

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

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HALF YEARLY REPORT TO SHAREHOLDERS

16 March 2020

Dear Shareholder,

Dividend Payment

The 17.0¢ per share fully franked interim dividend has been paid today, by way of cheque, notification of direct banking, or notification of allotment of shares under the Dividend Reinvestment Plan, according to your instructions.

Net Asset Backing 29 February 2020: \$9.62 per share

At 29 February 2020 the unaudited net tangible asset backing of the Company's ordinary shares, based on investments at market value, after tax on realised gains, before any future tax benefit of realised losses, and before estimated tax on net unrealised gains and losses and after provision for the interim dividend of 17.0 cents per share, was \$9.62 per share, or \$8.19 per share after providing for estimated tax on unrealised portfolio gains.

Results for Half Year Ended 31 December 2019

On 18 February 2020 the Directors made the following report to the Australian Securities Exchange concerning the Company's performance and the interim dividend:-

Profit and Realised Capital Gains/Losses

Profit after income tax for the half year ended 31 December 2019 was \$24,486,000 (previous corresponding period: \$24,689,000), which includes special dividends received after tax of \$1,050,000 (previously: \$180,000).

Excluding special dividends, Profit after tax fell 4.4%.*

Net realised gains on the investment portfolio after tax were \$1,282,000 (previous corresponding period losses of \$6,550,000), which under accounting standards are transferred directly to the Asset Realisation Reserve and are not included in Net Profit.

Operating expenses for the half year were 0.06% of the average market value of the portfolio (previous corresponding period 0.05%).

** Additional non IFRS information, not subject to external review.*

Earnings Per Share

Earnings per share based on the weighted average number of shares on issue for the half year were 19.7 cents per share compared to 19.9 cents for the prior corresponding period. Excluding special dividends, earnings per share fell 4.6% to 18.8 cents.*

The weighted average number of ordinary shares for the period rose 0.2% to 124,415,270 after taking into account the shares issued in the dividend reinvestment plan.

Dividends

The Directors have declared an interim dividend of 17.0 cents per share fully franked to shareholders registered on 24 February 2020, to be paid on 16 March 2020. The comparable 2019 interim dividend was 17.0 cents per share fully franked.

LIC Capital Gains

The interim 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 volume weighted average selling price of shares traded on the Australian Securities Exchange in the five trading days beginning 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 25 February 2020.

Asset Backing

The net tangible asset backing per share based on the market valuation of investments was \$10.09 at 31 December 2019 and \$10.58 at 31 January 2020. These calculations are after tax on net realised gains, before any future tax benefit of net realised losses, before estimated tax on net unrealised gains/losses, and before provision for the interim dividend.

The Company is a long term investor and does not intend disposing of its total portfolio. If estimated tax on unrealised portfolio gains were to be deducted, the above figures would be \$8.55 at 31 December 2019 and \$8.89 at 31 January 2020.

Performance

The Company’s net asset backing accumulation performance for the six months to 31 December 2019 (assuming all dividends were reinvested) was a rise of 4.4%, compared to the rise of 3.1% in the S&P ASX 200 Accumulation index. The Company’s returns are after tax and expenses and the impact of the Company’s gearing for which no allowance is made in the index.

Including the value of franking credits, the Company’s accumulation return for the half year to 31 December 2019 was an increase of 5.35% compared to an increase of 3.80% in the S&P/ASX 200 Franking Credit Adjusted Total Return Index.

** Additional non IFRS information, not subject to external review.*

Investment Portfolio

As at 31 December 2019 the twenty-five largest shareholdings of the company, at market values were:

Company	Market Value \$'000	% of Market Value of Total Investments
1. CSL Ltd	110,304	8.3%
2. Commonwealth Bank	103,870	7.8%
3. Transurban Group	83,049	6.3%
4. Rio Tinto Ltd	75,300	5.7%
5. Westpac Banking Corp	74,362	5.6%
6. Australia New Zealand Banking Group Ltd	73,890	5.6%
7. BHP Billiton Ltd	72,002	5.4%
8. Diversified United Investment Ltd	71,712	5.4%
9. Woodside Petroleum Ltd	68,760	5.2%
10. Wesfarmers Ltd	57,960	4.4%
11. National Australia Bank	49,260	3.7%
12. Atlas Arteria Ltd	43,065	3.2%
13. Sydney Airport	38,970	2.9%
14. Woolworths Ltd	36,160	2.7%
15. Ramsay Health Care Ltd	25,386	1.9%
16. Seek Ltd	22,550	1.7%
17. Washington H Soul Pattinson	21,500	1.6%
18. Coles Group Ltd	20,775	1.6%
19. Event Hospitality and Entertainment Ltd	20,400	1.5%
20. Brambles Ltd	19,045	1.4%
21. Origin Energy Ltd	18,623	1.4%
22. Orica Ltd	16,485	1.3%
23. Resmed Inc.	16,425	1.2%
24. Invocare Ltd	15,828	1.2%
25. Aurizon Holdings Ltd	15,690	1.2%
	1,171,371	88.2%

**Total Investments at Market Value, Net Short
Term Receivables and Cash**

1,327,178

*Note: At 31 December 2019 bank facilities were \$150M, drawn as to \$70M, and cash and short term receivables (included in the above figures) were \$31M.

Yours faithfully,

A J Hancock
Company Secretary