



Australian United Investment Company Limited

APPENDIX 4D FOR THE HALF YEAR ENDED 31 DECEMBER 2022

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- Results for Announcement to the Market
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RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the **half year ended 31 December 2022** with the prior corresponding period being the half year ended 31 December 2021.

The report is based on audit reviewed financial statements. A copy of the auditor's review report can be found on page 16.

Results for announcement to the market

- Revenue from ordinary activities was \$33.9 million, a rise of 13.7% from the prior corresponding period.
- Profit after tax was \$30.1 million, up 11.4% from the prior corresponding period.
- Profit after tax for the period of \$30.1 million excludes net realised gains and losses which are transferred directly to the Realisation Reserve under the accounting standards.
- Profit after tax includes special dividends of \$810,000 after tax (previous corresponding period \$1,880,000). Excluding these items revenue rose 18.5%¹ and profit after tax rose 16.5%¹.
- Earnings per share based on profit after tax were 23.9 cents, an increase of 10.6% from the prior corresponding period. Excluding special dividends received, earnings per share rose 15.9% to 23.3 cents¹. The weighted average number of ordinary shares for the period rose 0.6% to 125,752,371 after taking into account the shares issued in the dividend re-investment plan and the 2022 Share Purchase Plan.
- The interim dividend for the half year is 17.0 cents per share (previous corresponding period 17.0 cents) fully franked payable on 17 March 2023. The record date for determining entitlement to the interim dividend is 24 February 2023.
- The interim dividend will not include any Listed Investment Company capital gain 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 volume weighted average selling price of shares traded on the Australian Securities Exchange in the five trading 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 27 February 2023.
- The Pre-tax Net Tangible Asset ("Pre-tax NTA") backing of the Company's shares at 31 December 2022 was \$10.30 per share (30 June 2022 \$9.70, 31 December 2021 \$10.49). The Pre-tax NTA backing calculation is before any future tax benefit of net realised losses, before estimated tax on net unrealised gains and losses, and before provision for the Company's interim dividend.

¹ Additional non-IFRS information.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

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MELBOURNE VIC 3000
AUSTRALIA

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15 February 2023

ASX Announcement

Financial Results and Dividend Announcement for the Half Year Ended 31 December 2022

The Directors make the following report concerning the Company's performance and interim dividend.

Profit and Realised Capital Gains/Losses

Profit after income tax for the half year ended 31 December 2022 was \$30,063,000 (previous corresponding period \$26,995,000).

Profit after tax includes special dividends of \$810,000 (previous corresponding period \$1,880,000). Excluding these items profit after tax rose 16.5%¹.

Net profit has improved as a result of increased dividend income received from companies in which we are invested, as businesses continue to recover from the effects of the COVID pandemic. Markets have been volatile, with increasing interest rates and inflationary pressures generating uncertainty, the Ukraine conflict continuing to benefit the energy sector and resources companies benefiting from high commodity prices.

Net realised losses on the investment portfolio after tax were \$1,461,000 (previous corresponding period gains of \$1,400,000), which under accounting standards are transferred directly to the Realisation Reserve and are not included in Net Profit.

Earnings Per Share

Earnings per share based on the weighted average number of shares on issue for the half year were 23.9 cents per share compared to 21.6 cents for the previous corresponding period. Excluding special dividends, earnings per share rose 15.9% to 23.3 cents¹.

The weighted average number of ordinary shares for the half year rose 0.6% to 125,752,371 after taking into account the shares issued in the dividend reinvestment plan and the 2022 Share Purchase Plan.

¹ Additional non-IFRS information.

Dividends

The Directors have declared an interim dividend of 17.0 cents per share fully franked at 30% to shareholders registered on 24 February 2023, to be paid on 17 March 2023. The comparable 2022 interim dividend was 17.0 cents per share fully franked at 30%.

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 27 February 2023.

Asset Backing

The Pre-tax Net Tangible Asset ("Pre-tax NTA") backing of the Company's shares was \$10.30 per share at 31 December 2022 and \$10.98 per share at 31 January 2023 (30 June 2022 \$9.70, 31 December 2021 \$10.49). The Pre-tax NTA backing calculation is before any future tax benefit of net realised losses, before estimated tax on net unrealised gains and losses, and before provision for the Company's interim dividend.

The Company is a long-term investor and does not intend disposing of its total portfolio. If, however, estimated tax on net unrealised portfolio gains were to be deducted, the NTA backing at would have been \$8.75 per share at 31 December 2022 and \$9.22 per share at 31 January 2023 (30 June 2022 \$8.31, 31 December 2021 \$8.81).

Performance

The Company's Pre-tax NTA accumulation performance for the six months to 31 December 2022 (assuming all dividends were reinvested) was a rise of 8.3%, compared to the rise of 9.8% 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 for shareholders who can fully utilise them, the Company's accumulation return for the half year to 31 December 2022 was an increase of 9.2% compared to an increase of 10.8% in the S&P/ASX 200 Franking Credit Adjusted Total Return Index.

The Company's relative performance for the half year was assisted by overweight allocations to Rio Tinto, Northern Star and Woodside, and underweight allocation to the technology sector.

Relative performance was held back by overweight allocations to Transurban, Atlas Arteria and Ramsay Healthcare, and overall underweight allocation to the mining sector.

Management Expense Ratio

At 31 December 2022, annualised operating expenses (excluding finance costs) were 0.10% of the average market value of the portfolio (previous corresponding period 0.10%), with the increased value in the share portfolio offsetting higher expenses.

Portfolio

The Company made net disposals during the half year of \$8.6M.

Portfolio turnover for the half year to 31 December 2022 was 3.4%. The largest additions to and sales from the portfolio for the half year were as follows:

| Purchases | | Sales | |
|--|--------|--|---------|
| Atlas Arteria ⁽³⁾ | \$9.7M | Orica Limited ⁽⁴⁾ | \$21.8M |
| James Hardie Industries ⁽¹⁾ | \$6.0M | Lendlease Group ⁽⁴⁾ | \$13.8M |
| Ramsay Health Care Ltd ⁽²⁾ | \$5.8M | News Corporation ⁽⁴⁾ | \$10.4M |
| News Corporation ⁽²⁾ | \$5.0M | Latitude Group Holdings Limited ⁽⁴⁾ | \$2.5M |
| Macquarie Group Ltd ⁽²⁾ | \$4.9M | | |

- (1) New position
- (2) Additions to existing positions.
- (3) Participation in capital raising.
- (4) Full disposal of holding.

At 31 December 2022 bank facilities were \$195M drawn to \$148M and cash and short term receivables were \$9M.

Outlook

The year ahead involves many uncertainties including the Russian/Ukrainian war, the recovery of China from COVID, and the extent interest rates are increased to contain inflation and the impact this will have on the Australian economy, in particular the Australian consumer. Globally, we are also focused on whether higher interest rates cause a recession in USA and Europe.

The market currently is looking across the valley to times in which these issues have been largely resolved. We remain fully invested in a diversified quality portfolio and expect the market to be volatile around the current level.

**AUSTRALIAN UNITED INVESTMENT
COMPANY LIMITED**

ABN 37 004 268 679

**Interim Financial Report
for the six months ended 31 December 2022**

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Directory

Directors

Charles Goode AC - Chairman
Fred Grimwade
Dion Hershman
Wayne Kent

Company Secretary

James Pollard

Registered Office

Level 20
101 Collins Street
MELBOURNE VIC 3000

Tel: +61 3 9654 0499
Email: info@auicom.au

Website

www.auicom.au

Bankers

National Australia Bank Limited (NAB)

Auditors

KPMG
Chartered Accountants

Share Registry

Link Market Services Limited
Level 12, 680 George Street
SYDNEY NSW 2000

Locked Bag A14
SYDNEY SOUTH NSW 1235

Tel: +61 1300 554 474
Email: registrars@linkmarketservices.com.au
Web: www.linkmarketservices.com.au

Securities Exchange

The Company is listed on the Australian Securities Exchange Ltd.
ASX Code: AUI

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Interim Financial Report for the six months ended 31 December 2022

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AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Directors' Report

The Directors of Australian United Investment Company Limited present their Directors' Report together with the financial report for the six months ended 31 December 2022 and the auditors' review report thereon.

Directors

The Directors of the Company at any time during or since the end of the half-year are:

| Name | Period of Directorship |
|-----------------------------|-------------------------------|
| Charles Goode AC (Chairman) | Appointed April 1990 |
| Fred Grimwade | Appointed March 2014 |
| Dion Hershan | Appointed April 2018 |
| Wayne Kent | Appointed November 2021 |

Review of Operations

Profit after income tax was \$30,063,000 for the six months ended 31 December 2022 (previous corresponding period \$26,995,000). Special dividends received during this period were \$810,000 (previous corresponding period \$1,880,000).

Earnings per share based on profit after tax was 23.9 cents (previous corresponding period 21.6 cents). Excluding special dividends received, earnings per share increased 15.9% to 23.3 cents per share (previous corresponding period 20.1 cents).

At 31 December 2022, annualised operating expenses (excluding finance costs) were 0.10% of the average market value of the portfolio (previous corresponding period 0.10%).

The Pre-tax Net Tangible Asset ("Pre-tax NTA") backing of the Company's shares at 31 December 2022 was \$10.30 per share (30 June 2022 \$9.70, 31 December 2021 \$10.49). The Pre-tax NTA backing calculation is before any future tax benefit of net realised losses, before estimated tax on net unrealised gains and losses, and before provision for the Company's interim dividend.

The Company is a long-term investor and does not intend disposing of its total portfolio. If, however, estimated tax on net unrealised portfolio gains were to be deducted, the NTA backing would have been \$8.75 per share (30 June 2022 \$8.31, 31 December 2021 \$8.81).

Dividends

The Board has declared an interim dividend of 17.0 cents per share fully franked (previous corresponding period 17.0 cents per share fully franked).

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Directors' Report (Continued)

Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration is set out on page 6 and forms part of the Directors' Report for the six months ended 31 December 2022.

Rounding Off

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

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

Charles Goode
Chairman
15 February 2023



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 review of Australian United Investment Company Limited for the half-year ended 31 December 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Chris Sargent

Partner

Melbourne

15 February 2023

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Statement of Profit or Loss and Other Comprehensive Income for the six months ended 31 December 2022

| | Note | 31 December 2022 \$'000 | 31 December 2021 \$'000 |
|--|------|-------------------------------|-------------------------------|
| Revenue from investment portfolio | | 33,865 | 29,774 |
| Administration and other expenses | | (890) | (860) |
| Administration costs recovered | | 150 | 140 |
| Finance expenses | | (2,852) | (1,332) |
| Profit before income tax | | 30,273 | 27,722 |
| Income tax expense | 8 | (210) | (727) |
| Profit | | 30,063 | 26,995 |
| Other comprehensive income | | | |
| <i>Items that will not be reclassified to profit or loss:</i> | | | |
| Revaluation of investment portfolio for the period | | 70,986 | 1,421 |
| Provision for tax expense on revaluation of investment portfolio | | (21,724) | (450) |
| Other comprehensive profit net of income tax | | 49,262 | 971 |
| Total comprehensive profit | | 79,325 | 27,966 |
| Basic and diluted earnings per share (cents) | 4 | 23.9 | 21.6 |

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the Condensed Notes to the Financial Statements set out on pages 11 to 14.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Balance Sheet as at 31 December 2022

| | Note | 31 December 2022 \$'000 | 30 June 2022 \$'000 |
|--------------------------------------|------|-------------------------------|---------------------------|
| Current assets | | | |
| Cash assets | | 7,098 | 6,731 |
| Receivables | | 2,379 | 5,164 |
| Current tax receivable | | 358 | 191 |
| Other assets | | 580 | 117 |
| Total current assets | | 10,415 | 12,203 |
| Non-current assets | | | |
| Investment portfolio | 7 | 1,439,283 | 1,376,921 |
| Plant and equipment | | 15 | 21 |
| Other assets | | 50 | 90 |
| Total non-current assets | | 1,439,348 | 1,377,032 |
| Total assets | | 1,449,763 | 1,389,235 |
| Current liabilities | | | |
| Payables | | 1,569 | 5,943 |
| Employee benefits | | 35 | 31 |
| Borrowings – interest bearing | 10 | 88,000 | - |
| Total current liabilities | | 89,604 | 5,974 |
| Non-current liabilities | | | |
| Payables | | 4 | 14 |
| Employee benefits | | 13 | 11 |
| Borrowings – interest bearing | 10 | 60,000 | 167,500 |
| Deferred tax liability | 9 | 195,853 | 174,225 |
| Total non-current liabilities | | 255,870 | 341,750 |
| Total liabilities | | 345,474 | 347,724 |
| Net assets | | 1,104,289 | 1,041,511 |
| Equity | | | |
| Issued capital | 6 | 462,886 | 454,378 |
| Reserves | | 641,403 | 587,133 |
| Total equity | | 1,104,289 | 1,041,511 |

The Balance Sheet is to be read in conjunction with the Condensed Notes to the Financial Statements set out on pages 11 to 14.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Statement of Changes in Equity for the six months ended 31 December 2022

| | Issued Capital \$'000 | Revaluation Reserve \$'000 | Realisation Reserve \$'000 | Retained Earnings \$'000 | Total \$'000 |
|--|-----------------------------|----------------------------------|----------------------------------|--------------------------------|-----------------|
| As at 1 July 2021 | 451,268 | 511,028 | (3,066) | 136,989 | 1,096,219 |
| Comprehensive Income | | | | | |
| Revaluation of investment portfolio | - | 1,421 | - | - | 1,421 |
| Tax expense on revaluation | - | (450) | - | - | (450) |
| Net realised gains on investment portfolio | - | (4,142) | 4,142 | - | - |
| Tax expense on net realised gains | - | 2,742 | (2,742) | - | - |
| Profit | - | - | - | 26,995 | 26,995 |
| | - | (429) | 1,400 | 26,995 | 27,966 |
| Transactions with shareholders | | | | | |
| Dividend reinvestment plan | 1,637 | - | - | - | 1,637 |
| Dividends paid | - | - | - | (23,742) | (23,742) |
| | 1,637 | - | - | (23,742) | (22,105) |
| As at 31 December 2021 | 452,905 | 510,599 | (1,666) | 140,242 | 1,102,080 |

| | Issued Capital \$'000 | Revaluation Reserve \$'000 | Realisation Reserve \$'000 | Retained Earnings \$'000 | Total \$'000 |
|---|-----------------------------|----------------------------------|----------------------------------|--------------------------------|-----------------|
| As at 1 July 2022 | 454,378 | 417,255 | 5,915 | 163,963 | 1,041,511 |
| Comprehensive Income | | | | | |
| Revaluation of investment portfolio | - | 70,986 | - | - | 70,986 |
| Tax expense on revaluation | - | (21,724) | - | - | (21,724) |
| Net realised losses on investment portfolio | - | 1,913 | (1,913) | - | - |
| Tax benefit on net realised losses | - | (452) | 452 | - | - |
| Profit | - | - | - | 30,063 | 30,063 |
| | - | 50,723 | (1,461) | 30,063 | 79,325 |
| Transactions with shareholders | | | | | |
| Dividend reinvestment plan | 1,640 | - | - | - | 1,640 |
| Share Purchase Plan | 6,868 | - | - | - | 6,868 |
| Dividends paid | - | - | - | (25,055) | (25,055) |
| | 8,508 | - | - | (25,055) | (16,547) |
| As at 31 December 2022 | 462,886 | 467,978 | 4,454 | 168,971 | 1,104,289 |

The Statement of Changes in Equity is to be read in conjunction with the Condensed Notes to the Financial Statements set out on pages 11 to 14.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Statement of Cash Flows for the six months ended 31 December 2022

| | Note | 31 December 2022 \$'000 | 31 December 2021 \$'000 |
|---|------|-------------------------------|-------------------------------|
| Cash flows from operating activities | | | |
| Interest received | | 129 | 7 |
| Dividends and trust distributions received | | 36,474 | 32,790 |
| Finance costs paid | | (2,148) | (1,200) |
| Administration and other expenses paid | | (814) | (818) |
| Income taxes paid | | (731) | (1,175) |
| Net cash flow from operating activities | | 32,910 | 29,604 |
| Cash flows from investing activities | | | |
| Proceeds from sale of investments | | 48,715 | 47,002 |
| Purchases of investments | | (45,212) | (84,996) |
| Purchases of fixed assets | | - | (7) |
| Net cash flow used in investing activities | | 3,503 | (38,001) |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | 22,500 | 30,000 |
| Proceeds from Share Purchase Plan | | 6,869 | - |
| Repayment of borrowings | | (42,000) | - |
| Dividends paid net of dividend reinvestment plan | | (23,415) | (22,105) |
| Net cash flow from financing activities | | (36,046) | 7,895 |
| Net increase/(decrease) in cash held | | 367 | (502) |
| Cash and cash equivalents at 1 July | | 6,731 | 5,215 |
| Cash and cash equivalents at 31 December | | 7,098 | 4,713 |

The Statement of Cash Flows is to be read in conjunction with the Condensed Notes to the Financial Statements set out on pages 11 to 14.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Condensed Notes to the Financial Statements for the six months ended 31 December 2022

1. Reporting Entity

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

The Annual Financial Report of the Company as at and for the year ended 30 June 2022 is available on the Company's website at www.aui.com.au.

2. Statement of compliance

The Interim Financial Report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The Interim Financial Report does not include all of the information required for a full Annual Financial Report, and should be read in conjunction with the Annual Financial Report of the Company as at and for the year ended 30 June 2022.

This Interim Financial Report was approved by the Board of Directors on 15 February 2023.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 and in accordance with the Instrument, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

3. Basis of preparation

The accounting policies applied by the Company in this Interim Financial Report are the same as those applied by the Company in the Financial Report as at and for the year ended 30 June 2022.

The Interim Financial Report is prepared on a going concern basis. The Company has prepared an assessment of its ability to continue as a going concern, taking into account all available information for a period of 12 months from the date of these financial statements. The net deficiency of current assets over current liabilities for the period ended 31 December 2022 of \$79 million arises due to \$88 million of borrowing and Secured Finance facilities being due within 12 months. These facilities are expected to be renewed before expiry in July 2023. In addition, the Company has access to cash from its highly liquid equity portfolio should funds be required.

4. Earnings per share

| | 31 December 2022 Cents | 31 December 2021 Cents |
|--|------------------------------|------------------------------|
| Basic and diluted earnings per share | 23.9 | 21.6 |
| Earnings per share excluding special dividends | 23.3 | 20.1 |

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

Special dividends of \$810,000 after tax were received for the half year ended 31 December 2022 (previous corresponding period \$1,880,000).

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Notes to the Financial Statements for the six months ended 31 December 2022

4. Earnings per share (continued)

The basic earnings per share for the half-year is calculated on a weighted average number of ordinary shares of 125,752,371 (previous corresponding period 125,044,480) after taking into account the shares issued in the dividend reinvestment plan and the 2022 Share Purchase Plan.

5. Dividends

| | 31 December 2022 \$'000 | 31 December 2021 \$'000 |
|--|-------------------------------|-------------------------------|
|--|-------------------------------|-------------------------------|

Dividends recognised in the current year by the Company are:

| | | |
|--|--------|--------|
| Final fully franked dividend of 20.0 cents per share paid on 9 September 2022 (previous corresponding period 19.0 cents per share fully franked) | 25,055 | 23,742 |
|--|--------|--------|

Since 31 December 2022, the Directors have declared the following dividend payable on 17 March 2023:

| | | |
|---|--------|--------|
| Interim dividend of 17.0 cents per share fully franked (previous corresponding period 17.0 cents per share fully franked) | 21,451 | 21,270 |
|---|--------|--------|

The financial effect of this dividend has not been brought to account in the Interim Financial Report for the period ended 31 December 2022.

6. Issued capital

| | 31 December 2022 \$'000 | 30 June 2022 \$'000 |
|---|-------------------------------|---------------------------|
| 126,181,365 ordinary fully paid shares (30 June 2022 125,274,745) | 462,886 | 454,378 |

Movements in issued capital:

| | | |
|---|---------|---------|
| Balance at beginning of period | 454,378 | 451,268 |
| Shares issued | | |
| - Dividend reinvestment plan ⁽¹⁾ | 1,640 | 3,110 |
| - Share Purchase Plan ⁽²⁾ | 6,868 | - |
| | 462,886 | 454,378 |

(1) In respect of the 2022 final dividend paid on 9 September 2022, 169,882 shares were issued at \$9.6494 each under the dividend reinvestment plan.

(2) In respect of the 2022 Share Purchase Plan, 736,738 shares were issued at \$9.4063 each on 30 September 2022.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Notes to the Financial Statements for the six months ended 31 December 2022

7. 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.

The net fair value of any unlisted managed funds is determined by valuing them at the net asset value provided by the fund manager as at balance date. Unlisted managed funds included in “Investments” are considered “Level 2” under the fair value measurement hierarchy, which is defined as inputs other than quoted prices, which can be observed either directly (as prices) or indirectly (derived from prices).

As at 31 December 2022, the Company’s Level 1 investments totalled \$1,429,769,000 (30 June 2022 \$1,376,921,000) and the Company’s Level 2 investments totalled \$9,514,000 (30 June 2022 none).

Fixed interest borrowings

At 31 December 2022, the fair value of the Company’s fixed interest rate borrowings was \$19,014,000 (30 June 2022 \$19,609,000) while the face value was \$20,000,000 (30 June 2022 \$20,000,000).

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

8. Taxation

| | 31 December 2022 \$’000 | 31 December 2021 \$’000 |
|---|--|--|
| Income tax and other adjustments | | |
| Prior year over provision on deferred tax | 114 | 47 |
| Deferred tax adjustments | 96 | 43 |
| Current income tax expense | (420) | (817) |
| Tax expense attributable to profit | (210) | (727) |

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Notes to the Financial Statements for the six months ended 31 December 2022

9. Deferred Tax Assets and Liabilities

| | 31 December 2022 \$'000 | 30 June 2022 \$'000 |
|--|-------------------------------|---------------------------|
| Revaluation reserve – Provision for tax on unrealised gains on the equity investment portfolio | 205,265 | 183,090 |
| Tax effect of sundry items | (56) | 142 |
| Tax benefit of capital losses carried forward | (9,356) | (9,007) |
| Net deferred tax liabilities | 195,853 | 174,225 |

10. Borrowings Drawn

| | 31 December 2022 \$'000 | 30 June 2022 \$'000 |
|---------------------------------|-------------------------------|---------------------------|
| Current | | |
| Loan facilities drawn – Secured | 88,000 | - |
| Non-current | | |
| Loan facilities drawn – Secured | 60,000 | 167,500 |
| | 148,000 | 167,500 |

The total face value of the drawn facilities as at period end was \$148 million (30 June 2022 \$167.5 million). The liabilities are recorded at the face value of the amount drawn and accrued interest.

At 31 December 2022 the market value of investments secured against the loan facilities was \$605 million (30 June 2022 \$544 million).

11. Segment Reporting

The Company's only segment of operation is as an investment company in Australia.

12. Contingent Liabilities and Capital Commitments

There were no contingent liabilities or capital commitments as at 31 December 2022.

13. Related Parties

All arrangements with related parties are consistent with those disclosed in the Annual Financial Report as at and for the year ended 30 June 2022.

14. Events Subsequent to Balance Date

There has not arisen in the interval between the end of the half-year and the date of this report any items, transactions or events 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.

AUSTRALIAN UNITED INVESTMENT COMPANY LIMITED

Directors' Declaration

In the opinion of the Directors of Australian United Investment Company Limited (“the Company”):

1. The Interim Financial Statements and Notes, as set out on pages 7 to 14, are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the financial position of the Company as at 31 December 2022 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 “Interim Financial Reporting” and the Corporations Regulations 2001; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Charles Goode
Chairman
15 February 2023



Independent Auditor's Review Report

To the shareholders of Australian United Investment Company Limited

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Australian United Investment Company Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Australian United Investment Company Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 31 December 2022 and of its performance for the six months ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Balance sheet as at 31 December 2022;
- Statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended on that date;
- Notes 1 to 14 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Interim Period** is the six months ended on 31 December 2022.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Chris Sargent

Partner

Melbourne

15 February 2023