

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

ABN 37 004 268 679

APPENDIX 4E STATEMENT FOR THE YEAR ENDING 30 JUNE 2003

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the year ended 30 June 2003 with the corresponding period being the year ended 30 June 2002.

Results for announcement to the market

- Revenue from ordinary activities including revenue from the sale of long-term investments was \$51.7 million, 0.8% up from the prior year.
- Profit from ordinary activities after tax was \$12.9 million, 30.6% up from the prior year.
- Net profit attributable to shareholders was \$12.9 million, 30.6% up from the prior year.
- Dividends for the year are 14.0 cents per share. The interim dividend of 6.0 cents per share was paid to shareholders on 11 April 2003. A final dividend of 8.0 cents per share will be paid on 9 October 2003 to shareholders on the register on 19 September 2003.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

ABN 37 004 268 679

Level 4
45 Exhibition Street
Melbourne Victoria 3000
Australia

Telephone (03) 9654 0499
Facsimile (03) 9654 3499

18 August 2003

The General Manager
Australian Stock Exchange
P O Box H224
Australia Square
Sydney NSW 2000

Dear Sir,

Annual Financial Results and Dividend Announcement
for the Financial Year Ended 30 June 2003

The directors are pleased to make the following report concerning the Company's performance and final dividend:-

Operating Profit

The operating profit after income tax was \$12,888,598 compared to \$9,866,331 in the previous year – an increase of 31%. The increase in operating profit principally reflects the earnings from the investment of additional funds raised of \$56,146,968 through a 1 for 4 rights in June 2002. The basic earnings per share were 16.07 cents compared to 14.50 cents for the previous year.

The Company incurred operating expenses (excluding borrowing costs) of \$637,843 (2002:\$493,768) which is equivalent to 0.18% (2002: 0.14%) of the average market value of the portfolio.

The result does not include notional dividends forming part of demerger Schemes of Arrangement.

Dividends

The directors have declared a fully franked final dividend of 8.0 cents per share (last year 8.0 cents fully franked) payable on 9 October 2003.

The total dividend for the year is 14.0 cents per share fully franked compared to 13.5 cents last year, an increase of 8.6% after adjusting for the bonus element of last year's rights issue.

Asset Backing

The net tangible asset backing per share based on the market valuation of investments was \$3.95 at 30 June 2003 and \$4.11 at 31 July 2003. This calculation is after provision for tax on net realised gains, before provision for the final dividend of 8.0 cents per share, and before tax on unrealised gains.

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 \$3.60 at 30 June 2003 and \$3.71 at 31 July 2003.

In the year to 30 June 2003 the portfolio was revalued down by \$28,406,861 to a market value of \$341,412,913 (2002: revalued down by \$14,595,241 to a market value of \$371,820,946), the reduction being taken directly to the asset revaluation reserve.

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Annual General Meeting

The Annual General Meeting of the Company will be held on Tuesday, 7th October, 2003 at 11.00 am at the offices of KPMG, 161 Collins Street, Melbourne.

Investment Portfolio

As at 30 June 2003 the twenty-five largest shareholdings of the company, at market values were:

Company	Market Value \$'000	% of Market Value of Total Investments
1. National Australia Bank Ltd	33,500	9.8%
2. ANZ Banking Group Ltd	26,985	7.9%
3. Westpac Banking Corporation Ltd	21,938	6.4%
4. Wesfarmers Ltd	17,710	5.2%
5. Rio Tinto Ltd	13,145	3.8%
6. Tabcorp Holdings Ltd	11,847	3.5%
7. Commonwealth Bank Ltd	10,343	3.0%
8. Alumina Ltd	10,175	3.0%
9. Woodside Petroleum Ltd	9,656	2.8%
10. WMC Resources Ltd	8,249	2.4%
11. Suncorp Metway Ltd	8,120	2.4%
12. Diversified United Investment Ltd	7,792	2.3%
13. Orica Ltd	7,581	2.2%
14. Woolworths Ltd	7,512	2.2%
15. Southern Cross Broadcasting (Aust) Ltd	6,960	2.0%
16. BHP Billiton Ltd	6,912	2.0%
17. Foodland Associated Ltd	6,895	2.0%
18. TAB Ltd	6,500	1.9%
19. Mayne Group Ltd	6,423	1.9%
20. Perpetual Trustees Australia Ltd	6,140	1.8%
21. Australian Gas Light Company Ltd	6,023	1.8%
22. Alesco Corporation Ltd	6,018	1.8%
23. Telstra Corporation Ltd	5,940	1.7%
24. The News Corporation Ltd	5,880	1.7%
25. Amcor Ltd	5,278	1.5%
	<hr/>	<hr/>
	263,522	77.0%
	<hr/>	<hr/>
Total Investments at Market Value and Cash	341,413	

Yours sincerely,

A J Hancock
Company Secretary

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED
(ABN 37 004 268 679)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Directors' Report

The directors present their report together with the financial report of Australian United Investment Company Limited for the year ended 30 June 2003 and the auditors' report thereon.

Directors

The names of each person who has been a director of the Company at any time during or since the end of the financial year are:

Charles B. Goode AC, B.Com. (Hons), MBA (Columbia), Hon LLD (Melb),
Hon LLD (Monash).
Chairman
Age 64
Appointed April 1990

Mr Goode has been Chairman of the Company since 1994. He is Chairman of Australia and New Zealand Banking Group Ltd, Woodside Petroleum Ltd, Diversified United Investment Limited and The Ian Potter Foundation Ltd. He is a director of Singapore Airlines Ltd.

Graeme E. Moir B.Com (Univ. of NZ), ACA (NZ), ACIS.
Director
Age 71
Appointed March 1976

Mr. Moir has had 41 years experience in the share investment field. He is the principal of the investment management firm, Moir's Investment Service Pty. Ltd., is a director of Graeme Moir and Associates Pty. Ltd. and Diversified United Investment Limited.

Dr P John B Rose AO, BCom (NZ), DipEc (Camb), PhD(Melb).
Director
Age 67
Appointed April 2000

Dr Rose was appointed Sidney Myer Professor of Commerce and Business Administration of the University of Melbourne in 1978 and was the Director of Melbourne Business School from 1984 to 2000. Formerly he was Advisor to the Prime Minister, 1977 – 1983, and Commissioner of the City of Melbourne, 1993 – 1996. He is a director of Australian Ballet Centre, The Ian Potter Foundation Ltd, Woodside Petroleum Ltd, and member of the Strategic Advisory Committee, John Curtin School of Medical Research.

Peter J Wetherall B.E. Hons (Qld), B.A. Hons (Oxon)
Director
Age 47
Appointed November 2001

Mr Wetherall has 23 years experience in the Australian share market as a stockbroker and funds manager. He is the founder and Managing Director of Wallara Asset Management Pty Ltd. He is Chairman of the Company's Audit Committee.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Directors' Report (Continued)

Directors' Meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

<i>Director</i>	<i>Directors' Meetings</i>		<i>Audit Committee Meetings</i>	
	<i>No. of Meetings attended</i>	<i>No. of Meetings eligible</i>	<i>No. of Meetings attended</i>	<i>No. of Meetings eligible</i>
Charles B Goode	11	11	0	0
Graeme E Moir	11	11	2	2
P John Rose	11	11	2	2
Peter J Wetherall	11	11	2	2

Directors' and Officer's Emoluments

Details of the nature and amount of each major element of the emoluments of each director of the Company are:

<i>Director</i>	<i>Base Emolument</i>	<i>Superannuation Contributions</i>	<i>Total</i>
	<i>\$</i>	<i>\$</i>	<i>\$</i>
Charles B Goode	1,000	69,000	70,000
Graeme E Moir	35,000	-	35,000
P John Rose	32,110	2,890	35,000
Peter J Wetherall	32,110	2,890	35,000

Mr A J Hancock received remuneration of \$37,500 for Company Secretarial and related services provided by him and his staff during the year.

Directors' Interests

The relevant interest of each director in the share capital of the Company as notified by the directors to the Australian Stock Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	SHARES	
	1	2
Charles B Goode	50,000	368,119
Graeme E Moir	62,500	-
P John Rose	50,000	-
Peter J Wetherall	10,000	-

Note:

- Beneficial in own name
- Held by proprietary company or superannuation fund in which the Director has a beneficial interest.

Except as stated above, no Director -

- has any relevant interest in shares of the Company or a related body corporate;
- has any relevant interests in debentures of, or interests in a registered scheme made available by, the Company or a related body corporate;
- 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;
- 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.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Directors' Report (Continued)

Dividends

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

Paid or declared during the year

Final dividend for the year ended 30 June 2002 of 8.0 cents per share fully franked paid on 9 October 2002	\$5,133,382
Interim dividend for the year ended 30 June 2003 of 6 cents per share fully franked paid 11 April 2003	\$4,811,980

Paid or declared after year end

Final dividend for the year ended 30 June 2003 of 8.0 cents per share fully franked declared and payable on 9 October 2003	\$6,419,787
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Principal Activity of the Company

The principal activity of the Company is that of an investment company which seeks, through portfolio management, to manage its risk and improve its revenue from dividends and other income over the longer term.

The Company's funds are invested predominantly in the shares of companies listed on the Australian Stock Exchange and its portfolio had a market value (including cash management trust investments and commercial bills) of \$341,412,913 as at 30 June 2003 (2002: \$371,735,643). The net tangible asset backing of the Company's ordinary shares at 30 June 2003 was \$3.95 (2002: \$4.28) before provision for the final dividend of 8.0 cents per share. This net asset backing calculation is based on investments at market value and is after provision for tax on net realised gains and before tax on unrealised gains. The Company is a long term investor and does not intend disposing of its portfolio. However if estimated tax on unrealised portfolio gains were to be deducted, the net tangible asset backing would be \$3.60 (2002: \$3.84).

No significant change in the nature of the Company's activities has occurred during the financial year.

Results and Review of Operations

The operating profit after income tax was \$12,888,598 compared to \$9,866,331 in the previous year - an increase of 30.6%. The increase in operating profit is primarily the result of the proceeds of last year's rights issue being invested for the full year.

The basic earnings per share was 16.07 cents compared to 14.50 cents for the previous year after adjustment for the bonus element in the June 2002 rights issue.

The Company incurred operating expenses (excluding borrowing costs) of \$637,843 (2002: \$493,768) which is equivalent to 0.18% (2002: 0.14%) of the average market value of the portfolio.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Directors' Report (Continued)

Results and Review of Operations (Cont)

Bank Borrowings were \$30 million at the end of the financial year (previous year \$30 million) modestly gearing the investment portfolio by around 9%.

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 year under review.

Environmental regulation

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

Events Subsequent to Balance Date

There has not arisen in the interval between the end of the financial year and the date of this report any matter or circumstance that in the opinion of the directors of the Company has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

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.

Indemnification

Details of directors' indemnification are set out in Note 20 to the financial statements.

Dated at Melbourne August 2003

Signed in accordance with a resolution of the directors:

Charles Goode
Director

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Statement of Financial Performance for the Year Ended 30 June 2003

	<i>Note</i>	2003 \$	2002 \$
Revenue from operating activities		15,450,629	12,076,507
Revenue from the sale of long term investments		36,235,576	39,163,385
Total ordinary revenue	3(a)	51,686,205	51,239,892
Carrying value of investments sold	1(b)	(36,235,576)	(39,163,385)
Administration expenses	3(b)	(637,843)	(493,768)
Borrowing costs	3(b)	(1,991,140)	(1,953,938)
Profit from ordinary activities before related income tax expense	3(b)	12,821,646	9,628,801
Income tax benefit relating to ordinary activities	4(a)	66,952	237,530
Profit from ordinary activities after related income tax expense		12,888,598	9,866,331
Net profit		12,888,598	9,866,331
Non-owner transaction changes in equity			
Increase/(Decrease) in reserves			
Asset Revaluation Reserve	15	(27,741,561)	(26,731,811)
Investment Fluctuation Reserve	15	(789,282)	11,890,301
Total changes in equity from non-owner related transactions	17	(15,642,245)	(4,975,179)
Basic earnings per share (cents per share)	5	16.07	14.50

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

The statement of financial performance is to be read in conjunction with the notes to the financial statements set out on pages 8 to 21.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Statement of Financial Position as at 30 June 2003

	<i>Note</i>	2003 \$	2002 \$
CURRENT ASSETS			
Cash assets		6,251,620	8,159,459
Receivables	7	4,863,101	1,938,084
Investments	8	-	30,000,000
Other	9	483,583	183,409
TOTAL CURRENT ASSETS		11,598,304	40,280,952
NON-CURRENT ASSETS			
Investments	8	335,161,293	333,661,487
Deferred tax assets	4(c)	44,253	12,000
TOTAL NON-CURRENT ASSETS		335,205,546	333,673,487
TOTAL ASSETS		346,803,850	373,954,439
CURRENT LIABILITIES			
Payables	10	48,007	1,868,877
Current tax liabilities	4(b)	10,557	-
TOTAL CURRENT LIABILITIES		58,564	1,868,877
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	11	30,000,000	30,000,000
Provisions	13	140,000	40,000
TOTAL NON-CURRENT LIABILITIES		30,140,000	30,040,000
TOTAL LIABILITIES		30,198,564	31,908,877
NET ASSETS		316,605,286	342,045,562
EQUITY			
Contributed equity	14	144,432,148	144,284,817
Reserves	15	149,724,084	178,254,927
Retained profits	16	22,449,054	19,505,818
TOTAL EQUITY	17	316,605,286	342,045,562

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 8 to 21.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Statement of Cash Flows for the year ended 30 June 2003

	<i>Note</i>	2003 \$ <i>Inflows/ (Outflows)</i>	2002 \$ <i>Inflows/ (Outflows)</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		685,986	224,663
Dividends received		14,103,612	11,708,140
Fees and other income received		9,000	3,750
Interest paid		(2,388,696)	(1,982,376)
Cash payments in the course of operations		(607,802)	(597,292)
Income taxes paid		(25,855)	(246,229)
		<hr/>	<hr/>
Net cash provided by operating activities	21	11,776,245	9,110,656
CASH FLOWS FROM INVESTING ACTIVITIES			
Net proceeds from bank bill maturities		30,000,000	(29,812,816)
Proceeds from sale of investments		9,833,910	16,060,932
Payments for investments		(43,719,963)	(42,891,942)
		<hr/>	<hr/>
Net cash used in investing activities		(3,886,053)	(56,643,826)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid (excluding dividend re-investment plan)		(9,798,031)	(3,529,201)
Proceeds from rights issue		-	56,144,100
		<hr/>	<hr/>
Net cash (used in)/provided by financing activities		(9,798,031)	52,614,899
Net increase/(decrease) in cash held		(1,907,839)	5,081,729
Cash at beginning of the financial year		8,159,459	3,077,730
		<hr/>	<hr/>
Cash at the end of the financial year	21	6,251,620	8,159,459

This statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 8 to 21.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Notes to the Financial Statements for the year ended 30 June 2003

1. Statement of Significant Accounting Policies

a) Basis of Preparation

This financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. It has been prepared on the basis of historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. The accounting policies have been consistently applied and, except where otherwise noted, are consistent with those of the previous year.

b) Investments

The Company revalues its investments to market value continuously. This means that realised gains and losses arising from the disposal of investments are transferred from the Asset Revaluation Reserve to the Investment Fluctuation Reserve and are not recognised in the Statement of Financial Performance.

c) Revaluation of Investments

An increase in the value of the portfolio is credited to the Asset Revaluation Reserve. A decrease in the value of the portfolio is debited to the Asset Revaluation Reserve to the extent of the balance of the Reserve, with any amount in excess of the balance debited to the Statement of Financial Performance for the year.

No provision for any potential capital gains tax liability is made when investments are revalued. Capital gains tax is provided for in the period in which an asset is sold.

d) Revenue recognition Revenue from Ordinary Activities

Revenue from operating activities

The activity of the Company is that of an investment company, returns being in the form of dividends, interest income, trust income and sub-underwriting income. Dividend income is recognised at the ex-dividend date and in accordance with Generally Accepted Accounting Principles.

Revenue from other than operating activities

The proceeds of sale of long term investments are considered to be other revenue of the Company.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Notes to the Financial Statements for the year ended 30 June 2003 (Cont...)

1. Statement of Significant Accounting Policies (Cont...)

e) Taxation

Income tax has been brought to account using the income statement liability method of tax effect accounting. Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or provision for deferred income tax.

f) Cash Flows

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank and units in a cash management fund, net of any outstanding bank overdrafts.

g) Borrowing Costs

Borrowing costs include amortisation of premiums related to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of such borrowings and all interest costs. Borrowing costs are expensed as incurred.

2. Changes in Accounting Policy

(a) Provisions, contingent liabilities and contingent assets

The Company has applied AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" (issued in October 2001) for the first time effective from 1 July 2002.

Dividends are now provided for at the time they are declared, determined or publicly recommended. Previously, final dividends were provided for in the financial year to which they related, even though the dividends were announced after the end of that financial year.

The adjustments to the financial statements as at 1 July 2002 as a result of this change are :

- \$5,133,382 increase in the opening retained profits
- \$5,133,382 decrease in provision for dividends

There was no impact on profit or loss for the year to 30 June 2003.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Notes to the Financial Statements for the year ended 30 June 2003 (Cont...)

2. *Changes in Accounting Policy (continued)*

(b) **Restatement of retained profits and provision for dividends.**

The restatement of retained profits and provision for dividends, below, show the information that would have been disclosed had the new accounting policies disclosed in this note always been applied.

	2003 \$	2002 \$ (restated)
Restatement of retained profits		
Reported retained profits at end of the previous period	14,372,436	13,168,688
Increase /(decrease) in retained profits due to change in accounting policy on adoption of:		
▪ AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"	5,133,382	-
Restated retained profits at beginning of the period	19,505,818	13,168,688
Net profit	12,888,598	9,866,331
Dividends provided for or paid	(9,945,362)	(3,529,201)
<i>Restated retained profits at end of the period</i>	22,449,054	19,505,818
	2003 \$	2002 \$ (restated)
<i>Restatement of provision for dividends</i>		
Balance at end of period – as previously reported	-	5,133,382
Effect of change in accounting policy	-	(5,133,382)
<i>Restated balance at end of period</i>	-	-

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Notes to the Financial Statements for the year ended 30 June 2003 (Cont...)

3. <i>Revenue and Operating Profit</i>	2003 \$	2002 \$
a) Revenue from ordinary activities		
From operating activities		
Dividends received or due and receivable	14,696,396	11,765,680
Interest received or due and receivable	745,233	307,077
Sub-underwriting income	9,000	3,750
	15,450,629	12,076,507
From other than operating activities		
Gross proceeds from the sale of investments	36,235,576	39,163,385
Total revenue from ordinary activities	51,686,205	51,239,892
 b) Operating Profit before income tax expense		
Revenue from operating activities	15,450,629	12,076,507
Expenses:		
<i>Administrative expenses</i>		
Auditors' remuneration received, or due and receivable, by the auditors for:		
- auditing the accounts	30,800	25,300
- other services	3,850	3,850
Share registry fees	44,253	32,181
ASX fees and ASIC lodgement fees	42,184	25,469
Administration and accounting	117,875	112,750
Directors' fees	175,000	146,849
Provision for Directors' Retirement Allowance	100,000	42,076
Consultancy fees	29,237	64,973
General expenses	94,644	40,320
<i>Borrowing costs</i>		
Interest expenses	1,979,475	1,942,736
Other	11,665	11,202
Total Expenses	2,628,983	2,447,706
Profit from ordinary activities before related income tax expense	12,821,646	9,628,801

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Notes to the Financial Statements for the year ended 30 June 2003 (Cont...)

	<i>Note</i>	<i>2003</i>	<i>2002</i>
		\$	\$
4. (a) Income Tax Expense			
Prima facie income tax expense calculated at 30% on the profit from ordinary activities		3,846,494	2,888,640
Increase in income tax expense due to : Imputation gross-up on dividends received		1,599,543	1,330,573
Decrease in income tax expense due to :			
Franking credits on dividends received		(5,331,810)	(4,420,358)
Other permanent differences		(181,179)	(36,385)
Income tax expense/(benefit) attributable to profit from ordinary activities		(66,952)	(237,530)
Comprising:			
Current income tax provision		(34,699)	(246,269)
Future income tax benefit - current year		(32,253)	8,739
		(66,952)	(237,530)
(b) Provision for current income tax			
Movements during the year were as follows:			
Balance at the beginning of the year		(52,871)	193,358
Tax (Paid)/Refunded		(9,035)	(207,957)
Dividend Withholding Tax		(16,820)	(38,272)
Tax on disposal of long term investments		123,982	246,269
Current year's income tax expense/(benefit) on operating profit		(34,699)	(246,269)
		10,557	(52,871)

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Notes to the Financial Statements for the year ended 30 June 2003 (Cont...)

	2003 \$	2002 \$
4. Income Tax Expense (Con't)		
(c) Future income tax benefit		
Timing differences between tax and accounting income	44,253	12,000
(d) Future income tax benefit not taken to account		
In 2003 the potential future income tax benefit to the Company arising from capital tax losses was not recognised as an asset because recovery of capital tax losses is not virtually certain (2002: nil).	1,165,919	-

The potential future income tax benefit will only be obtained if:

- (i) the Company derives future assessable capital gains of a nature and an amount to enable the benefit to be realised;
- (ii) the Company continues to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the Company in realising the benefit.

5. Earnings Per Share	<i>Cents</i>	
Basic earnings per share based on operating profit after income tax.	16.07	14.50

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 2003 year is calculated on a weighted average adjusted number of ordinary shares of 80,217,606 taking into account the shares issued in the dividend re-investment program. The 2002 figure has been adjusted for the bonus element in the 2002 rights issue and is based on a weighted average number of ordinary shares of 68,055,591.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Notes to the Financial Statements for the year ended 30 June 2003 (Cont...)

	<i>Note</i>	<i>2003</i>	<i>2002</i>
		\$	\$
6. Dividends			
Dividends recognised in the current year by the Company are:			
(i) 2002 final dividend of 8.00 cents per share (2001: 8.00 cents) fully franked paid 9 October 2002		5,133,382	-
(ii) 2003 interim dividend of 6.00 cents per share (2002: 5.5 cents) fully franked paid 11 April 2003		4,811,980	3,529,201
		<hr/>	<hr/>
	16	<u>9,945,362</u>	<u>3,529,201</u>

Subsequent to reporting date :

Since 30 June 2003 the directors have declared the following dividend payable on 9 October 2003:

- Final dividend of 8.00 cents per share 6,419,787

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2003.

Dividend Franking Account

The balance of the franking account at 30 June 2003 at 30% is \$3,613,071 and after the adjustments referred to below is \$1,876,215 (compared to \$2,447,303 at 30% at 30 June 2002).

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

- (a) franking credits that will arise from the payment of the amount of the provision for income tax
- (b) franking debits that will arise from the payment of dividends
- (c) franking credits that will arise from the receipt of dividends recognised as receivables at year-end
- (d) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Notes to the Financial Statements for the year ended 30 June 2003 (Cont...)

6. *Dividends (Con't)*

LIC Capital Gain Account

The balance of the LIC Capital Gain Account at 30 June 2003 was \$137,827 (2002: \$137,827).

7. <i>Receivables</i>	2003	2002
	\$	\$
Current		
Dividends Receivable	2,457,660	1,864,876
Interest Receivable	12,297	12,147
Prepaid Income Tax	-	52,871
Investment transactions not yet settled	2,381,566	-
Other	11,578	8,190
	4,863,101	1,938,084

8. *Investments*

Current

Commercial bills - at maturity value	-	30,000,000
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Non-Current

Investments quoted on prescribed stock exchanges
(at current market value)

Ordinary shares in other corporations	331,210,943	330,737,598
Convertible preference shares	3,950,350	2,923,889
	335,161,293	333,661,487

The amount of capital gains tax that would be payable if the quoted shares in other corporations were sold at balance date at the disclosed market values should not exceed \$28,023,518 (2002: \$35,398,155).

9. *Other Assets*

Current

Prepayments	483,583	183,409
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10. *Payables*

Current

Trade Creditors	48,007	102,601
Unearned income	-	109,047
Other Creditors and Accruals	-	1,657,229
	48,007	1,868,877

11. *Interest Bearing Liabilities*

Non-Current

Bills Payable – Unsecured	30,000,000	30,000,000
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AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Notes to the Financial Statements for the year ended 30 June 2003 (Cont...)

12. <i>Financing Arrangements</i>	2003	2002
	\$	\$
The Company has access to the following lines of credit:		
Total facility available		
Commercial Bill Facility- Unsecured	30,000,000	30,000,000
Facilities utilised at balance date		
Commercial Bill Facility- Unsecured	30,000,000	30,000,000
13. <i>Provisions</i>		
Non-Current		
Directors' retirement allowance	140,000	40,000
14. <i>Contributed Equity</i>		
Issued and paid-up share capital		
80,247,332 (2002 : 80,209,262)		
ordinary shares, fully paid	<u>144,432,148</u>	<u>144,284,817</u>
Movements in ordinary share capital		
Balance at the beginning of the financial year	144,284,817	88,193,564
Shares Issued		
- Net Proceeds from right's issued (i)	-	56,091,253
- Dividend re-investment plan (ii)	147,331	-
	<u>144,432,148</u>	<u>144,284,817</u>

(i) on 17 June 2002 16,041,991 new ordinary shares were issued pursuant to a prospectus at \$3.50 per share. Proceeds were recorded net of the costs of the issue of \$55,715. The new ordinary shares did not rank for any dividends in respect of the financial year 2001/02. They commenced to rank for dividends from 1 July 2002. Otherwise they rank equally with existing ordinary shares.

(ii) in respect to the interim dividend paid in April 2003, 38,070 ordinary shares were issued at \$3.87 each under the new dividend re-investment plan.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Notes to the Financial Statements for the year ended 30 June 2003 (Cont...)

	<i>Note</i>	<i>2003</i> \$	<i>2002</i> \$
15. Reserves			
Asset revaluation reserve		100,055,672	127,797,233
Investment fluctuation reserve		49,668,412	50,457,694
		<u>149,724,084</u>	<u>178,254,927</u>
Movements in reserves during the year:			
Asset Revaluation Reserve			
Balance at the beginning of the financial year		127,797,233	154,529,044
Revaluation of investments		(28,406,861)	(14,595,241)
Less transfer to the Investment Fluctuation Reserve of revaluation increments from prior years realised on sales		665,300	(12,136,570)
Balance at the end of the financial year		<u>100,055,672</u>	<u>127,797,233</u>
Investment Fluctuation Reserve			
Balance at the beginning of the financial year		50,457,694	38,567,393
Tax on disposal of long term investments		(123,982)	(246,269)
Add transfer from the Asset Revaluation Reserve of revaluation increments from prior years realised on sales		(665,300)	12,136,570
Balance at the end of the financial year		<u>49,668,412</u>	<u>50,457,694</u>
16. Retained Profits			
Retained profits at the beginning of the year		19,505,818	13,168,688
Net profit		12,888,598	9,866,331
Dividends paid	6	<u>(9,945,362)</u>	<u>(3,529,201)</u>
Retained profits at the end of the year		<u>22,449,054</u>	<u>19,505,818</u>

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Notes to the Financial Statements for the year ended 30 June 2003 (Cont...)

17. *Total Equity Reconciliation*

	2003 \$	2002 \$
Total equity at the beginning of year	342,045,562	294,458,689
Total changes in equity recognised in the statement of financial performance	(15,642,245)	(4,975,179)
Dividends Paid	(9,945,362)	(3,529,201)
Dividends re-invested	147,331	-
Proceeds from rights issue	-	56,091,253
	<hr/>	<hr/>
Total equity at end of year	<u>316,605,286</u>	<u>342,045,562</u>

18. *Segment Reporting*

The Company operates as an investment company in Australia.

19. *Remuneration of Directors*

Directors' income	2003 \$	2002 \$
Total income paid or payable, or otherwise made available, to all directors of the Company from the Company or any related party:	<hr/>	<hr/>
	175,000	146,849

The number of directors of the Company included in this figure are shown below in their relevant remuneration band.

Remuneration of:	<i>Number</i>	
\$0 to \$9,999	-	1
\$10,000 to \$19,999	-	1
\$30,000 to \$39,999	3	2
\$60,000 to \$69,999	-	1
\$70,000 to \$79,999	1	-
	<hr/>	<hr/>

The Company has paid insurance premiums in respect of Director's and Officer's insurance as set out in note 20.

Retirement Benefits

The Company has entered into retiring allowance agreements with each of its directors as authorised by resolution of the 1998 annual general meeting. Provision is being made for payment under those arrangements, which is based on the number of years service at balance date.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Notes to the Financial Statements for the year ended 30 June 2003 (Cont...)

20. *Related Parties*

Directors and director-related entities

The names of each person holding the position of director of Australian United Investment Company Limited during the financial year are Messrs C B Goode (Chairman), G E Moir, P J Wetherall and P J B Rose.

Under an agreement between the Company and The Myer Family Office Ltd, The Myer Family Office Ltd provided accounting and administrative services during the year for a fee of \$115,000 plus GST (2002: \$110,000). The fee is on normal commercial terms and is subject to annual review. The Myer Family Office Ltd also earned a fee on short term deposits placed by the Company during the year with the M F Cash Management Fund.

Remuneration and retirement benefits paid or payable, or otherwise made available, to the directors of the Company are disclosed in note 19 to the financial statements.

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 their 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.

Since the end of the previous financial year, the Company has paid insurance premiums in respect of directors' and officers' liability and legal expenses insurance contracts, 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 18 June 2003 to 18 June 2004.

Apart from the details disclosed in this note, no director has entered into 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.

Directors' Holdings of Shares

The relevant interests of directors and their director related entities in shares of the Company as at year end are set out below:

	SHARES June 2003		SHARES June 2002	
	1	2	1	2
Charles B Goode	50,000	368,119	50,000	362,500
Graeme E Moir	62,500	-	62,500	-
Peter J Wetherall	10,000	-	10,000	-
P John B Rose	50,000	-	50,000	-

1. Beneficial in own name
2. Held by proprietary company or superannuation fund in which the director has a beneficial interest

The movement in directors' holdings of ordinary shares resulted from purchases on the open market and participation in the dividend re-investment program.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Notes to the Financial Statements for the year ended 30 June 2003 (Cont...)

	2003	2002
	\$	\$
21. Notes to the Statement of Cash Flows		
Reconciliation of cash		
<p>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 as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:</p>		
Cash	6,251,620	8,159,459
Reconciliation of operating profit after income tax to net cash provided by operating activities		
Operating profit after income tax	12,888,598	9,866,331
Add/(less) non cash items:		
Capitalised interest	(59,400)	-
Add/(less) changes in assets and liabilities:		
(Increase)/decrease in dividends receivable	(592,784)	(57,540)
(Increase)/decrease in interest receivable	(150)	(4,784)
(Increase)/decrease in bill interest receivable	-	(186,574)
(Increase)/decrease in other debtors	(3,388)	2,245
Increase/(decrease) in taxes payable	(60,562)	(492,498)
(Increase)/decrease in future tax benefits	(32,253)	8,739
Increase/(decrease) in accrued expenses	(54,595)	(65,542)
(Increase)/decrease in prepayments	(300,174)	(39,639)
Increase/(decrease) in provisions	100,000	(29,129)
Increase/(decrease) in unearned income	(109,047)	109,047
Net cash provided by operating activities	11,776,245	9,110,656

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Notes to the Financial Statements for the year ended 30 June 2003 (Cont...)

22. *Additional Financial Instruments Disclosure*

Interest Rate Risk

The Company's exposure to interest rate risk as at 30 June 2003 and the effective weighted average interest rate for classes of financial assets which bear interest is set out below.

Financial Assets – 2003	Note	Floating Interest Rate
		\$
Cash	21	6,251,620
Weighted Average Interest Rate		4.33%

Financial Assets – 2002	Note	Floating Interest Rate
		\$
Cash	21	8,159,459
Investments	8	30,000,000
Total		38,159,459
Weighted Average Interest Rate		4.11%

The Company has a borrowing facility in place for up to \$30,000,000 to 30 June 2005 with National Australia Bank Ltd (2002: \$30,000,000). At balance date the Company utilised \$30,000,000 of this commercial bill facility with the full amount drawn down at a floating rate range of 5.60% to 6.50%. The facility is supported by a negative pledge and undertakings. During the year the Company was exposed to an interest rate of 5.58% (2002: 6.45%).

Credit Risk Exposure

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Company minimises concentration of credit risk by undertaking transactions with a number of counterparties which are recognised banks, cash management trusts or members of the Australian Stock Exchange.

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 quoted market closing prices at balance date. No adjustment for transaction costs necessary to realise the assets has been included as these are deemed to be immaterial. The net fair value of investments is set out in note 8.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Directors' Declaration

1. In the opinion of the directors of Australian United Investment Company Limited:
 - (a) the financial statements and notes, set out on pages 5 to 21, 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 2003 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 Accounting Standards in Australia and the Corporations Regulations 2001; and
 - (b) 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

day of August 2003

Signed in accordance with a resolution of the directors for and on behalf of the board.

Charles Goode
Director

***Independent Audit Report to the
Members of Australian United Investment Company Limited***

Scope

We have audited the financial report of Australian United Investment Company Limited for the financial year ended 30 June 2003, consisting of the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes, and the directors' declaration set out on pages 5 to 22. The Company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the Company's financial position, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion, the financial report of Australian United Investment Company Limited is in accordance with:

- a) the Corporations Act 2001, including:
 - i. giving a true and fair view of the Company's financial position as at 30 June 2003 and of its performance for the financial year ended on that date; and
 - ii. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia.



KPMG



D Pasquariello
Partner

Melbourne
15 August, 2003