AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

ABN 37 004 268 679

APPENDIX 4E STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the year ended 30 June 2012 with the corresponding period being the year ended 30 June 2011.

Results for announcement to the market

- Revenue from ordinary activities was $39.5 million, down 1% from the prior period.
- Operating Profit after tax and before net realised gains on the investment portfolio was $32.6 million, down 0.4% from the prior period.
- Total net profit for the period of $32.6 million excludes net realised gains and losses which are transferred directly to the Asset Revaluation Reserve under the accounting standards.
- This year special dividends and distributions of $37,874 after tax were received from Newcrest Mining. Last year special dividends of $2,021,500 after tax were received from Orica and Sydney Airport Group.
- Earnings per share based on net operating profit after tax were 31.0 cents, a decrease of 1% from the prior period. Excluding the special dividends, earnings per share rose 5%. The weighted average number of ordinary shares for the year was 105,063,978 compared to 104,247,623 in the previous year, an increase of 1%.
- The final dividend is 15.0 cents per share (14.5 cents previous period) fully franked, bringing total dividends for the year to 28.0 cents fully franked (previous year 26.5 cents). The dividend is payable on 21 September 2012. The record date for determining entitlement to the final dividend is 30 August 2012.
- The final dividend will not include any Listed Investment Company capital gain dividend.
- The net tangible asset backing per share based on the market valuation of investments was $6.26 at 30 June 2012, compared to $7.24 at the end of the previous corresponding period. These calculations are after the tax effect of realised gains, before estimated tax on net unrealised gains/losses, and before provision for the final dividend.
- The Company operates a Dividend Reinvestment Plan (“DRP”) under which shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares. Pricing of the new DRP shares will be at the average selling price of shares traded on the Australian Securities Exchange in the five 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 30 August 2012.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED
ABN 37 004 268 679

Level 20
101 Collins Street
Melbourne Vic 3000
Australia

Tel (613) 9654 0499
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15 August 2012

The General Manager
Australian Securities 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 2012

The Directors make the following report concerning the company's performance and final dividend:-

Operating Profit and Realised Capital Gains

Profit after income tax for the year ended 30 June 2012 was $32,559,847 (previous corresponding period: $32,703,590). The profit includes special dividends and distributions of $37,874. In the prior year special dividends of $2,021,500 were received.

Excluding special dividends and distributions received, profit after tax rose 6%.

Net realised losses on the investment portfolio after tax were $8,895,810 (previously gains of $1,616,252), which under accounting standards are transferred directly to the Asset Revaluation Reserve and not included in Net Profit.

Operating expenses (excluding interest) for the year were 0.13% of the average market value of the portfolio (previously 0.12%).

Earnings Per Share

The operating earnings per share based on the weighted average number of shares on issue for the year were 31.0 cents per share (excluding special dividends) compared to 29.4 cents for the year to 30 June 2011, a rise of 5%. The weighted average number of ordinary shares for the year was 105,063,978 compared to 104,247,623 in the previous year, an increase of 1%.

Dividends

The Directors also announce a final dividend of 15.0 cents per share fully franked to shareholders registered on 30 August 2012, to be paid on 21 September 2012. The comparable 2011 final dividend was 14.5 cents per share fully franked. Together with the interim dividend of 13 cents per share, total dividends for the year are 28.0 cents per share, fully franked (last year 26.5 cents).

LIC Capital Gains

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

Dividend Reinvestment Plan

The Company operates a Dividend Reinvestment Plan ("DRP") under which shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares. Pricing of the new DRP shares will be at the average selling price of shares traded on the Australian Securities Exchange in the five days beginning from the day the shares begin 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 30 August 2012.

Asset Backing

The net tangible asset backing per share based on the market valuation of investments was $6.26 at 30 June 2012 and $6.57 at 31 July 2012. These calculations are after the tax effect of realised gains, before estimated tax on unrealised gains and losses and before provision for the final dividend.

The Company is a long term investor and does not intend disposing of its total portfolio. If estimated tax on unrealised portfolio gains were to be deducted, the above figures would be $5.69 at 30 June 2012 and $5.91 at 31 July 2012.

Performance

The Company's net asset backing accumulation performance for the year to 30 June 2012 (assuming all dividends were reinvested) was a decrease of 9.8% while the S&P/ASX 300 Accumulation Index fell 7.0% over the same period. The Company's returns are after expenses and the impact of the Company's gearing for which no allowance is made in the S&P/ASX Index.

Annual General Meeting

The Annual General Meeting of the Company will be held on Thursday, 11 October 2012 at 11.00 am at the offices of KPMG, 147 Collins Street, Melbourne.

Investment Portfolio

As at 30 June 2012 the twenty-five largest shareholdings of the company, at market values were:

	Company	Market Value $'000	% of Market Value of Total Investments
1.	BHP Billiton Ltd	66,045	8.7%
2.	ANZ Banking Group Ltd	58,380	7.7%
3.	Commonwealth Bank Ltd	53,100	7.0%
4.	Rio Tinto Ltd	51,697	6.8%
5.	National Australia Bank Ltd	47,080	6.2%
6.	Westpac Banking Corporation Ltd	46,486	6.1%
7.	Wesfarmers Ltd PPS & Ordinary	43,521	5.7%
8.	Woodside Petroleum Ltd	38,775	5.1%
9.	Woolworths Ltd	32,160	4.2%
10.	Diversified United Investment Ltd	28,440	3.8%
11.	Orica Ltd	24,690	3.3%
12.	QBE Insurance Group Ltd	19,401	2.6%
13.	AGL Energy Ltd	17,232	2.3%
14.	Origin Energy Ltd	14,640	1.9%
15.	Brambles Ltd	12,936	1.7%
16.	SP AusNet	12,399	1.6%
17.	AMP Ltd	12,320	1.6%
18.	Transurban Group	11,949	1.6%
19.	CSL Ltd	11,826	1.6%
20.	Telstra Corporation Ltd	11,070	1.5%
21.	Santos Ltd	10,650	1.4%
22.	Echo Entertainment Group	10,272	1.4%
23.	Consolidated Media Holdings	10,110	1.3%
24.	Mystate Ltd	7,930	1.1%
25.	Amalgamated Holdings Ltd	7,740	1.0%
		660,849	87.2%

Total Investments at Market Value, Short Term Receivables and Cash	757,618

Yours faithfully

A J Hancock
Company Secretary

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

(ABN 37 004 268 679)

ANNUAL FINANCIAL REPORT

30 JUNE 2012

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 2012 and the auditors' report thereon.

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).
Chairman, Appointed April 1990

Mr Goode is the Chairman of the Boards of Diversified United Investment Limited (since 1990), The Ian Potter Foundation Limited (governor since 1987) and Flagstaff Partners Pty Ltd (since 2010). Formerly Mr Goode was a director of Australia and New Zealand Banking Group Limited (1991 – 2010, Chairman 1996 – 2010), Woodside Petroleum Limited (1988 – 2007, Chairman 1999 – 2007) and Grosvenor Australia Properties Pty Limited (Chairman 2008 – 2012).

John Rose AO, BCom (NZ), DipEc (Camb), PhD(Melb). Hon D.Bus (Melb).
Non-executive Director, Appointed April 2000

Dr Rose is a governor of The Ian Potter Foundation Limited (since 2000). Formerly he was the Sidney Myer Professor of Commerce and Business Administration of the University of Melbourne, a Director of The Melbourne Business School, and a director of Woodside Petroleum Limited (1990 - 2005).

Peter Wetherall B.E. Hons (Qld), B.A. Hons (Oxon).
Non-executive Director, Appointed November 2001

Mr Wetherall has 31 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 (since 1995). He is Chairman of the Company's Audit Committee.

James Craig B.Ec/LLb (Adel), LLM (Melb).
Non-executive Director, Appointed October 2009

Mr Craig is chairman of Macquarie Capital Advisers, Australia. He is a Director of Murdoch Childrens Research Institute and Trinity College (University of Melbourne). He also is a director of a number of private companies, including Australian Stem Cell HealthCare Pty Ltd.

From 2003 to 2007 he was CEO of Macquarie Capital and Chairman of Macquarie Bank Ltd in Europe. He was founding CEO of Macquarie European Infrastructure Funds (MEIF) and then Chairman of the MEIF Investment Committee. From 1998 to 2002, he was Head of Macquarie Bank's global natural resources advisory business.

Giselle Roux B.Com Hons (WITS), B.Sc (UCT).
Non-executive Director, Appointed 1 September 2011

Ms Roux holds a Bachelor of Commerce and Economics (Honours) and a Bachelor of Geology from the University of Capetown, South Africa. Since 2007, she has been Managing Director, Chief Investment Officer of J B Were with specific responsibility for managing Australian and international equity portfolios. Formerly, she held roles in strategy and business development at the Coles Group, and in equity analysis at Citigroup, McIntosh Securities and Merrill Lynch.

Company Secretary

Andrew Hancock FCA, B.Ec (Mon), Grad. Dip. CDP (RMIT).
Company Secretary, Appointed October 1995

Mr Hancock is also the Company Secretary of Diversified United Investment Ltd (since 1991), has served as Chairman and is currently Secretary of the Australian Listed Investment Companies Association and is Chairman or a director of a number of private investment companies.

Principal Activity of the Company

The principal activity of the Company is that of an investment company which seeks, through careful portfolio management, to reduce risk and improve income from dividends and interest so as to maintain and grow dividend distributions to shareholders over the long term.

As at 30 June 2012 the Company's portfolio had a market value (including cash and receivables) of $757,617,535 (2011: $859,726,797). The net tangible asset backing per share of the Company's ordinary shares at 30 June 2012 was $6.26 (2011: $7.24). This net tangible asset backing calculation is based on investments at market value and is after the tax effect of realised gains and losses, before estimated tax on unrealised gains and losses, and before the final dividend. 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 per share would be $5.69 (2011: $6.36).

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 $32,559,847 compared to $32,703,590 in the previous year – a decrease of 0.4%. Special dividends received during the 2012 year were $37,874 (2011: 2,021,500).

The weighted average number of ordinary shares for the year was 105,063,978 compared to 104,247,623 in previous year, an increase of 0.8%

The basic and diluted earnings per share before special dividends was 31.0 cents compared to 29.4 cents for the previous year.

The Company incurred expenses (excluding finance costs) of $1,022,834 (2011: $1,011,676) which is equivalent to 0.13% (2011: 0.12%) of the average market value of the portfolio.

Bank borrowings were $100 million at the end of the financial year (previous year $100 million) gearing the investment portfolio by around 13%. Cash on hand, cash deposits and short term receivables were $13 million or 2% of the investment portfolio at market values (2011: $22 million, 3%). Annual interest expense was covered 6.2 times by investment revenue.

Dividends

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

	$
Paid or declared during the year	
A final dividend in respect of the year ended 30 June 2011 of 14.5 cents per share fully franked paid on 20 September 2011.	15,202,976
An interim dividend in respect of the year ended 30 June 2012 of 13 cents per share fully franked paid on 15 March 2012.	13,658,088
Paid or declared after end of year	
A final dividend in respect of the year ended 30 June 2012 of 15 cents per share fully franked payable on 21 September 2012.	15,784,719

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:

	Director's Meetings		*Audit Committee Meetings*		*Nomination & Remuneration Committee Meetings*	
	No. of Meetings attended	*No. of Meetings eligible*	*No. of Meetings attended*	*No. of Meetings eligible*	*No. of Meetings attended*	*No. of Meetings eligible*
Charles B Goode	10	11	2	2	1	1
P John Rose	10	11	2	2	1	1
Peter J Wetherall	11	11	2	2	1	1
James S Craig	10	11	2	2	1	1
Giselle Roux	9	9	1	1	0	0

The Audit Committee comprises Peter Wetherall (Chairman), John Rose, James Craig and Giselle Roux.
All directors are members of the Nomination and Remuneration Committee, which is chaired by James Craig.

Directors' Interests

The relevant interest of each director in the issued 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	3
Charles B. Goode	70,992	850,675	33,583
P. John Rose	67,656	-	10,915
Peter J. Wetherall	26,442	-	8,256
James S Craig	-	250,000	-
Giselle Roux	-	2,000	-

Note:
1. Beneficial in own name
2. Held by an entity/related party in which the director has a relevant interest
3. Held for the Director in accordance with the terms of the Non-Executive Directors 2006 Accrued Entitlements Share Plan

Directors' Interests (Continued)

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.

Remuneration report (audited)

Non-executive Directors' Fees [(i)]		
	2012	2011
	$	$
Charles Goode	150,000	146,000
P John Rose	75,000	73,000
Peter Wetherall	75,000	73,000
James Craig	75,000	73,000
Giselle Roux	62,500	-
Graeme Moir	-	21,058
Ron Dewhurst	-	52,317
Total	437,500	438,375

(i). Directors fees include superannuation contributions elected by Directors to be paid to their nominated superannuation fund.
(ii). No additional fees are paid to members of the Board Committees.

The Nomination and Remuneration Committee reviews and makes recommendations to the board on remuneration packages and policies applicable to the Company Secretary and directors of the Company, including superannuation entitlements, retirement and termination entitlements, and professional indemnity and liability insurance policies.

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 in light of Company activity and changing responsibilities. The remuneration structures are designed to attract suitably qualified candidates, and for the broader outcome of increasing the Company's net profit. Directors' fees are fixed and reviewed annually and the maximum total of directors' fees is set by the shareholders in general meeting.

Remuneration report (audited) (Continued)

Directors' remuneration is fixed and not conditional on the Company's performance. However, consideration of the Company's performance and benefits for shareholder wealth in respect of the current financial year and the previous four financial years include:

	2012	2011	2010	2009	2008
Operating Profit ($ Millions)	32.6	32.7	26.6	29.3	30.6
Dividends paid and payable (cents per share)	28.0	26.5	25.5	25.0	25.0
Share Price 30 June	$5.55	$6.49	$6.56	$5.88	$7.54
Management Expense Ratio	0.13%	0.12%	0.15%	0.13%	0.10%
Net Asset Backing Per Share 30 June*	$6.26	$7.24	$6.68	$6.02	$7.95
S&P/ASX 300 Index 30 June	4,084	4,608	4,293	3,949	5,219

* before tax on unrealised gains.

Each director has entered into a Deed of Access, Indemnity and Insurance with the Company and is covered by the Company's Directors and Officers Liability Insurance. Amounts disclosed for directors' remuneration exclude insurance premiums of $30,000 paid by the Company in respect of Directors' and Officers' liability insurance as the contracts do not specify premiums paid in respect of individual directors and officers. Refer to Note 15 of the financial statements for information relating to the insurance.

The Company Secretary, Mr Andrew J Hancock, received $75,000 (2011: $73,000) for services provided to the Company.

Non-audit services

During the year KPMG, the Company's auditor, has provided taxation services in addition to their statutory duties. They received fees of $9,790 for these services.

The board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the audit committee, is satisfied that the provision of those non-audit services is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in Professional Statement F1 Professional Independence, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

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 other than the value of the investment portfolio fluctuated broadly in line with market movements.

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 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 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 other than the value of the investment portfolio is expected to fluctuate broadly in line with market movements.

Indemnification

Details of directors' indemnification are set out in Note 15 to the financial statements.

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

The lead auditor's independence declaration is set out on page 7 and forms part of the Directors' Report for the year ended 30 June 2012.

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

Melbourne, 15 August 2012

Signed in accordance with a resolution of the Directors:

Charles Goode
Director

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

To: the directors of Australian United Investment Company Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2012 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

Michelle Hinchliffe
Partner

Melbourne

15 August 2012

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Income Statement for the Year Ended 30 June 2012

	Note	*2012* *$*	*2011* *$*
Revenue from investment portfolio	2	39,465,612	39,992,934
Administration and other expenses		(1,022,834)	(1,011,676)
Finance expenses	2	(6,379,777)	(6,554,515)
Operating profit before income tax		32,063,001	32,426,743
Income tax benefit	4(a)	496,846	276,847
Profit for the year		32,559,847	32,703,590
Basic and diluted earnings per share (cents)	5	31.0	31.4

The Income Statement is to be read in conjunction with the notes to the financial statements set out on pages 13 to 27.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Statement of Comprehensive Income for the Year Ended 30 June 2012

	30 June 2012 $	*30 June 2011 $*
Profit for the Year	32,559,847	32,703,590
Other Comprehensive Income		
Revaluation of investment portfolio for the year	(106,019,673)	57,409,476
Provision for tax benefit/(expense) on revaluation of investment portfolio for the year	31,793,626	(17,998,251)
Other comprehensive income net of income tax	(74,226,047)	39,411,225
Total comprehensive income[1]	(41,666,200)	72,114,815

[1] This is the Company's total net return for the year, which includes the net operating profit plus the net realised and unrealised gains and losses on the Company's investment portfolio

The Statement of Comprehensive Income is to be read in conjunction with the notes to the financial report set out on pages 13 to 27.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Balance Sheet as at 30 June 2012

	Note	*2012* *$*	*2011* *$*
ASSETS			
Cash assets	16	2,578,483	16,803,309
Receivables	7	10,545,481	5,656,738
Other	9	41,371	13,979
TOTAL CURRENT ASSETS		13,165,335	22,474,026
Investment portfolio	8, 23	744,493,571	837,266,750
Other	9	9,874	12,389
TOTAL NON-CURRENT ASSETS		744,503,445	837,279,139
TOTAL ASSETS		757,668,780	859,753,165
LIABILITIES			
Payables	10	167,451	1,868,570
TOTAL CURRENT LIABILITIES		167,451	1,868,570
Borrowings – interest bearing	11	98,828,722	98,569,791
Deferred tax liability	4(b)	60,197,884	92,488,358
TOTAL NON-CURRENT LIABILITIES		159,026,606	191,058,149
TOTAL LIABILITIES		159,194,057	192,926,719
NET ASSETS		598,474,723	666,826,446
EQUITY			
Issued capital	13(a)	317,201,060	315,025,519
Reserves		281,273,663	351,800,927
TOTAL EQUITY		598,474,723	666,826,446

The Balance Sheet is to be read in conjunction with the notes to the financial statements set out on pages 13 to 27.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Statement of Changes in Equity for the year ended 30 June 2012

	Issued Capital	*Revaluation Reserve*	*Realisation Reserve*	*Retained Earnings*	*Total*
	$	*$*	*$*		*$*
As at 1 July 2010	297,392,610	177,905,244	41,003,049	87,634,654	603,935,557
Comprehensive Income					
Revaluation of investment portfolio		57,409,476	-	-	57,409,476
Tax expense on revaluation	-	(17,998,251)	-	-	(17,998,251)
Net realised gains and losses on investment portfolio	-	(2,699,584)	2,699,584	-	-
Tax expense or benefit on net realised gains and losses	-	1,083,332	(1,083,332)	-	-
Net operating profit for the year	-	-	-	32,703,590	32,703,590
	-	37,794,973	1,616,252	32,703,590	72,114,815
Transactions with Shareholders					
Dividend Reinvestment Plan	2,110,494	-	-	-	2,110,494
Dividends paid	-	-	-	(26,856,835)	(26,856,835)
Share Purchase Plan	15,522,415	-	-	-	15,522,415
	17,632,909	-	-	(26,856,835)	(9,223,926)
As at 30 June 2011	315,025,519	215,700,217	42,619,301	93,481,409	666,826,446
As at 1 July 2011	315,025,519	215,700,217	42,619,301	93,481,409	666,826,446
Comprehensive Income					
Revaluation of investment portfolio	-	(106,019,673)	-	-	(106,019,673)
Tax benefit on revaluation	-	31,793,626	-	-	31,793,626
Net realised gains and losses on investment portfolio	-	11,960,715	(11,960,715)	-	-
Tax expense or benefit on net realised gains and losses	-	(3,064,905)	3,064,905	-	-
Net operating profit for the year	-	-	-	32,559,847	32,559,847
	315,025,519	(65,330,237)	(8,895,810)	32,559,847	(41,666,200)
Transactions with Shareholders					
Dividend Reinvestment Plan	2,175,541	-	-	-	2,175,541
Dividends paid	-	-	-	(28,861,064)	(28,861,064)
	2,175,541	-	-	(28,861,064)	(26,685,523)
As at 30 June 2012	317,201,060	150,369,980	33,723,491	97,180,192	598,474,723

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial report set out on pages 13 to 27.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Statement of Cash Flows
for the Year Ended 30 June 2012

	Note	2012 $	2011 $
Cash flows from operating activities			
Interest received		424,647	1,019,687
Dividends and trust distributions received		37,356,832	36,057,334
Option premium income received		692,263	237,913
Sub-underwriting fee received		76,745	-
Finance costs paid		(6,120,854)	(6,562,069)
Administration and other expenses paid		(994,241)	(1,071,269)
Income taxes paid		-	137,906
Net cash flow from operating activities	16	31,435,392	29,819,502
Cash flows from investing activities			
Proceeds from sale of investments		18,370,688	33,133,961
Purchases of investments		(37,345,383)	(47,187,058)
Net cash flow used in investing activities		(18,974,695)	(14,053,097)
Cash flows from financing activities			
Dividends paid		(26,685,523)	(24,746,341)
Proceeds from borrowings		-	3,000,000
Proceeds from share purchase plan net of costs		-	15,522,415
Net cash flow from/(used in) financing activities		(26,685,523)	(6,223,926)
Net increase/(decrease) in cash held		(14,224,826)	9,542,479
Cash and cash equivalents at 1 July		16,803,309	7,260,830
Cash and cash equivalents at 30 June	16	2,578,483	16,803,309

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 13 to 27.

Notes to the Financial Statements
for the Year Ended 30 June 2012

1. Statement of significant accounting policies

Australian United Investment Company Limited (the 'Company') is a company domiciled in Australia.

The financial report was authorised for issue by the directors on 15 August 2012.

(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 complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

(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 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 2012 ("the inoperative standards").

The impact of other inoperative standards has been assessed and the impact has been identified as not being material. 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 financial instruments are stated at their fair value.

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

(c) Investments

The Company is a long term investor. Under IFRS, investments are classified as fair value through other comprehensive income. After initial recognition at fair value (being cost), investments are measured at fair value.

Unrealised gains or losses on investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, at which time the cumulative gain or loss is transferred to the Asset Realisation Reserve.

The Company derecognises an investment when it is sold or it transfers the investment and the transfer qualifies for derecognition in accordance with AASB 139. Upon derecognition, unrealised gains/losses net of tax relating to the investment are transferred from the revaluation reserve to the realisation reserve.

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.

1. Statement of significant accounting policies (continued)

(d) Revenue from investment portfolio

The activity of the Company is that of an investment company, returns being in the form of dividends, interest, trust income, option premiums and sub-underwriting income. Dividend income is recognised in the income statement at ex-dividend date and all other income is recognised on an accruals basis.

(e) Taxation

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the company tax rate 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 securities in the investment portfolio is recognised directly in equity and as a deferred tax liability. Where the Company disposes of such securities, tax is calculated on gains made according to the particular parcels allocated to the sale for tax purposes and offset against any capital losses carried forward. The associated deferred tax liability is similarly adjusted and transferred to current tax payable.

When Capital Gains Tax rollover relief is elected on the disposal of securities, tax is still calculated on gains made (even though the income tax liability has been deferred until subsequent disposal of the replacement securities) and recognised in income tax expense for accounting purposes.

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.

(f) Interest bearing borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs.

Subsequent to 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.

(g) Share Capital

Ordinary shares are classified as equity. Incremental 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*	*2012*	*2011*
	$	*$*
(a) Revenue		
Dividends received or due and receivable	36,401,657	36,907,054
Interest received or due and receivable	424,647	1,019,687
Trust distributions received or due and receivable	1,865,300	1,828,280
Option premium income	692,263	237,913
Sub-underwriting fee	81,745	-
	39,465,612	39,992,934
(b) Expenses		
Finance expenses		
Interest and borrowing expenses	6,379,777	6,554,515

3. Auditor's Remuneration

During the year, KPMG, the Company's auditor, received the following remuneration, inclusive of GST:		
- Audit and review of financial reports	42,000	40,458
- Tax related services	9,790	7,425

4. Taxation

(a) Income Tax Expense		
(i) Recognised in the income statement		
Current tax benefit		
Over provision for prior years	9,405	20,538
	9,405	20,538
Deferred Tax Expense		
Tax benefit of excess imputation credits carried forward	502,651	237,890
Temporary differences	(15,210)	18,419
	487,441	256,309
Total income tax benefit in income statement	496,846	276,847

		2012	*2011*
		$	*$*
4.	*Taxation (continued)*		
	(ii) Reconciliation between tax expense and pre-tax net profit		
	Prima facie tax expense calculated at 30% on the profit for the year	(9,618,900)	(9,728,023)
	Increase in tax expense due to:		
	Franking credits/foreign tax credit gross-up on dividends received	(4,217,418)	(3,841,446)
	Decrease in tax expense due to:		
	Sundry items	124,540	842,536
	Tax deferred revenue received	141,160	178,422
	Franking credits/foreign tax credit on dividends received	14,058,059	12,804,820
	Tax benefit on operating profit	487,441	256,309
	Over provision for prior years	9,405	20,538
	Income tax benefit attributable to profit for the year	496,846	276,847
	(iii) Deferred tax recognised directly in equity		
	(Decrease)/increase in provision for tax on unrealised gains on investment portfolio	(31,793,626)	17,998,251

(b) Deferred Tax Assets and Liabilities

Recognised deferred tax assets and liabilities

	Liabilities	
	2012	*2011*
	$	*$*
Revaluation reserve – Provision for tax on unrealised gains on investment portfolio	(67,063,481)	(95,792,205)
Other	(71,820)	(56,610)
Tax benefit of capital losses carried forward	5,924,800	2,859,896
Tax benefit of excess franking credits carried forward	1,012,617	500,561
Net tax liabilities	(60,197,884)	(92,488,358)

		2012 *Cents*	*2011* *Cents*
5.	*Earnings Per Share*		
	Basic earnings per share	31.0	31.4

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 2012 year is calculated on a weighted average adjusted number of ordinary shares of 105,063,978 taking into account the shares issued in the dividend reinvestment program. The 2011 figure is based on a weighted average number of ordinary shares of 104,247,623.

		2012 *$*	*2011* *$*
6.	*Dividends*		
	Dividends recognised in the current year by the Company are:		
(i)	2011 final dividend of 14.5 cents per share (2011: 14 cents) fully franked paid 20 September 2011	15,202,976	14,293,004
(ii)	2012 interim dividend of 13 cents per share (2011: 12 cents) fully franked paid 15 March 2012	13,658,088	12,563,831
		28,861,064	26,856,835
	Since 30 June 2012, the directors have declared the following dividend payable on 21 September 2012 :		
	- Final dividend of 15.0 cents per share fully franked (2011: 14.5 cents)	15,784,719	15,202,976

The final dividend will not contain a Listed Investment Company (LIC) capital gain dividend (2011: nil).

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2012.

Dividend Franking Account:

The balance of the Franking Account at 30 June 2012 is $34,220,811 (2011: $32,320,402) after adjusting for:

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

After allowing for the final 2012 dividend, which is not provided for in the 30 June financial statements, the balance of the franking account would be $27,455,931 (2011: $25,804,858).

The ability to utilise the franking credits is dependent upon the ability of the Company to declare dividends.

LIC Capital Gain Account:

The balance of the LIC Capital Gain Account at 30 June 2012 was $372,101 (2011: $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.

		2012	*2011*
		$	*$*
7.	*Receivables*		
	Current		
	Dividends Receivable	5,851,126	5,418,000
	Trust Distributions Receivable	715,000	238,000
	Other	3,979,355	738
		10,545,481	5,656,738
8.	*Investments*		
	Non-Current		
	Investments quoted on prescribed stock exchanges (at fair value)	744,493,571	837,266,750
9.	*Other Assets*		
	Current		
	Prepayments	41,371	13,979
	Non - Current		
	Leasehold Improvements	9,874	12,389
10.	*Payables*		
	Current		
	Trade Creditors	167,451	1,868,570
11.	*Interest Bearing Liabilities*		
	Non-Current		
	Bills payable – Secured	98,828,722	98,569,791

The face value of the drawn facility is $100 million (2011: $100 million). The amounts disclosed above are at amortised cost. For more information regarding the Company's exposure to interest risk and liquidity risk, see Notes 18 and 19.

12. Financing Arrangements

The Company has access to the following lines of credit:

Total facility available		
Commercial Bill Facility – Secured	100,000,000	100,000,000
Facilities utilised at balance date		
Commercial Bill Facility – Secured	100,000,000	100,000,000

	2012 *$*	*2011* *$*

13. Capital and Reserves

(a) Issued Capital

Issued and paid-up share capital		
105,231,459 (2011: 104,847,838) ordinary fully paid shares	317,201,060	315,025,519
Movements in issued capital:		
Balance at beginning of the financial year	315,025,519	297,392,610
Shares issued		
- Dividend re-investment plan (i)	2,175,541	2,110,494
- Share purchase plan (net of costs) (ii)	-	15,522,415
	317,201,060	315,025,519

(i) In respect of the final dividend paid in September 2011, 215,027 ordinary shares were issued at $5.636 each and in respect of the interim dividend paid in March 2012, 168,594 ordinary shares were issued at $5.7158 each.

(ii) On 4 October 2010, the Company issued 2,426,619 fully paid ordinary shares in accordance with a share purchase plan announced on 7 September 2010. The issue raised $15,575,000 (before costs) at the purchase plan price of $6.42 per share.

(b) Nature and Purpose of Reserves

Revaluation Reserve

Increments or decrements on the revaluation of long term 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 which are transferred from the revaluation reserve.

14. Directors' Remuneration

The total director's remuneration for the year is $437,500 (2011: $438,375). Details of the directors' remuneration are set out in the Remuneration Report that forms part of the Directors' Report.

15. 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 C B Goode (Chairman), P J Wetherall, P J B Rose, J S Craig and G Roux.

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.

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 willful breach of duty. This insurance premium covers the period 18 June 2012 to 18 June 2013.

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 other 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:

Directors	Held at 01/07/11	Purchases	Sales	Held at 30/06/12
Charles B. Goode	910,582	44,668	-	955,250
P. John Rose	78,042	529	-	78,571
Peter J. Wetherall	33,076	1,622	-	34,698
James S Craig	203,610	46,390	-	250,000
Giselle Roux	-	2,000	-	2,000

Directors' Transactions in Shares

The movements in directors' holdings of ordinary shares resulted from the issue of shares under the Company's dividend reinvestment plan and on-market purchases which were made on the same terms and conditions offered to other shareholders, and/or purchases on the open market.

		2012	*2011*
		$	*$*
16.	*Notes to the Statement of Cash Flows*		
	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 as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:		
	Units in Cash Management Trusts and Deposits at call	2,578,483	16,803,309
	Reconciliation of operating profit after income tax to net cash provided by operating activities:		
	Profit for the year	32,559,847	32,703,590
	Net cash provided by operating activities before changes in assets and liabilities	32,559,847	32,703,590
	Add/(less) changes in assets and liabilities:		
	(Increase)/decrease in dividends receivable	(433,125)	(720,000)
	(Increase)/decrease in distributions receivable	(477,000)	32,000
	(Increase)/decrease in sub-underwriting fee receivable	(5,000)	-
	(Increase)/decrease in other debtors	738	2,825
	(Increase)/decrease in deferred tax assets	(512,056)	(258,427)
	Increase/(decrease) in deferred tax liability	15,210	(18,420)
	Increase/(decrease) in current tax	-	137,906
	Increase/(decrease) in accrued expenses	52,732	(108,281)
	(Increase)/decrease in prepaid interest and borrowing costs	258,923	(7,554)
	(Increase)/decrease in other prepayments	(27,392)	44,907
	(Increase)/decrease in other assets	2,515	956
	Add/(less) non-cash items:		
	Non-cash income	-	(1,990,000)
	Net cash provided by operating activities	31,435,392	29,819,502

17. Capital Management

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

The Company's capital will fluctuate in accordance with prevailing market movements, and it may adjust the amount of dividends paid, issue new shares or sell assets to reduce debt.

There were no changes in the Company's approach to capital management during the year other than the Company announced an on market buy back facility of up to 5 million ordinary shares commencing on 1 July 2012. To date no shares have been bought back. The Company is not subject to any externally imposed capital requirements.

18. *Financial Risk Management*

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

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.

Cash

The company invests in short-term bank backed securities, cash management units with the MF Cash Management Fund and cash deposits with Australian banks, with a direct or underlying AA or A.1 credit rating assigned by Standard & Poor's, being a Recognised Rating Agency.

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.

18. *Financial Risk Management (Continued)*

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 $100 million at the end of the financial year (previous year $100 million) representing approximately 13% of the asset value of the Company. The Company has interest bearing commercial bill facilities in place with the National Australia Bank and Australia and New Zealand Banking Group which include both fixed and floating rate bill components. These facilities expire on various intervals through to 31 July 2017, unless these are renewed. Annual interest expense during the year was covered 6.2 times by investment revenue.

The major cash inflows for the Company include dividends, distributions and sales proceeds received. The major cash outflows are the purchase of securities, interest expense and dividends paid to shareholders, which are able to be managed by the Company. The Company's investments are quoted on a prescribed stock exchange and are able to be realised if required.

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 and 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.

Based on a tax rate of 30%, a general movement in market prices of 5% and 10% would lead to a change in the Company's equity of $26,057,275 (or 4%) and $52,114,550 (or 9%) respectively, after tax.

Market risk is minimised by ensuring that the Company's investment portfolio is not over exposed to one company or one particular sector. The relative weightings of the individual securities and the relevant market sectors are reviewed by the Board at each Director's meeting.

The Company also has exposure to interest rate risk on it borrowings as detailed in Note 19, which is minimised through conservative levels of gearing and ensuring that there is appropriate interest cover at all times.

All of the company's investments are quoted in Australian dollars therefore avoiding any direct exposure to currency risk. Nevertheless, a number of the underlying company's businesses may have currency risk exposures.

19. *Financial Instruments Disclosure*

Interest Rate Risk

The Company's exposure to interest rate risk as at 30 June 2012 and the effective weighted average interest rate for classes of financial assets which bear interest is set out below.

Financial Assets – 2012	*Note*	*Floating Interest Rate*	*Total*
		$	*$*
Cash	16	2,578,483	2,578,483
Weighted Average Interest Rate		4.72%	

Financial Assets – 2011	*Note*	*Floating Interest Rate*	*Total*
		$	*$*
Cash	16	16,803,309	16,803,309
Weighted Average Interest Rate		5.12%	

The Company has secured borrowing facilities in place with the National Australia Bank Ltd and Australia and New Zealand Banking Group Ltd totalling $100,000,000 (2011: $100,000,000) as follows:

National Australia Bank Ltd

Amount	Maturity	Interest Rate(1)
$10,000,000	31 July 2017	Floating 5.29%
$10,000,000	31 July 2017	Floating 5.29%
$10,000,000	31 July 2013	Fixed 7.05%
$10,000,000	31 July 2013	Floating 5.09%
$10,000,000	31 March 2014	Fixed 7.45%
$10,000,000	31 March 2014	Floating 5.46%
$20,000,000	31 March 2015	Fixed 5.63%

Australia and New Zealand Banking Group Ltd

Amount	Maturity	Interest Rate(1)
$20,000,000	31 March 2016	Fixed 7.31%

(1) Interest rate includes bank margins and fees.

Based on a tax rate of 30%, a change of 1% in floating interest rates at the reporting date would lead to a change in the Company's profit of $280,000 (or 0.86%) and a change in the Company's equity of $280,000 (or 0.05%).

19. Financial Instruments Disclosure (Continued)

The Company has pledged as collateral for the secured borrowing facilities, the following equity investments:

National Australia Bank Ltd

Equities	No. of Shares	Value at 30 June 2012 $
BHP Billiton Ltd	1,000,000	31,450,000
ANZ Bank Ltd	1,750,000	38,552,500
National Australia Bank Ltd	1,000,000	23,540,000
Woodside Petroleum Ltd	1,000,000	31,020,000
Total		124,562,500

The terms of the agreement require the market value of the securities to satisfy a minimum LVR of 70%. At 30 June this was 64%.

Australia and New Zealand Banking Group Ltd

Equities	No. of Shares	Value at 30 June 2012 $
Commonwealth Bank Ltd	400,000	21,240,000
Westpac Ltd	500,000	10,565,000
Woolworths Ltd	400,000	10,720,000
Telstra Ltd	3,000,000	11,070,000
Total		53,595,000

The terms of the agreement require the market value of the securities to satisfy a minimum LVR of 50%. At 30 June this was 37%.

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. 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 notes 8 and 23.

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

20. Contingent Liabilities and Capital Commitments

There were no contingent liabilities or capital commitments as at 30 June 2012.

21. Segment Reporting

The Company operates as an investment company in Australia.

22. Events Subsequent to Balance Date

There has not arisen in the interval between the end of the 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.

23. Holdings of Securities as at 30 June 2012

The following is a list of the Company's top 25 investments as at 30 June 2012, which represents 87% of the total investment portfolio (2011: 88%). All investments are valued at fair value through Other Comprehensive Income.

Company		2012 Market Value $		2011 Market Value $
1	BHP Billiton Ltd	66,045,000	BHP Billiton Ltd	91,980,000
2	Australia & New Zealand Banking Group Ltd	58,379,500	Rio Tinto Ltd	75,935,850
3	Commonwealth Bank Of Australia Ltd	53,100,000	Australia & New Zealand Banking Group Ltd	58,300,000
4	Rio Tinto Ltd	51,697,500	Commonwealth Bank Of Australia Ltd	52,300,000
5	National Australia Bank Ltd	47,080,000	Woodside Petroleum Ltd	51,250,000
6	Westpac Banking Corporation	46,486,000	National Australia Bank Ltd	51,240,000
7	Wesfarmers Ltd	43,521,000	Westpac Banking Corporation	48,972,000
8	Woodside Petroleum Ltd	38,775,000	Wesfarmers Ltd	46,222,500
9	Woolworths Ltd	32,160,000	Woolworths Ltd	33,300,000
10	Diversified United Investment Ltd	28,440,000	Diversified United Investment Ltd	32,520,000
11	Orica Ltd	24,690,000	Orica Ltd	26,940,000
12	QBE Insurance Group Ltd	19,401,000	QBE Insurance Group Ltd	24,150,000
13	AGL Energy Ltd	17,231,672	Alumina Ltd	20,445,900
14	Origin Energy Ltd	14,640,000	Origin Energy Ltd	18,948,000
15	Brambles Ltd	12,936,000	AMP Ltd	15,648,000
16	SP AusNet	12,399,172	AGL Energy Ltd	14,650,000
17	AMP Ltd	12,320,000	Santos Ltd	13,540,000
18	Transurban Group	11,949,000	Brambles Ltd	12,996,000
19	CSL Ltd	11,826,000	Westfield Group	10,392,000
20	Telstra Corporation Ltd	11,070,000	CSL Ltd	9,918,000
21	Santos Ltd	10,650,000	SP AusNet	9,450,000
22	Echo Entertainment Group Ltd	10,272,000	Mystate Limited	9,126,000
23	Consolidated Media Holdings Ltd	10,110,000	Transurban Group	8,891,000
24	Mystate Limited	7,930,000	Perpetual Ltd	8,725,500
25	Amalgamated Holdings Ltd	7,740,000	Telstra Corporation Ltd	8,670,000
Total Top 25 Investments		660,848,844		754,510,750
Total Investments at Market Value, Short Term Receivables and Cash		757,617,535		859,726,797

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Directors' Declaration

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 8 to 27, and the remuneration disclosures that are contained in the Remuneration report on pages 4 and 5 of the Directors' Report, 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 2012 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 financial report also complies with International Financial Reporting Standards.

(c) 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 2012.

Dated at Melbourne this 15th day of August 2012.

Signed in accordance with a resolution of the directors.

Charles Goode
Director

KPMG

Independent auditor's report to the members of Australian United Investment Company Limited

Report on the financial report

We have audited the accompanying financial report of Australian United Investment Company Limited (the Company), which comprises the balance sheet as at 30 June 2012, and the income statement and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 23 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 1(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of Australian United Investment Company Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a).

Report on the remuneration report

We have audited the Remuneration Report included on pages 4 to 5 of the directors' report for the year ended 30 June 2012. 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 responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Australian United Investment Company Limited for the year ended 30 June 2012, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Michelle Hinchliffe
Partner

Melbourne

15 August 2012