

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

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AUSTRALIA

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HALF YEARLY REPORT TO SHAREHOLDERS

Dear Shareholder,

12 April, 2007

Dividend Payment Enclosed

Enclosed with this letter is payment of the 10.5¢ per share fully franked 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 2007

At 31 March 2007 the net asset backing per share after provision for the interim dividend was \$8.77, or \$7.10 after providing for estimated tax on unrealised portfolio gains.

Results for Half Year Ended 31 December 2006

On 15 February, 2007 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 net realised gains on the investment portfolio for the half year ended 31 December 2006 was \$13,692,373 (previous corresponding period: \$11,060,559). Operating profit includes special dividends and distributions received of \$1,274,375 (previously \$1,276,154).

Net realised gains on the investment portfolio after tax were \$10,473,142 (previously \$5,587,085). In accordance with accounting standards, these gains include the non-cash, scrip based deemed sales arising from the scheme of arrangement affecting our holdings in Alinta Limited and Australian Gas Light Company and the takeover of Unitab by Tattersalls.

Operating expenses (excluding interest) for the half year were 0.05% of the average market value of the portfolio (previously 0.06%).

Earnings Per Share

The operating earnings per share based on the weighted average number of shares on issue for the half year was 16.1 cents per share (14.6 cents excluding the special dividends) compared to 13.2 cents for the half year to 31 December 2005 (11.7 cents excluding special dividends).

Including realised capital gains and special dividends, earnings per share were 28.5 cents (previously 19.9 cents).

Dividends

The Directors also announce an interim dividend of 10.5 cents per share fully franked to shareholders registered on 22 March 2007, to be paid on 12 April 2007. The comparable 2006 interim dividend was 8.5 cents per share fully franked. The dividend contains no Listed Investment Company capital gains.

Dividend Reinvestment Plan

The last date for receipt of election notices under the Dividend Reinvestment Plan is 22 March 2007. 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 \$8.21 at 31 December 2006 and \$8.42 at 31 January 2007. 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 \$6.71 at 31 December 2006 and \$6.86 at 31 January 2007.

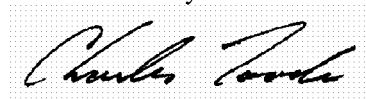
Investment Portfolio

As at 31 December 2006 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	50,600	6.5%
2. ANZ Banking Group Ltd	49,368	6.3%
3. Rio Tinto Ltd	44,580	5.7%
4. Diversified United Investment Ltd	42,600	5.5%
5. National Australia Bank Ltd	40,400	5.2%
6. Woodside Petroleum Ltd	38,110	4.9%
7. Westpac Banking Corporation Ltd	32,724	4.2%
8. Alumina Ltd	27,579	3.5%
9. Tabcorp Holdings Ltd	26,960	3.5%
10. Woolworths Ltd	23,900	3.1%
11. Brambles Ltd	23,094	3.0%
12. Wesfarmers Ltd	22,524	2.9%
13. Commonwealth Bank Ltd	22,266	2.8%
14. Westfield Group	20,990	2.7%
15. QBE Insurance Group Ltd	20,195	2.6%
16. AXA Asia Pacific Holdings Ltd	18,225	2.3%
17. Orica Ltd	18,225	2.3%
18. Suncorp Metway Ltd	16,280	2.1%
19. Southern Cross Broadcasting (Aust) Ltd	15,980	2.0%
20. Perpetual Trustees Australia Ltd	15,642	2.0%
21. Alesco Corporation Ltd	15,233	1.9%
22. St George Bank Ltd	14,850	1.9%
23. Bluescope Steel Ltd	10,344	1.3%
24. Iluka Resources Ltd	9,975	1.3%
25. Alinta Ltd	9,664	1.2%
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	630,308	80.7%
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Total Investments at Market Value and Cash	780,755	"

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