

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

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AUSTRALIA

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HALF YEARLY REPORT TO SHAREHOLDERS

Dear Shareholder,

12 April, 2006

Dividend Payment Enclosed

Enclosed with this letter is payment of the 8.5¢ per share interim dividend, 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 31 March 2006

At 31 March 2006 the unaudited net asset backing per share after provision for the interim dividend was \$7.51, or \$6.18 after providing for estimated tax on unrealised portfolio gains.

Results for Half Year Ended 31 December 2005

On 23 February, 2006 the Directors made the following report to the Australian Stock Exchange concerning the company's performance and the interim dividend: -

“Operating Profit and Realised Capital Gains

Operating profit after income tax and before realised capital gains on long term investments for the half year ended 31 December 2005 was \$11,060,559 (previous corresponding period: \$9,693,194). Operating profit includes special dividends and distributions of \$1,276,154 (previously \$962,500).

Net realised capital gains after tax were \$5,587,085 (previously \$3,503,512).

Operating expenses (excluding interest) were 0.06% of the average market value of the portfolio (previously 0.08%).

Earnings Per Share

The operating earnings per share based on the weighted average number of shares on issue for the half year was 13.2 cents per share (11.7 cents excluding the special dividends) compared to 11.8 cents for the half year to 31 December 2004 (10.6 cents excluding special dividends).

Including realised capital gains and special dividends, earnings per share were 19.9 cents (previously 16.1 cents).

Dividends

The Directors also announce an interim dividend of 8.5 cents per share fully franked to shareholders registered on 22 March 2006, to be paid on 12 April 2006. The comparable 2005 interim dividend was 8.0 cents per share fully franked.

Dividend Reinvestment Plan

The last date for receipt of election notices under the Dividend Reinvestment Plan is 22 March 2006. The Plan offers shares in lieu of the cash dividend, at current market prices without discount.

Asset Backing

The net tangible asset backing per share based on the market valuation of investments was \$6.91 at 31 December 2005 and \$7.23 at 31 January 2006. These calculations are after provision for tax on net realised gains, before tax on unrealised gains 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 \$5.76 at 31 December 2005 and \$5.98 at 31 January 2006.

Investment Portfolio

As at 31 December 2005 the twenty-five largest shareholdings of the company, at market values were:

<i>Company</i>	<i>Market Value \$'000</i>	<i>% of Market Value of Total Investments</i>
1. ANZ Banking Group Ltd	41,912	6.6%
2. Rio Tinto Ltd	41,400	6.5%
3. BHP Billiton Ltd	40,950	6.5%
4. Woodside Petroleum Ltd	33,312	5.3%
5. National Australia Bank Ltd	32,400	5.1%
6. Alumina Ltd	32,277	5.1%
7. Westpac Banking Corporation Ltd	30,712	4.8%
8. Diversified United Investment Ltd	27,173	4.3%
9. Tabcorp Holdings Ltd	24,912	3.9%
10. Wesfarmers Ltd	22,182	3.5%
11. Commonwealth Bank Ltd	19,238	3.0%
12. Woolworths Ltd	16,850	2.7%
13. Brambles Industries Ltd	16,192	2.6%
14. Suncorp Metway Ltd	16,040	2.5%
15. Orica Ltd	15,300	2.4%
16. QBE Insurance Group Ltd	13,720	2.2%
17. Perpetual Trustees Australia Ltd	13,600	2.1%
18. St George Bank Ltd	13,347	2.1%
19. Alesco Corporation Ltd	13,134	2.1%
20. AXA Asia Pacific Holdings Ltd	12,700	2.0%
21. Westfield Group	11,804	1.9%
22. Southern Cross Broadcasting (Aust) Ltd	10,544	1.7%
23. Iluka Resources Ltd	10,192	1.6%
24. Australian Gas Light Company Ltd	9,455	1.5%
25. AMP Ltd	7,690	1.2%
	<hr/> 527,036	<hr/> 83.1%
Total Investments at Market Value and Cash	<hr/> 633,927	<hr/> ”

Further information is available from the Company's website: www.aui.com.au, including the monthly net asset backing per share.

Yours faithfully



Charles Goode,
Chairman