian United Investment Company Limited for the financial year ended 30 June 2024 there have been:

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

KPMG

KPMG

Luke Sullivan
Partner

Melbourne
15 August 2024

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Revenue from investment portfolio	2(a)	57,761	63,806
Administration and other expenses		(1,795)	(1,779)
Administration costs recovered		284	289
Finance expenses	2(b)	(5,086)	(5,121)
Profit before tax		51,164	57,195
Income tax expense	4(a)	(2,046)	(832)
Profit after tax		49,118	56,363
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Revaluation of the investment portfolio for the year		134,131	106,667
Provision for tax expense on revaluation of the investment portfolio for the year		(40,220)	(32,284)
Other comprehensive profit after tax		93,911	74,383
Total comprehensive profit		143,029	130,746
Basic and diluted earnings per share (cents)	5	39.0	44.7

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements set out on pages 16 to 33.

Balance Sheet

as at 30 June 2024

	Note	2024 \$'000	2023 \$'000
Assets			
Cash and cash equivalents	17(a)	16,387	5,133
Receivables	7	6,259	6,172
Current tax receivable	4(c)	-	418
Other assets	8	111	108
Current assets		22,757	11,831
Investment portfolio	9	1,511,122	1,418,252
Plant and equipment	10	14	11
Other assets	8	284	12
Non-current assets		1,511,420	1,418,275
Total assets		1,534,177	1,430,106
Liabilities			
Payables	11	1,603	1,377
Employee benefits		28	35
Current tax payable	4(c)	421	-
Current liabilities		2,052	1,412
Payables	11	235	-
Employee benefits		21	15
Borrowings – interest bearing	12	77,000	86,000
Net deferred tax liability	4(b)	248,142	206,988
Non-current liabilities		325,398	293,003
Total liabilities		327,450	294,415
Net assets		1,206,727	1,135,691
Equity			
Issued capital	14(a)	439,092	464,318
Reserves	14(b)	767,635	671,373
Total equity		1,206,727	1,135,691

The Balance Sheet is to be read in conjunction with the Notes to the Financial Statements set out on pages 16 to 33.

Statement of Changes in Equity

for the year ended 30 June 2024

	Issued capital \$'000	Revaluation Reserve \$'000	Realisation Reserve \$'000	Retained earnings \$'000	Total equity \$'000
As at 1 July 2022	454,378	417,255	5,915	163,963	1,041,511
Total comprehensive income					
Revaluation of investment portfolio	-	106,667	-	-	106,667
Tax expense	-	(32,284)	-	-	(32,284)
Net realised gains on disposals	-	(6,253)	6,253	-	-
Tax expense	-	4,270	(4,270)	-	-
Profit after tax	-	-	-	56,363	56,363
	-	72,400	1,983	56,363	130,746
Transactions with shareholders					
Dividend Reinvestment Plan	3,071	-	-	-	3,071
Share Purchase Plan	6,869	-	-	-	6,869
Dividends paid	-	-	-	(46,506)	(46,506)
	9,940	-	-	(46,506)	(36,566)
As at 30 June 2023	464,318	489,655	7,898	173,820	1,135,691
As at 1 July 2023	464,318	489,655	7,898	173,820	1,135,691
Total comprehensive income					
Revaluation of investment portfolio	-	134,131	-	-	134,131
Tax expense	-	(40,220)	-	-	(40,220)
Net realised gains on disposals	-	(11,996)	11,996	-	-
Tax expense	-	3,652	(3,652)	-	-
Profit after tax	-	-	-	49,118	49,118
	-	85,567	8,344	49,118	143,029
Transactions with shareholders					
Dividend Reinvestment Plan	2,887	-	-	-	2,887
On-market buyback	(28,113)	-	-	-	(28,113)
Dividends paid	-	-	-	(46,767)	(46,767)
	(25,226)	-	-	(46,767)	(71,993)
As at 30 June 2024	439,092	575,222	16,242	176,171	1,206,727

The Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements set out on pages 16 to 33.

Statement of Cash Flows

for the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Cash flows from operating activities			
Interest received		763	289
Dividends and trust distributions received		56,733	62,434
Other revenue received		332	289
Administration and other expenses paid		(1,805)	(1,740)
Finance costs paid		(4,887)	(4,515)
Income taxes received / (paid)		55	(505)
Net cash from operating activities	17(b)	51,191	56,252
Cash flows from investing activities			
Proceeds from sale of investments		131,896	132,812
Purchases of investments		(90,832)	(72,597)
Purchases of fixed assets		(8)	-
Net cash from investing activities		41,056	60,215
Cash flows from financing activities			
Proceeds from borrowings		75,000	51,500
Repayment of borrowings		(84,000)	(133,000)
Proceeds from Share Purchase Plan		-	6,869
Dividends paid net of Dividend Reinvestment Plan		(43,880)	(43,434)
Payments for shares bought back		(28,113)	-
Net cash used in financing activities	12	(80,993)	(118,065)
Net increase / (decrease) in cash held		11,254	(1,598)
Cash and cash equivalents at 1 July		5,133	6,731
Cash and cash equivalents at 30 June	17(a)	16,387	5,133

The Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements set out on pages 16 to 33.

Notes to the Financial Statements

for the year ended 30 June 2024

1. Statement of material accounting policies

Australian United Investment Company Limited (“the Company”) is a for-profit company domiciled in Australia. The financial report was authorised for issue by the Directors on 15 August 2024.

(a) Statement of compliance

This financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (‘AASBs’) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (‘AASB’) and the Corporations Act 2001. The financial report of the Company also complies with International Financial Reporting Standards (‘IFRSs’) and interpretations adopted by the International Accounting Standards Board.

(b) Basis of preparation

The financial report is presented in Australian dollars. The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

The Company has prepared an assessment of its ability to continue as a going concern, taking into account all available information for a period of 12 months from the date of these Financial Statements. It is the view of the Directors that the Company will be able to pay its debts as and when they become due and payable and as such these Financial Statements are prepared on a going concern basis.

The Company has not applied any Australian Accounting Standards that have been issued as at balance date but are not yet operative for the year ended 30 June 2024 (“the inoperative standards”). The inoperative standards have been assessed as having no material impact. The Company only intends to adopt inoperative standards at the date at which their adoption becomes mandatory.

The financial report is prepared on a historical cost basis except that the investment portfolio is stated at its fair value.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

(c) Investments

The Company is a long-term investor. Under Australian Accounting Standards, the Company has elected to classify equity investments at fair value through other comprehensive income, as they are not held for trading. After initial recognition at fair value (being cost), all investments are measured at fair value.

Unrealised gains or losses on equity and other investments are recognised in the Revaluation Reserve until the investment is sold or otherwise disposed of, at which time the cumulative gain or loss is transferred to the Realisation Reserve.

Notes to the Financial Statements

for the year ended 30 June 2024

1. Statement of material accounting policies (continued)

The Company derecognises an investment when it is sold, or it transfers the investment, and the transfer qualifies for derecognition in accordance with AASB 9.

Interest bearing investments are recognised at fair value and then measured at amortised cost. Amortised cost is calculated with any difference between cost and redemption value being recognised in the income statement over the period of the investment on an effective interest basis.

(d) Revenue from investment portfolio

The activity of the Company is that of an investment company, returns being in the form of dividends, interest income, trust income and option premiums. Dividend income is recognised in the income statement at ex-dividend date and all other income is recognised on an accrual basis. Special Dividends are those dividends received which have been designated as special by the declaring company.

The managed funds in which the Company invests distribute realised capital gains from time to time and these are included in operating revenue, as required under accounting standards.

The Company may write covered call options where it is prepared to sell or reduce a long-term investment at prices higher than current market. Open option contracts are marked to market through the profit and loss account.

(e) Taxation

The income tax expense or benefit for the period is the tax payable or receivable on the current period's taxable income based on the applicable company tax rate of 30% adjusted by changes in deferred tax assets and liabilities which arise from items being brought to account in different periods for income tax and accounting purposes.

The expected tax on disposal of equity securities in the investment portfolio is recognised directly in the Revaluation Reserve and as a deferred tax asset or liability. When the Company disposes of such securities, tax is calculated on gains or losses made according to the particular parcels allocated to the sale for tax purposes and offset against any capital losses carried forward. At this time, the tax recognised directly in the Revaluation Reserve is transferred to the Realisation Reserve. The associated deferred tax is similarly adjusted and transferred to current tax payable.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes to the Financial Statements

for the year ended 30 June 2024

1. Statement of material accounting policies (continued)

(f) Employee benefits

Provision is made for benefits accruing to employees in respect of wages, salaries, annual leave and long service leave (based on wage rates expected at the time of settling the liability) when it is probable that settlement will be required, and they are capable of being reliably measured. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(g) Interest bearing borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. After initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowing on an effective interest basis.

(h) Ordinary shares

Ordinary shares are classified as equity. Costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

2. Revenue and expenses

	2024 \$'000	2023 \$'000
(a) Revenue		
Ordinary dividends received or due and receivable	50,820	56,506
Special dividends received or due and receivable	1,635	1,155
	52,455	57,661
Trust distributions received or due and receivable	4,418	5,856
Interest received or due and receivable	763	289
Other revenue received or due and receivable	125	-
	57,761	63,806
(b) Expenses		
Finance expenses:		
Interest and borrowing expenses	5,086	5,121

3. Auditor's remuneration

During the year, KPMG, the Company's auditor, received the following remuneration inclusive of GST:

	2024 \$	2023 \$
Audit and review of financial reports	58,988	57,122

Notes to the Financial Statements

for the year ended 30 June 2024

4. Taxation

	2024 \$'000	2023 \$'000
(a) Income tax expense		
Income tax recognised in the income statement		
Current year tax payable	(989)	(392)
Withholding tax on foreign dividends	(129)	(76)
Temporary differences	(935)	(478)
Over provision of prior year income tax expense	7	114
Income tax expense	(2,046)	(832)
Reconciliation between profit and income tax expense		
Profit before tax	51,164	57,195
Prima facie income tax expense at 30%	(15,349)	(17,159)
Adjustments:		
Franking credits gross up on dividends received	(5,825)	(6,871)
Franking credits on dividends received	19,418	22,902
Other	(297)	182
Over provision of prior year income tax expense	7	114
Income tax expense	(2,046)	(832)
Deferred tax recognised directly in equity		
Increase in provision for tax on net unrealised gains on investments	40,220	32,284
(b) Net deferred tax assets and liabilities		
Provision for tax on net unrealised gains on investments	248,718	211,514
Tax benefit of capital losses carried forward	(889)	(4,621)
Other	313	95
Net deferred tax liabilities	248,142	206,988
(c) Current tax payable / (receivable)		
Current year tax payable	989	392
Tax instalments paid	(568)	(810)
Current tax payable / (receivable)	421	(418)

Notes to the Financial Statements

for the year ended 30 June 2024

5. Earnings per share

	2024 '000	2023 '000
Weighted average number of ordinary shares	126,089	126,007
	\$'000	\$'000
Profit after tax	49,118	56,363
	Cents	Cents
Basic and diluted earnings per share	39.0	44.7
Earnings per share excluding special income received (refer Note 1(d))	37.9	43.8

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

6. Dividends

Dividends recognised in the current year by the Company are:

	2024 \$'000	2023 \$'000
2023 final dividend of 20.0 cents per share (2022: 20.0 cents) fully franked paid 19 September 2023	25,265	25,055
2024 interim dividend of 17.0 cents per share (2023: 17.0 cents) fully franked paid 15 March 2024	21,502	21,451
	46,767	46,506

Since 30 June 2024, the Directors have declared the following dividend:

	2024 \$'000	2023 \$'000
2024 final dividend (ordinary) of 20.0 cents per share (2023: 20.0 cents) fully franked payable on 17 September 2024	24,778	25,265
2024 final dividend (special) of 8.0 cents per share (2023: nil) fully franked payable on 17 September 2024	9,911	-
	34,689	25,265

The financial effect of this dividend has not been brought to account in the Financial Statements for the year ended 30 June 2024.

The final dividend will not contain a Listed Investment Company (LIC) capital gain dividend (2023: no LIC capital gain dividend).

Notes to the Financial Statements

for the year ended 30 June 2024

6. Dividends (continued)

Franking account

The balance of the Franking Account at 30 June 2024 is \$50,812,290 (2023: \$50,975,733) after adjusting for:

- (a) franking credits that will arise from any current income tax payable, and
- (b) franking credits that will arise from the receipt of dividends recognised as receivables at year end.

After allowing for the 2024 final dividend, which is not provided for in these Financial Statements, the balance of the franking account would be \$35,945,263. The ability to utilise the franking credits is dependent upon the ability of the Company to declare dividends.

Listed Investment Company (LIC) capital gain account

The balance of the LIC Capital Gain Account at 30 June 2024 was \$372,101 (2023: \$372,101). When distributed, LIC capital gains may entitle certain shareholders to a special deduction in their taxation return, as set out in the relevant dividend statement.

7. Receivables

	2024 \$'000	2023 \$'000
Current		
Dividends receivable	3,874	3,906
Trust distributions receivable	2,308	2,266
Sundry receivable	77	-
	6,259	6,172

8. Other assets

	2024 \$'000	2023 \$'000
Current		
Prepayments	104	108
Input Tax Credits	7	-
	111	108
Non-current		
Right of use asset	284	12

Notes to the Financial Statements

for the year ended 30 June 2024

9. Investments

	2024 \$'000	2023 \$'000
Non-current		
Investments in equities quoted on prescribed stock exchanges (at fair value)	1,511,122	1,418,252

10. Plant and equipment

	2024 \$'000	2023 \$'000
Plant and equipment at cost	41	33
Accumulated depreciation	(27)	(22)
	14	11
Movements		
Carrying amount at beginning of year	11	21
Additions	8	-
Depreciation	(5)	(10)
	14	11

11. Payables

	2024 \$'000	2023 \$'000
Current		
Trade creditors	125	123
Accrued interest	1,418	1,218
Lease liability	60	14
Input tax credits	-	22
	1,603	1,377
Non-current		
Lease liability	235	-
	235	-
	1,838	1,377

The Company's lease liability relates to the lease of office premises. On 21 August 2023, the lease agreement was renewed until 31 August 2028.

Notes to the Financial Statements

for the year ended 30 June 2024

12. Borrowings

	2024 \$'000	2023 \$'000
Non-current		
Bank borrowings – secured	77,000	86,000

At 30 June 2024 the Company had facilities totalling \$175 million (2023: \$195 million) with NAB as follows:

Maturity	Interest rate ⁽¹⁾	Facility limit \$'000
31 July 2025	Floating 5.49%	125,000
31 July 2025	Fixed 2.27%	20,000
31 July 2026	Floating 5.88%	20,000
3 July 2027	Floating 5.87%	10,000
		175,000

(1) Interest rate includes bank margins and fees.

The terms of the agreement require the market value of the securities pledged as collateral for the drawn secured borrowings to satisfy a minimum value of \$409.7 million. As at 30 June 2024 the market value of the securities pledged as collateral was \$548.8 million (2023: \$602.2 million).

Reconciliation of movements in borrowings to cash flows from financing activities

	Liabilities	Equity		Total
	Borrowings	Retained earnings	Issued capital	
	2023 \$'000	2023 \$'000	2023 \$'000	2023 \$'000
Balance at 1 July 2022	167,500	163,963	454,378	785,841
Changes from financing cash flows				
Proceeds from borrowings	51,500	-	-	51,500
Repayment of borrowings	(133,000)	-	-	(133,000)
Proceeds from Share Purchase Plan	-	-	6,869	6,869
Cash dividends paid	-	(43,434)	-	(43,434)
Total changes from financing cash flows	(81,500)	(43,434)	6,869	(118,065)
Equity-related other changes	-	53,291	3,071	56,362
Balance at 30 June 2023	86,000	173,820	464,318	724,138

Notes to the Financial Statements

for the year ended 30 June 2024

12. Borrowings (continued)

	Liabilities	Equity		Total 2024 \$'000
	Borrowings	Retained earnings	Issued capital	
	2024 \$'000	2024 \$'000	2024 \$'000	
Balance at 1 July 2023	86,000	173,820	464,318	724,138
Changes from financing cash flows				
Proceeds from borrowings	75,000	-	-	75,000
Repayment of borrowings	(84,000)	-	-	(84,000)
Cash dividends paid	-	(43,880)	-	(43,880)
Share Buy-Back	-	-	(28,113)	(28,113)
Total changes from financing cash flows	(9,000)	(43,880)	(28,113)	(80,993)
Equity-related other changes	-	46,231	2,887	49,118
Balance at 30 June 2024	77,000	176,171	439,092	692,263

13. Financing arrangements

The Company has access to the following lines of credit:

	2024 \$'000	2023 \$'000
Total facility available		
Loan facility – secured	175,000	195,000
Facilities utilised at balance date		
Loan facility – secured	77,000	86,000

Notes to the Financial Statements

for the year ended 30 June 2024

14. Capital and reserves

(a) Issued capital

	2024 \$'000	2023 \$'000
Issued and paid-up share capital 123,891,889 ordinary fully paid shares (2023: 126,326,013)	439,092	464,318
Movements in issued capital		
Balance at beginning of the year	464,318	454,378
Shares issued:		
Dividend Reinvestment Plan ⁽¹⁾	2,887	3,071
Share Purchase Plan ⁽²⁾	-	6,869
On-market buyback ⁽³⁾	(28,113)	-
	439,092	464,318

(1) In respect of the final dividend paid in September 2023, 155,302 ordinary shares were issued at \$9.60 each and in respect of the interim dividend paid in March 2024, 143,700 ordinary shares were issued at \$9.86 each.

(2) In respect of the 2022 Share Purchase Plan, 736,738 shares were issued at \$9.41 each on 30 September 2022. Transaction costs associated with the Share Purchase Plan were \$61,000.

(3) In respect of the on-market buyback, 2,733,126 shares were purchased at an average price of \$10.26. Transaction costs associated with the on-market buyback were \$58,000.

(b) Reserves

	2024 \$'000	2023 \$'000
Retained earnings	176,171	173,820
Revaluation Reserve	575,222	489,655
Realisation Reserve	16,242	7,898
	767,635	671,373

Revaluation Reserve

Increments or decrements arising from the revaluation of long-term equity investments after provision for deferred tax are recorded in this reserve.

When an investment has been sold or de-recognised, realised gains or losses (after tax) are transferred from the Revaluation Reserve to the Realisation Reserve.

Realisation Reserve

The Realisation Reserve records realised gains and losses (after tax) from the sale of investments in equities which are transferred from the Revaluation Reserve.

15. Contingent liabilities and capital commitments

There were no contingent liabilities or capital commitments as at 30 June 2024.

Notes to the Financial Statements

for the year ended 30 June 2024

16. Related parties

Per the definition in *AASB124 – Related Party Disclosures*, the Company has been identified as a related party of Diversified United Investment Limited (DUI) due to the provision of services of key management personnel (being the Company Secretary, James Pollard) from the Company to DUI.

In July 2019, the Company entered into an agreement with DUI for the provision of administrative services. The total fees received for services provided in the current year are \$311,938 including GST (2023: \$317,900).

The Company leases its office premises from Flagstaff Partners Pty Ltd (Flagstaff) on commercial, arms-length terms. The Company advises that Charles Goode, Chairman of the Company, is also Chairman Emeritus of Flagstaff Partners and that Wayne Kent, Director of the Company, is a Special Adviser to Flagstaff.

Key management personnel compensation

The Company's key management personnel include its Directors and the Company Secretary.

The total Directors' remuneration for the year was \$500,000 (2023: \$475,000). Details of the Directors' remuneration are set out in the Remuneration Report that forms part of the Directors' Report.

Key management personnel compensation during the year comprised the following:

	2024	2023
	\$	\$
Amounts paid or payable to Directors	500,000	475,000
Short-term employee benefits	108,108	99,548
Post-employment benefits (superannuation)	11,892	10,452
	620,000	585,000

17. Notes to the Statement of Cash Flows

(a) Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank and short-term deposits at call. Cash as at the end of the financial year is shown in the Statement of Cash Flows and in the Balance Sheet as \$16,387,000 (2023: \$5,133,000).

Notes to the Financial Statements

for the year ended 30 June 2024

17. Notes to the Statement of Cash Flows (continued)

(b) Reconciliation of profit after tax to net cash flows from operating activities

	2024 \$'000	2023 \$'000
Profit after tax	49,118	56,363
Adjustments for:		
Decrease / (increase) in dividends receivable	31	(393)
(Increase) in trust distributions receivable	(42)	(615)
(Increase) / decrease in other assets	(340)	97
Decrease / (increase) in deferred tax assets	830	(114)
Increase in deferred tax liability	302	478
Increase / (decrease) in other taxes	840	(113)
Increase in payables and provisions	452	549
Net cash flows from operating activities	51,191	56,252

18. Capital management

The Company's objective in managing capital is to continue to provide shareholders with dividends and capital appreciation over the longer term within acceptable levels of risk.

The Company may adjust the quantum of dividends paid, issue new shares or buy back shares, or increase or reduce debt in order to manage its capital structure.

The Company is not subject to any externally imposed capital requirements.

19. Financial risk management

AASB 7 – Financial Instruments: Disclosures identifies three types of risk associated with financial instruments (i.e. investments, receivables, payable and borrowings).

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework and receives advice from the Audit and Risk Management Committee.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The credit risk exposure of the Company lies principally in its cash and receivables to the extent of their carrying values and any accrued unpaid interest. Refer Note 17.

Notes to the Financial Statements

for the year ended 30 June 2024

19. Financial risk management (continued)

Cash

The Company invests in cash management units with the Mutual Trust Cash Fund. Investments are restricted to at-call deposits and term deposits with APRA-regulated banks. Banks are limited to a minimum counterparty credit risk rating of Standard & Poor's A-2 short term and BBB-long term.

All other cash deposits are held with Australian banks with a direct or underlying AA- credit rating assigned by Standard & Poor's.

Receivables

Receivables are non-interest bearing and represent dividends, proceeds of sales and distributions yet to be received. The credit risk exposure of the Company in relation to receivables is the carrying amount.

Given the nature of the counterparties with which the Company deals, management does not expect any counterparty to fail to meet its obligations. Additionally, none of these assets are overdue or considered to be impaired.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities as they fall due. The Company monitors its cash flow requirements and ensures that it has cash or access to sufficient borrowing facilities or liquid securities to meet all its financial obligations as they fall due.

Bank borrowings were \$77.0 million at the end of the financial year (2023: \$86.0 million), and net debt as a proportion of the portfolio excluding cash was 3.6% (2023: 5.3%). The Company has interest bearing loan facilities in place with the National Australia Bank which include both fixed and floating rate components. These facilities expire at various intervals through to 2 July 2027, unless renewed. Annual interest expense during the year was covered 11.4 times by investment revenue (2023: 12.5 times).

The Company's significant cash inflows are derived from dividends, distributions, and the sale proceeds received from its investment portfolio and proceeds from borrowings. Its major cash outflows include the purchase of securities, finance expenses, borrowing repayments and dividends paid to shareholders, which are managed by the Company.

The Company's investments are quoted on a prescribed stock exchange or are in managed investment funds and can be realised if required.

Notes to the Financial Statements

for the year ended 30 June 2024

19. Financial risk management (continued)

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities at the reporting date. The carrying amount represents the account balance of the liability in the financial statements and the contractual cash flows are the undiscounted future cash payments as required by the relevant arrangement.

Financial liabilities 2023	Carrying amount \$'000	Contractual cash flows					
		Total \$'000	12 months or less \$'000	1 to 2 years \$'000	2 to 3 years \$'000	3 to 4 years \$'000	4 to 5 years \$'000
Trade creditors	123	(123)	(123)	-	-	-	-
Accrued interest	1,218	(1,218)	(1,218)	-	-	-	-
Lease liability	14	(14)	(14)	-	-	-	-
Input tax credits	22	(22)	(22)	-	-	-	-
Borrowings	86,000	(86,000)	-	(36,000)	(20,000)	(20,000)	(10,000)
	87,377	(87,377)	(1,377)	(36,000)	(20,000)	(20,000)	(10,000)

Financial liabilities 2024	Carrying amount \$'000	Contractual cash flows					
		Total \$'000	12 months or less \$'000	1 to 2 years \$'000	2 to 3 years \$'000	3 to 4 years \$'000	4 to 5 years \$'000
Trade creditors	125	(125)	(125)	-	-	-	-
Accrued interest	1,418	(1,418)	(1,418)	-	-	-	-
Lease liability	295	(295)	(60)	(67)	(73)	(81)	(14)
Borrowings	77,000	(77,000)	-	(47,000)	(20,000)	(10,000)	-
	78,838	(78,838)	(1,603)	(47,067)	(20,073)	(10,081)	(14)

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

Inherently, the Company is not free of market risk as it invests its capital in securities whose market prices can fluctuate.

Market risk is managed by ensuring that the Company's investment portfolio is not overly exposed to one Company or one particular sector relative to the S&P/ASX 200 index after taking into account unrealised capital gains. The relative weightings of the individual securities and the relative market sector weightings are reviewed by the Board at each Director's meeting.

Notes to the Financial Statements

for the year ended 30 June 2024

19. Financial risk management (continued)

Price risk

The Company is exposed to price risk to the extent that the value of investments held may fluctuate with movements in market prices.

Price risk sensitivity

Based on a tax rate of 30% (2023: 30%), a general movement in market prices of 5% and 10% would lead to a change in the Company's equity as follows:

	2024		2023	
	\$'000	%	\$'000	%
Market prices increase by 5%	52,889	4.4	49,639	4.4
Market prices increase by 10%	105,779	8.8	99,278	8.7
Market prices fall by 5%	(52,889)	(4.4)	(49,639)	(4.4)
Market prices fall by 10%	(105,779)	(8.8)	(99,278)	(8.7)

Currency risk

All of the Company's investments are quoted in Australian dollars therefore avoiding any direct exposure to currency risk. Nevertheless, several of the underlying investee companies' businesses may have currency risk exposures.

The Company also has exposure to interest rate risk on its borrowings as detailed in Note 20.

20. Financial instruments disclosure

Interest rate risk

The Company's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets which bear interest is set out below.

Interest income

The Company is exposed to interest rate risk through its cash accounts and short-term deposits. Interest bearing investments are not core to the Company's investment strategy, therefore the exposure to interest rate risk on interest income is not material.

The weighted average interest rate on cash accounts is as follows:

	Note	Floating Interest Rate \$'000
2024		
Cash	17	16,387
Weighted Average Interest Rate		4.4%
2023		
Cash	17	5,133
Weighted Average Interest Rate		3.0%

Notes to the Financial Statements

for the year ended 30 June 2024

20. Financial instruments disclosure (continued)

Interest paid

The Company is also exposed to interest rate risk through its floating rate loan facilities, which is mitigated through conservative levels of gearing, ensuring that appropriate interest cover exists and establishing fixed interest rate facilities when appropriate.

At 30 June 2024, the Company had drawn floating rate borrowings of \$57 million (2023: \$66 million). The interest paid on these loans can fluctuate with changes in the floating interest rate, which is affected by external factors such as movements in the Bank Bill Swap Rate (BBSW).

Interest paid sensitivity

A movement in the floating rates on these facilities of 50 basis points and 100 basis points would lead to a change in profit after tax of \$199,500 or 0.4% (2023: \$231,000 or 0.4%), and \$399,000 or 0.8% (2023: \$462,000 or 0.8%) respectively.

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.

The net fair value of unlisted managed funds is determined by valuing them at the net asset value provided by the fund manager as at balance date. Unlisted managed funds included in "Investments" are considered "Level 2" under the fair value measurement hierarchy, which is defined as inputs other than quoted prices, which can be observed either directly (as prices) or indirectly (derived from prices).

As at 30 June 2024, the Company's Level 1 investments totalled \$1,511,122,000 (2023: \$1,418,252,000) and it did not hold any Level 2 investments (2023: nil). The net fair value of investments is set out in Notes 9 and 23.

Fixed interest borrowings

At 30 June 2024, the fair value of the Company's fixed interest rate borrowings was \$19,401,000 (2023: \$18,814,000) while the face value was \$20,000,000 (2023: \$20,000,000).

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

Notes to the Financial Statements

for the year ended 30 June 2024

21. Segment reporting

The Company operates as an investment company in Australia. At 30 June 2024, all of the Company's investments were domiciled within Australia (2023: all investments domiciled within Australia).

Significant investments

For the year ended 30 June 2024, investments from which dividends received comprised a significant proportion of revenue (greater than 10%) were as follows:

	2024	2023
BHP	11.0%	16.6%
Commonwealth Bank	10.2%	8.6%
Woodside	8.6%	13.5%

As at 30 June 2024, Commonwealth Bank comprised 10.5% of the total value of the investment portfolio including cash (2023: 9.1%).

22. Events subsequent to balance date

Other than as disclosed in this report, there has not arisen in the interval between the end of the financial 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.

Notes to the Financial Statements

for the year ended 30 June 2024

23. Holdings of securities as at 30 June 2024

The following is a list of the Company's top 25 Investments as at 30 June 2024, which represent 91.6% of the total investment portfolio (2023: 88.9%). All Investments are valued at fair value through Other Comprehensive Income.

2024		2023	
Security	Market Value \$'000	Security	Market Value \$'000
Commonwealth Bank Of Australia Ltd	161,773	Commonwealth Bank of Australia Ltd	130,351
CSL Ltd	118,084	BHP Group Ltd	121,473
BHP Billiton Ltd	115,236	CSL Ltd	117,887
Rio Tinto Ltd	89,250	Rio Tinto Ltd	86,017
Wesfarmers Ltd	84,734	Woodside Energy Group Ltd	79,212
ANZ Group Holdings Ltd	74,836	Transurban Group	78,375
Diversified United Investment Ltd	73,872	Diversified United Investment Ltd	70,848
Woodside Energy Group Ltd	70,525	Wesfarmers Ltd	69,076
Transurban Group	68,200	ANZ Group Holdings Ltd	62,832
Westpac Banking Corporation	59,906	Westpac Banking Corporation	46,948
Carsales.com Ltd	52,875	Woolworths Group Ltd	39,730
Resmed Inc	49,470	Carsales.com Ltd	39,303
Aristocrat Leisure Ltd	44,784	Aristocrat Leisure Ltd	38,660
National Australia Bank Ltd	41,665	Washington H Soul Pattinson & Co Ltd	31,780
Worley Ltd	37,450	Worley Ltd	31,580
Woolworths Group Ltd	33,790	National Australia Bank Ltd	30,325
NEXTDC Limited	33,497	Ramsay Health Care Ltd	28,145
Washington H Soul Pattinson & Co Ltd	32,820	Coles Group Ltd	25,788
Origin Energy Ltd	32,580	Resmed Inc	24,608
Coles Group Ltd	23,842	Brambles Ltd	23,416
Brambles Ltd	23,611	PEXA Group Ltd	20,415
Challenger Ltd	21,030	Challenger Ltd	19,440
PEXA Group Ltd	20,685	Reece Ltd	18,570
Macquarie Group	20,469	Northern Star Resources Ltd	18,120
Northern Star Resources Ltd	19,500	Macquarie Group	17,762
Total top 25 investments	1,404,484	Total top 25 investments	1,270,661

Consolidated Entity Disclosure Statement

for the year ended 30 June 2024

Australian United Investment Company Limited (“the Company”) is not required by Australian Accounting Standards (AAS) to prepare consolidated financial statements. As a result, the requirement of subsection 295(3A)(a) of the Corporations Act 2001 to prepare a *Consolidated Entity Disclosure Statement* does not apply to the Company.

Directors' Declaration

for the year ended 30 June 2024

1. In the opinion of the Directors of Australian United Investment Company Limited ("the Company"):
 - (a) The Financial Statements and Notes set out on pages 12 to 33, and the remuneration disclosures that are contained in the Remuneration Report on pages 9 and 10, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company as at 30 June 2024 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
 - (b) The Consolidated Entity Disclosure Statement as at 30 June 2024 set out on page 34 is true and correct;
 - (c) The financial report also complies with International Financial Reporting Standards;
 - (d) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2024.

Signed in accordance with a resolution of the Directors.

Charles Goode

Chairman

15 August 2024



Independent Auditor's Report

To the shareholders of Australian United Investment Company Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Australian United Investment Company Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the Company's financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Balance Sheet as at 30 June 2024;
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, Statement of cash flows for the year then ended;
- Consolidated entity disclosure statement as at 30 June 2024;
- Notes, including material accounting policies; and
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

The **Key Audit Matters** we identified are:

- Valuation and existence of financial assets
- Completeness of the deferred tax liability

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Valuation and existence of financial assets (\$1,511.1m)	
Refer to Note 9 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>The Company's investment portfolio consists of investments in listed securities, and in accordance with the Company's accounting policy, is accounted for at fair value through "Other Comprehensive Income".</p> <p>The Company outsources certain processes and controls relevant to (a) the recording and valuing of the investments and (b) maintaining custody and underlying records relevant to the investments.</p> <p>Valuation and existence of the financial assets is a key audit matter due to the:</p> <ul style="list-style-type: none"> • Size of the Company's investment portfolio. These financial assets represent 98% of the Company's total assets as at 30 June 2024; and • Importance of the performance of these investments in driving the Company's income and capital performance, as reported in the Financial Report. <p>As a result, this was an area which had the greatest effect on our overall audit strategy and allocation of time and resources in planning and completing our audit.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • We assessed the appropriateness of the Company's accounting policies, including those relevant to the fair value of investments, against the requirements of the accounting standards; • Understanding the Company's processes in place to buy and sell securities in the investment portfolio, including assessing the controls over transactions, specifically director approval of investment purchases and sales; • We obtained and read the GS007 (Guidance Statement 007 Audit Implications of the Use of Service Organisations for Investment Management Services) assurance report for the period from 1 July 2023 to 30 June 2024 of the Company's custodian to understand the processes and assess the controls relevant to the recording and valuing of the investments and to maintaining custody and underlying records of the Company's investments; • Testing the existence, being ownership and number of shares or units held in individual investments for the investment portfolio, through reconciliation to custodian records and obtaining external custody confirmations as at 30 June 2024; • We checked the valuation of the investments, as recorded in the general ledger, based on the number of shares or units held and the externally quoted market price from relevant stock exchanges on 30 June 2024; and • We assessed the disclosures in the financial statements, using our understanding obtained from our testing, against the requirements of the accounting standards.

Completeness of the deferred tax liability (\$248.1m)	
Refer to Note 4 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>The completeness of the deferred tax liability is a key audit matter given it represents a significant portion of the total liabilities of the Company and involved the use of senior audit team members.</p> <p>The Company's deferred tax liability is \$248.1 million which constitutes 76% of the Company's total liabilities as at 30 June 2024.</p> <p>The deferred tax liability primarily relates to the expected tax on disposal of securities in the investment portfolio. This deferred tax liability is determined by the Company as the difference between the carrying amount of the investment portfolio as per the financial statements and the tax base of the individual investments, multiplied by the applicable company tax rate.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • We assessed the appropriateness of the Company's accounting policies against the requirements of the accounting standards and our understanding of the business and industry practice; • We assessed the scope, competency and objectivity of the external expert engaged by the Company to assist in determining the Company's deferred tax liability; • Assessing the tax effects of significant events identified during the audit, such as investment fair value or tax base adjustments, for identification, calculation and recording in the Company's calculation of deferred tax liability for consistency, as applicable; • We recalculated the closing tax cost base of the Company's investment portfolio. We did this by obtaining the total purchases and sales of securities for the year stated at their tax cost base obtained from the Company's investment register, as tested by us in the "Valuation and existence of financial assets" key audit matter above. We added these to the opening balances of the Company's investment portfolio and compared this to the Company's closing tax cost base of the investment portfolio (after adjusting for transactions which affect the tax cost base such as deferred tax distributions). We then recalculated the deferred tax liability by multiplying the difference between the Company's closing accounting value of the investment portfolio and the closing tax cost base by the Company's tax rate and compared this to the deferred tax liability recorded by the Company; and • We assessed the disclosures in the financial statements, using our understanding obtained from our testing, against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in Australian United Investment Company Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Company, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Company, and that is free from material misstatement, whether due to fraud or error
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our Auditor's Report.



Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Australian United Investment Company Limited for the year ended 30 June 2024, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 9 to 10 of the Directors' report for the year ended 30 June 2024.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Luke Sullivan
Partner

Melbourne
15 August 2024