

**Australian United Retailers Ltd and controlled entities**  
**Appendix 3**  
**Half Year report for the six months to 31 December 2008**

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**Name of Entity** Australian United Retailers Ltd and controlled entities  
**ABN** 93 077 879 782

**1. Reporting Period:**

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Report for the half year ended:	31 December 2008
Previous corresponding periods:	Financial year ended 30 June 2008 Half-year ended 31 December 2007

**2. Results for announcement to the market (item 2)**

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Revenues from ordinary activities (item 2.1)	Up	9.0%	to	\$27,371,094
Net loss from ordinary activities after tax attributable to members (item 2.2)	Down	-18.6%	to	(\$1,369,309)
Net loss for the period attributable to members (item 2.3)	Down	-18.6%	to	(\$1,369,309)

Dividends (item 2.4)	Amount per security	Franked amount per security
Interim dividend	Nil	N/A
Final dividend	Nil	N/A
Previous corresponding period	Nil	N/A
Record date for determining entitlements to dividend (item 2.5)		N/A
Brief explanation for any of the figures reported above necessary to enable the figures to be understood (item 2.6): For an explanation of the result, refer to the Review and Results of Operations in the Director's Report and Results Announcement for the six months ended 31 December 2008.		

**3. Net tangible assets backing (Cents per Share) (item 3)**

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	Current period	Previous corresponding period
Net tangible asset backing per listed security	13.91	23.77

**4. Details of entities over which control has been gained or lost during the period (item 4)**

**Control gained over entities**

Name of entities (item 4.1)	None	
Date(s) of gain of control (item 4.2)	Not applicable	
Contribution of consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period on which control was acquired (item 4.3)	N/A	
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3).	N/A	

**Loss of control of entities**

Name of entities (item 4.1)	None	
Date(s) of loss of control (item 4.2)	Not applicable	
Contribution of consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost (item 4.3)	N/A	
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3).	N/A	

**5. Dividends (item 5)**

		<u>Date of payment</u>	<u>Total amount of dividend</u>
Interim dividend year ended 30 June 2009		N/A	NIL
Final dividend year ended 30 June 2008		N/A	NIL
<b>Amount per security</b>			
		<u>Amount</u>	<u>Franked</u>
Total Dividend:	Current year	NIL	NIL
Total Dividend:	Previous year	NIL	NIL
<b>Total dividend on all securities</b>			
		<u>Current period \$A'000</u>	<u>Previous corresponding period - \$A'000</u>
Ordinary securities (each class separately)		NIL	NIL
Preference securities (each class separately)		NIL	NIL
Other equity instruments (each class separately)		NIL	NIL
<b>Total</b>		<u>NIL</u>	<u>NIL</u>

**6. The financial information provided in the Appendix 3 is based on the half year condensed financial report (attached) (item 8)**

**7. Independent review of the financial report (item 9)**

The financial report has been independently reviewed. The financial report is not subject to a qualified independent review statement.

**Australian United Retailers Ltd  
and Controlled Entities  
ABN 93 077 879 782**

**Financial Report  
For the half-year ended  
31 December 2008**

This half-year financial report is to be  
read in conjunction with the financial  
report for the year ended 30 June 2008

**Australian United Retailers Ltd  
and Controlled Entities  
Financial report for the half year ended 31 December 2008**

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**Australian United Retailers Ltd  
and Controlled Entities  
ABN 93 077 879 782**

**DIRECTOR'S REPORT**

The directors present their report together with the condensed financial report of the consolidated entity consisting of Australian United Retailers Ltd and the entities it controlled, for the half-year ended 31 December 2008 and independent auditor's review report thereon. This financial report has been prepared in accordance with Australian equivalents of International Financial Reporting Standards.

**Directors**

The names of the directors in office at any time during or since the end of the financial year are:

J Bridgfoot	J Ehrenfeld
J Scanlan	W Pattison
D Smith	M Reddrop
P Noble	N Osborne
D Howell	J Kendall

The directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

**Review of Operations**

The consolidated loss of the group for the half-year after providing for income tax amounted to \$1,369,000, comparing favourably to a consolidated budgeted loss of \$2,083,980.

The economic entity's core Trading profit for the half year to December 2008 is a profit of \$426,000, comparing to the budgeted Trading profit of \$130,370.

The economic entity's core trading result for the half year to December 2008 is as follows:



	<u>\$ 000's</u>	<u>\$ 000's</u>
Trading Profit for the half year to December 2008		426
Less Non Trading Costs:		
Income tax expense	(336)	
Future state initiatives (net)	(1,039)	
New store rebranding costs	(420)	(1,795)
<b>Consolidated Loss for the half year to December 2008</b>		<u><u>(1,369)</u></u>

Non trading costs during the half year included the continued investment in the growth initiatives as per the intentions outlined in the Prospectus dated 2nd April 2007. These initiatives will initially be cost outflows until they generate the additional volumes and subsequent income to the group. These initiatives although largely underway have been some what delayed, which has created the favourable result to budget. They primarily relate to Property, Store Development and Private Label initiatives.

**Auditor's Declaration**

A copy of the auditor's declaration in relation to the review for the half-year is provided with this report.

Signed in accordance with a resolution of the directors:

Director	 D Howell
Director	 P Noble

Dated this 4<sup>th</sup> day of March 2009

**AUDITOR'S INDEPENDENCE DECLARATION**  
**To the directors of Australian United Retailers Ltd**

In relation to the half-year independent auditor's review for the six months to 31 December 2008, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the Corporations Act 2001
- (ii) No contraventions of any applicable code of professional conduct.



PITCHER PARTNERS  
Melbourne

G E WALSH

Date 12 March 2009

**Australian United Retailers Ltd  
and Controlled Entities  
ABN 93 077 879 782**

**Condensed Consolidated Income Statement  
For the half-year ended 31 December 2008**

	<b>31 Dec 2008 \$</b>	<b>31 Dec 2007 \$</b>
Revenue		
Sales revenue	26,747,976	24,798,202
Sale of goods	94,912	-
Other income	528,206	319,809
	<u>27,371,094</u>	<u>25,118,011</u>
Cost of goods sold	<u>(84,022)</u>	<u>-</u>
Distribution to members	(11,475,561)	(10,010,195)
Member services expenses	(3,833,018)	(3,616,377)
Marketing / merchandising expenses	(4,957,459)	(6,018,716)
Business development expenses	(1,744,346)	(1,347,335)
Administrative expenses	(3,930,729)	(3,028,222)
Retail operations expenses	(1,137,333)	(862,207)
Store rebranding costs	(420,014)	(440,723)
Other expenses	(802,512)	(734,971)
	<u>(28,300,972)</u>	<u>(26,058,746)</u>
Finance costs	(19,831)	(23,042)
<b>Loss before income tax</b>	<u>(1,033,731)</u>	<u>(963,777)</u>
Income tax expense	(335,578)	(190,963)
<b>Net loss for the year</b>	<u>(1,369,309)</u>	<u>(1,154,740)</u>
<b>Loss attributable to members</b>	<u>(1,369,309)</u>	<u>(1,154,740)</u>
Earnings per share (cents per share)		
- basic for profit for the half-year	(11.85)	(9.99)
- basic for profit from continuing operations	(11.85)	(9.99)
- diluted for profit for the half-year	(11.85)	(9.99)
- diluted for profit from continuing operations	(11.85)	(9.99)
Dividends paid per share	-	-
Proposed dividends per share	-	-

The accompanying notes form part of these financial statements

**Australian United Retailers Ltd  
and Controlled Entities  
ABN 93 077 879 782**

**Condensed Consolidated Balance Sheet  
As at 31 December 2008**

	<b>31 Dec 2008 \$</b>	<b>30 Jun 2008 \$</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	4,254,319	3,871,350
Trade receivables	12,704,045	14,420,203
Inventories	181,311	49,194
Other	121,130	112,558
<b>TOTAL CURRENT ASSETS</b>	<u>17,260,805</u>	<u>18,453,305</u>
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	945,446	1,033,099
Deferred tax assets	802,673	1,138,251
<b>TOTAL NON CURRENT ASSETS</b>	<u>1,748,120</u>	<u>2,171,350</u>
<b>TOTAL ASSETS</b>	<u><b>19,008,925</b></u>	<u><b>20,624,655</b></u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	15,062,048	14,985,958
Short term borrowings	123,126	118,732
Provisions	1,359,288	1,895,202
<b>TOTAL CURRENT LIABILITIES</b>	<u>16,544,462</u>	<u>16,999,892</u>
<b>NON CURRENT LIABILITIES</b>		
Payables	273	296
Long term borrowings	362,765	425,446
Provisions	492,956	450,744
<b>TOTAL NON CURRENT LIABILITIES</b>	<u>855,994</u>	<u>876,486</u>
<b>TOTAL LIABILITIES</b>	<u><b>17,400,456</b></u>	<u><b>17,876,378</b></u>
<b>NET ASSETS</b>	<u><b>1,608,468</b></u>	<u><b>2,748,277</b></u>
<b>EQUITY</b>		
Issued capital	7,667,378	7,437,878
Accumulated losses	(6,058,910)	(4,689,601)
<b>TOTAL EQUITY</b>	<u><b>1,608,468</b></u>	<u><b>2,748,277</b></u>

The accompanying notes form part of these financial statements.

Australian United Retailers Ltd  
and Controlled Entities  
ABN 93 077 879 782

Condensed Consolidated Statement of Changes in Equity  
For the half-year ended 31 December 2008

	31 Dec 2008 \$	31 Dec 2007 \$
<b>TOTAL EQUITY AT THE BEGINNING OF THE HALF-YEAR</b>	<u>2,748,277</u>	<u>4,171,171</u>
Loss for the period	<u>(1,369,309)</u>	<u>(1,154,740)</u>
<b>Total recognised income and expense for the half-year</b>	<u>(1,369,309)</u>	<u>(1,154,740)</u>
<b>Transactions with equity holders in their capacity as equity holders:</b>		
Issuance of shares, net of transaction costs	229,564	-
Redemption of shares	<u>(64)</u>	<u>(6)</u>
	<u>229,500</u>	<u>(6)</u>
<b>TOTAL EQUITY AT THE END OF THE HALF-YEAR</b>	<u>1,608,468</u>	<u>3,016,425</u>

The accompanying notes form part of these financial statements.

**Australian United Retailers Ltd  
and Controlled Entities  
ABN 93 077 879 782**

**Condensed Consolidated Statement of Cash Flows  
For the half-year ended 31 December 2008**

	<b>31 Dec 2008 \$</b>	<b>31 Dec 2007 \$</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from customers	31,997,049	28,322,912
Payments to suppliers and employees	(31,823,494)	(30,236,678)
Interest received	150,381	187,290
Borrowing costs	(19,831)	(23,042)
<b>Net cash (used in)/provided by operations</b>	<u>304,105</u>	<u>(1,749,518)</u>
 <b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payment for property, plant and equipment	<u>(92,349)</u>	<u>(137,406)</u>
<b>Net cash used in investing activities</b>	<u>(92,349)</u>	<u>(137,406)</u>
 <b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from share issue	229,500	(356)
Repayment of borrowings	-	(500,000)
Hire purchase payments	<u>(58,287)</u>	<u>(54,201)</u>
<b>Net cash (used in)/provided by financing activities</b>	<u>171,213</u>	<u>(554,557)</u>
 Net increase/(decrease) in cash and cash equivalents	382,969	(2,441,481)
Cash at beginning of half-year	<u>3,871,350</u>	<u>7,439,086</u>
<b>Cash and cash equivalents at end of half-year</b>	<u>4,254,319</u>	<u>4,997,605</u>

The accompanying notes form part of these financial statements.

**Australian United Retailers Ltd  
and Controlled Entities  
ABN 93 077 879 782**

**Notes to the Financial Statements  
For the half-year ended 31 December 2008**

**1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

This half-year financial report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2008 and any public announcements made by Australian United Retailers Ltd during the half-year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

The half-year financial report was authorised for issue by the directors on 4 March 2009.

**(a) Basis of preparation of the financial report**

This general purpose half year financial report has been prepared in accordance with Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

The half year financial report has been prepared under the historical cost convention.

**(b) Summary of the significant accounting policies:**

The half-year consolidated financial report has been prepared using the same accounting policies as used in the annual financial report for the year ended 30 June 2008

**(c) Principles of Consolidation**

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities, which Australian United Retailers Ltd controlled from time to time during the year and at balance date.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist. All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

Australian United Retailers Ltd  
and Controlled Entities  
ABN 93 077 879 782

Notes to the Financial Statements  
For the half-year ended 31 December 2008

	Notes	31 Dec 2008 \$	31 Dec 2007 \$
<b>2 REVENUE AND EXPENSES FROM CONTINUING OPERATIONS</b>			
(i) Individually significant items gain/(loss) charged in operating profit from ordinary activities before income tax expense			
<b>REVENUE FROM OPERATING ACTIVITIES</b>			
Sales revenue		26,747,976	24,798,202
Sale of goods		94,912	
Interest	(a)	150,381	187,290
Rental income		236,019	
Other revenue		141,806	132,519
<b>Total Revenue</b>		<b>27,371,094</b>	<b>25,118,011</b>
(a) Interest from:			
Other persons		150,381	187,290
		<u>150,381</u>	<u>187,290</u>
<b>LOSS FROM CONTINUING ACTIVITIES</b>			
Loss from the continuing operations before income tax has been determined after the following specific expenses:			
<b>Employee benefits expense:</b>			
Wages and salaries		5,402,679	4,581,614
Workers' compensation costs		16,846	13,742
Superannuation costs		465,748	412,483
<b>Total employee benefits expense</b>		<b>5,885,273</b>	<b>5,007,839</b>
<b>Finance costs expensed</b>			
Other parties		875	-
Hire purchase charges		18,956	23,042
<b>Total finance costs expensed</b>		<b>19,831</b>	<b>23,042</b>
<b>Depreciation of non-current assets</b>			
Leasehold improvements		84,554	76,379
Plant and equipment		15,680	3,422
Motor vehicles		945	-
Office equipment		74,811	74,747
Furniture, fixtures and fittings		3,331	5,586
<b>Total depreciation of non-current assets</b>		<b>179,321</b>	<b>160,134</b>
<b>Other expenses</b>			
Doubtful debts		-	18,000
Net loss on disposal of plant and equipment		683	-
		<u>683</u>	<u>18,000</u>

Australian United Retailers Ltd  
Notes to the Financial Statements  
ABN 93 077 879 782

Notes to the Financial Statements  
For the half-year ended 31 December 2008

	Notes	31 Dec 2008 \$	31 Dec 2007 \$
<b>2</b>	<b>REVENUE AND EXPENSES FROM CONTINUING OPERATIONS (continued)</b>		
	<b>(ii) Seasonality of Operations</b>		
	There is no material effect due to seasonality.		
<b>3</b>	<b>ISSUANCES, REPURCHASES AND REPAYMENTS OF DEBT AND EQUITY SECURITIES</b>		
	Issued and paid up capital		
	11,559,800 : (June 2008:11,559,800) Class C Redeemable preference shares	3 (b) 7,666,670	6,068,170
	708 : (June 2008 : 708) Class A Redeemable preference shares	3 (c) 708	701
		<u>7,667,378</u>	<u>6,068,871</u>
	(a) At Balance Date there were 5,400,000 Class C Redeemable preference shares issued at \$1.12 each called to \$0.74. Future calls are due in April 2009.	2,052,000	4,050,000
	From the April 2008 capital call, \$0.37 remained unpaid on 1,090,000 shares as at 31 December 2008		
	(b) Class C Redeemable Preference Shares		
	At the beginning of the reporting period	7,437,170	6,068,170
	Shares issued during the half-year	-	-
	Second Instalment received	229,500	-
	At reporting date	<u>7,666,670</u>	<u>6,068,170</u>
	<b>No.</b>	<b>No.</b>	
	At the beginning of the reporting period	11,559,800	11,559,800
	Shares issued during the half-year	-	-
	At reporting date	<u>11,559,800</u>	<u>11,559,800</u>
	(c) Class A Redeemable preference shares		
	At the beginning of the reporting period	708	707
	Shares issued during the half-year	64	-
	Shares bought back during the half-year	(64)	(6)
	At reporting date	<u>708</u>	<u>701</u>
	<b>No.</b>	<b>No.</b>	
	At the beginning of reporting period	708	707
	Shares issued during the half-year	64	-
	Share bought back during the half-year	(64)	(6)
	At reporting date	<u>708</u>	<u>701</u>

**Australian United Retailers Ltd  
and Controlled Entities  
ABN 93 077 879 782**

**Notes to the Financial Statements  
For the half-year ended 31 December 2008**

**4 SEGMENT REPORTING**

The business operates in the retail food and liquor industry, in Australia.

**5 Property, Plant and Equipment**

**Acquisitions and disposals**

During the six months ended 31 December 2008 the Group acquired assets with a cost of \$92,349 (six months ended 31 December 2007: \$137,406).

Assets with carrying amount of \$729 were disposed of during the six months ended 31 December 2008 (six months ended 31 December 2007: \$0), resulting in a loss of disposal of \$683 (six months ended 31 December 2007: \$0), which is included in other expenses.

Australian United Retailers Ltd  
and Controlled Entities  
ABN 93 077 879 782

DIRECTOR'S DECLARATION

The directors declare that the financial statements and notes set out on pages 4 to 11 are in accordance with the Corporations Act 2001:

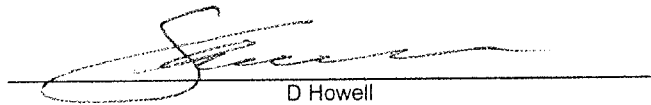
(a) Comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*, and

(b) Give a true and fair view of the financial position of the consolidated entity as at 31 December 2008 and of its performance as represented by the results of its operations and its cash flows, for the half-year ended on that date.

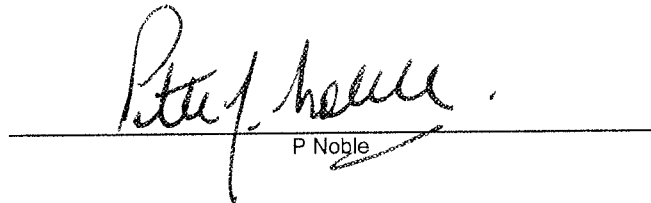
In the directors' opinion there are reasonable grounds to believe that Australian United Retailers Ltd will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Director

  
D Howell

Director

  
P Noble

Dated this 4<sup>th</sup> day of March 2009

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF AUSTRALIAN UNITED RETAILERS LTD AND CONTROLLED ENTITIES**

We have reviewed the accompanying half-year financial report of Australian United Retailers Ltd, which comprises the condensed consolidated balance sheet as at 31 December 2008, and the condensed consolidated income statement, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the Australian United Retailers Ltd are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Australian United Retailers Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year 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.

*Independence*

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

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Australian United Retailers Ltd is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PITCHER PARTNERS  
Melbourne



G E WALSH  
Date 12 March 2009