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**AUSTRALIAN UNITED  
RETAILERS LTD  
ABN: 93 077 879 782  
AND CONTROLLED ENTITIES**

**FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2009**

This half-year financial report is to  
be read in conjunction with the  
financial report for the year ended  
30 June 2009.

**AUSTRALIAN UNITED RETAILERS LIMITED AND CONTROLLED ENTITIES  
FINANCIAL REPORT FOR THE HALF-YEAR ENDED  
31 DECEMBER 2009**

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**AUSTRALIAN UNITED RETAILERS LIMITED AND CONTROLLED ENTITIES**  
**ABN: 93 077 879 782**

**DIRECTORS' REPORT**

The directors present their report together with the condensed financial report of the consolidated entity consisting of Australian United Retailers Limited and the entities it controlled, for the half-year ended 31 December 2009 and independent auditor's review report thereon. This financial report has been prepared in accordance with Australian equivalents of International Financial Reporting Standards.

**Directors Names**

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

**Name**

John Bridgfoot

Jack Scanlan

Deborah Smith

Peter Noble

Don Howell

Wayne Pattison

Neil Osborne

Jeanette Kendall

Fred Fairthorne

Appointed 9 September 2009

Michael Reddrop

Resigned 19 August 2009

Jeff Ehrenfeld

Resigned 27 July 2009

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 \$3,789,052 which compares favourably to the consolidated budget by \$1,485,333.

The traditional Member business produced a Trading profit performance of \$852,290 for the half, being a solid improvement from the \$426,000 profit recorded at the same time last year.

The new Retail Stores, while trending in line with budget expectations have produced a Trading Loss of \$4,641,341 for the 18 stores converted from Coles to FoodWorks.

	<u>\$ 000's</u>	<u>\$ 000's</u>
Trading Profit of Member based business to December 2009		852
Less Non Trading Costs:		
Income Tax Expense	-	
New Store Rebranding costs	(116)	(116)
Trading Loss of Retail Stores based business to December 2009		(4,641)
Less Non Trading Costs:		
Store Transition Costs	(2,611)	(2,611)
<b><u>Consolidated Loss for the half year to December 2009</u></b>		<b><u>(3,789)</u></b>

**AUSTRALIAN UNITED RETAILERS LIMITED AND CONTROLLED ENTITIES**  
**ABN: 93 077 879 782**

**DIRECTORS' REPORT (cont)**

**Significant changes in the state of affairs**

As reported in the annual financial report, the parent entity has entered into an agreement to purchase 45 Coles supermarkets.

The first of these Coles conversions occurred on 21 September 2009, with a total of 18 having been completed by 31<sup>st</sup> December 2009 and 22 by 9<sup>th</sup> February 2010.

However the successful integration of these stores is taking longer than expected and a group wide store improvement program has been implemented across the portfolio of transitioned stores.

FoodWorks' priority is to successfully execute the store improvement program. The transfer of further stores will be adjusted to facilitate successful integration.

**Auditor's Declaration**

A copy of the auditor's declaration as required under section 307C of the *Corporation Act 2001* in relation to the review for the half-year is provided with this report.

Signed in accordance with a resolution of the Board of Directors:



John Bridgfoot  
Director



Peter Noble  
Director

Dated this 15 day of March 2010



PITCHER PARTNERS

An independent Victorian Partnership  
ABN 27 975 255 196

**AUDITOR'S INDEPENDENCE DECLARATION**

**To the Directors of Australian United Retailers Limited**

In relation to the half-year independent review for the six months ended 31 December 2009, 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.

K L BYRNE  
Partner

PITCHER PARTNERS  
Melbourne

Dated this 15 day of March 2010



**AUSTRALIAN UNITED RETAILERS LIMITED AND CONTROLLED ENTITIES**

**ABN: 93 077 879 782**

**CONDENSED CONSOLIDATED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	<b>Half-year</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
Supplier income	27,971,478	26,747,976
Sales revenue	22,430,676	94,912
Other income	729,768	528,206
	<u>51,131,922</u>	<u>27,371,094</u>
<b>Less: Expenses</b>		
Cost of sales	(19,803,419)	(84,022)
Cost of member services	(3,887,511)	(3,833,018)
Distribution of members	(11,884,952)	(11,475,561)
Direct store expenses	(2,932,851)	-
Merchandising expenses	(3,522,529)	(3,368,841)
Marketing expenses	(1,096,546)	(1,588,617)
Business development expenses	(1,390,403)	(1,744,346)
Administrative expenses	(5,696,135)	(3,817,613)
Information technology expenses	(637,451)	(572,606)
Retail operations expenses	(1,038,760)	(1,137,333)
Human resource expenses	(138,248)	(163,702)
Store rebranding expenses	(116,401)	(420,014)
Store transition expenses	(2,610,582)	-
Depreciation and amortisation	(400,275)	(179,321)
	<u>(55,156,063)</u>	<u>(28,384,994)</u>
Finance costs	(385,371)	(19,831)
<b>Loss before income tax expense</b>	<b>(4,409,512)</b>	<b>(1,033,731)</b>
Income tax benefit/(expense)	620,460	(335,578)
<b>Loss from continuing operations</b>	<b>(3,789,052)</b>	<b>(1,369,309)</b>
	<u>(3,789,052)</u>	<u>(1,369,309)</u>
<b>Loss for the half-year</b>		

The accompanying notes form part of these financial statements.

**AUSTRALIAN UNITED RETAILERS LIMITED AND CONTROLLED ENTITIES**  
**ABN: 93 077 879 782**

**CONDENSED CONSOLIDATED**  
**STATEMENT OF COMPREHENSIVE INCOME (Continued)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	Half-year	
	2009	2008
	\$	\$
<b>Loss for the half-year</b>	<u>(3,789,052)</u>	<u>(1,369,309)</u>
<b>Total comprehensive loss for the half year</b>	<u>(3,789,052)</u>	<u>(1,369,309)</u>
 <b>Loss is attributable to:</b>		
Members of the parent	<u>(3,789,052)</u>	<u>(1,369,309)</u>
 <b>Total comprehensive loss attributable to:</b>		
Members of the parent	<u>(3,789,052)</u>	<u>(1,369,309)</u>
 Basic loss per share for ongoing operations	<u>(32.78)</u>	<u>(11.85)</u>
<b>Total basis loss per share</b>	<u>(32.78)</u>	<u>(11.85)</u>
Diluted loss per share for ongoing operations	<u>(32.78)</u>	<u>(11.85)</u>
<b>Total Diluted loss per share</b>	<u>(32.78)</u>	<u>(11.85)</u>

**AUSTRALIAN UNITED RETAILERS LIMITED AND CONTROLLED ENTITIES**

**ABN: 93 077 879 782**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2009**

		<b>31 Dec 2009 \$</b>	<b>30 June 2009 \$</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	2	9,809,943	3,368,718
Trade and other receivables		14,765,885	14,576,534
Inventories	3	11,605,679	286,113
Other current assets		404,788	60,114
<b>TOTAL CURRENT ASSETS</b>		<b>36,586,295</b>	<b>18,291,479</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	9,193,147	794,734
Intangible assets		546,802	-
Deferred tax assets		2,295,930	901,725
<b>TOTAL NON-CURRENT ASSETS</b>		<b>12,035,879</b>	<b>1,696,459</b>
<b>TOTAL ASSETS</b>		<b>48,622,174</b>	<b>19,987,938</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	5	27,278,365	14,571,171
Short-term borrowings	6	3,400,205	127,683
Short-term provisions		4,284,993	2,346,050
<b>TOTAL CURRENT LIABILITIES</b>		<b>34,963,563</b>	<b>17,044,904</b>
<b>NON-CURRENT LIABILITIES</b>			
Payables		256	256
Long-term borrowings	6	13,848,757	297,764
Long-term provisions		273,308	156,189
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>14,122,321</b>	<b>454,209</b>
<b>TOTAL LIABILITIES</b>		<b>49,085,884</b>	<b>17,499,113</b>
<b>NET ASSETS</b>		<b>(463,710)</b>	<b>2,488,825</b>
<b>EQUITY</b>			
Share capital	7	10,118,858	9,282,341
Accumulated losses		(10,582,568)	(6,793,516)
<b>TOTAL EQUITY</b>		<b>(463,710)</b>	<b>2,488,825</b>

The accompanying notes form part of these financial statements.



**AUSTRALIAN UNITED RETAILERS LIMITED AND CONTROLLED ENTITIES**

**ABN: 93 077 879 782**

**CONDENSED CONSOLIDATED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

<b>Consolidated</b>	<b>Contributed equity \$</b>	<b>Retained earnings \$</b>	<b>Total Equity \$</b>
<b>Balance as at 1 July 2008</b>	<b>7,437,878</b>	<b>(4,689,601)</b>	<b>2,748,277</b>
Loss for the half-year	-	(1,369,309)	(1,369,309)
<b>Total comprehensive income for the half-year</b>	<b>-</b>	<b>(6,058,910)</b>	<b>1,378,968</b>
<b>Transactions with owners in their capacity as owners:</b>			
Contributions	229,564	-	229,564
Buy-backs	(64)	-	(64)
<b>Total transactions with owners in their capacity as owners</b>	<b>229,500</b>	<b>-</b>	<b>229,500</b>
<b>Balance as at 31 December 2008</b>	<b>7,667,378</b>	<b>(6,058,910)</b>	<b>1,608,468</b>
<b>Consolidated</b>	<b>Contributed equity \$</b>	<b>Retained earnings \$</b>	<b>Total Equity \$</b>
<b>Balance as at 1 July 2009</b>	<b>9,282,341</b>	<b>(6,793,516)</b>	<b>2,488,825</b>
Loss for the half-year	-	(3,789,052)	(3,789,052)
<b>Total comprehensive income for the half-year</b>	<b>-</b>	<b>(3,789,052)</b>	<b>(3,789,052)</b>
<b>Transactions with owners in their capacity as owners:</b>			
Contributions	836,577	-	836,577
Buy-backs	(60)	-	(60)
<b>Total transactions with owners in their capacity as owners</b>	<b>836,517</b>	<b>-</b>	<b>836,517</b>
<b>Balance as at 31 December 2009</b>	<b>10,118,858</b>	<b>(10,582,568)</b>	<b>(463,710)</b>

The accompanying notes form part of these financial statements.

**AUSTRALIAN UNITED RETAILERS LIMITED AND CONTROLLED ENTITIES**

**ABN: 93 077 879 782**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	<b>Half-year</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from customers	55,744,617	31,997,049
Payments to suppliers and employees	(50,932,543)	(31,823,494)
Interest received	92,455	150,381
Borrowing costs	-	(19,831)
<b>Net cash provided by operating activities</b>	<b>4,904,529</b>	<b>304,105</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payment for property, plant and equipment	(2,136,356)	(92,349)
Payment for business combination	(14,201,084)	-
Cash acquired in business combination	444,400	-
<b>Net cash used in investing activities</b>	<b>(15,893,040)</b>	<b>(92,349)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from share issue	836,517	229,500
Proceeds from borrowings	16,670,463	-
Equipment loan payments	(77,244)	(58,287)
<b>Net cash provided by financing activities</b>	<b>17,429,736</b>	<b>171,213</b>
<b>Net increase in cash and cash equivalents</b>	<b>6,441,225</b>	<b>382,969</b>
Cash and cash equivalents at beginning of half year	3,368,718	3,871,350
<b>Cash and cash equivalents at end of the half-year</b>	<b>9,809,943</b>	<b>4,254,319</b>

The accompanying notes form part of these financial statements.

## AUSTRALIAN UNITED RETAILERS LIMITED AND CONTROLLED ENTITIES

ABN: 93 077 879 782

### NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

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 half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2009 and any public announcements made by Australian United Retailers Limited 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 as at the date of the directors' report.

#### (a) Basis of preparation of the half-year financial report

This general purpose half-year financial report has been prepared in accordance with Australian 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, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

The accounting policies applied in this half-year financial report are the same as those used in the annual financial report for the year ended 30 June 2009.

#### (b) Summary of the significant accounting policies

Due to new or revised accounting standards which became operative for the annual reporting period commencing 1 July 2009, Australian United Retailers Limited had to change some of its accounting policies as described below.

All other accounting policies applied in this half-year financial report are the same as those used in the annual financial report for the year ended 30 June 2009.

##### (i) Principles of consolidation

The changes in revised AASB 127 *Consolidated and Separate Financial Statements* were implemented prospectively from 1 July 2009.

##### (ii) Business combinations

The changes in revised AASB 3 *Business Combinations* were implemented prospectively from 1 July 2009 and affected the accounting for the acquisition of FW Viva 1 Pty Ltd, FW Viva 5 Pty Ltd, FW Viva 8 Pty Ltd, FW Viva 9 Pty Ltd, FW Viva 10 Pty Ltd, FW Viva 11 Pty Ltd, FW Viva 13 Pty Ltd, FW Viva 17 Pty Ltd and FW Retail Holdings Pty Ltd as disclosed in Note 9.

##### (iii) Segment Reporting

The Group has applied revised AASB 8 *Operating Segments* as of 1 July 2009. Operating segments are now reported based on internal reporting provided to the Board of Directors.

#### (c) Going Concern

The financial report has been prepared on a going concern basis, which contemplated the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The economic entity incurred a loss from ordinary activities of \$3,789,052 during the 6 months ended 31 December 2009 and as at the date the economic entity's total liabilities exceeded total assets by \$463,710.



**AUSTRALIAN UNITED RETAILERS LIMITED AND CONTROLLED ENTITIES****ABN: 93 077 879 782****NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (cont)****(c) Going Concern (cont)**

As disclosed in Note 9 the Group has acquired 18 formerly owned Coles supermarkets during the period. The Group is currently integrating these businesses into the group.

The directors consider the going concern basis for accounting is appropriate based on the amendment of existing debt facilities in favour of a subsidiary, FoodWorks Retail Pty Ltd, having occurred and on the following conditions existing as at the date of the directors' declaration:

1. current ability to achieve forecasted operating results; and
2. rationalising operations in the newly acquired entities including the anticipated sale of a number of stores.

Should the conditions outlined above not be achieved or maintained, the economic entity may in the future not be able to pay its debts as and when they fall due and may therefore be required to realise assets and extinguish liabilities other than in the ordinary course of business with the amounts realised being different from those shown in the financial statement. The financial report does not include any adjustments relating to the recoverability and classification of the recorded assets amounts nor to the amounts and classifications of liabilities that may be necessary should the company and the consolidated entity not continue as a going concern.

**(d) Intangible Assets**

Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

**NOTE 2: CASH AND CASH EQUIVALENTS**

	<b>31 Dec 2009 \$</b>	<b>30 June 2009 \$</b>
Cash on hand	447,642	3,241
Cash at bank	9,362,301	3,365,477
	<b>9,809,943</b>	<b>3,368,718</b>

**NOTE 3: INVENTORIES**

Merchandising signage at net realisable value	43,823	45,957
Stock of goods at net realisable value	11,561,856	240,156
	<b>11,605,679</b>	<b>286,113</b>

**AUSTRALIAN UNITED RETAILERS LIMITED AND CONTROLLED ENTITIES**

**ABN: 93 077 879 782**

**NOTE 4: PROPERTY, PLANT AND EQUIPMENT**

	<b>31 Dec 2009 \$</b>	<b>30 June 2009 \$</b>
<b>Leasehold improvements</b>		
At cost	2,076,549	957,057
Less accumulated depreciation	<u>(624,461)</u>	<u>(517,892)</u>
	1,452,088	439,165
<b>Plant and equipment</b>		
<b>Plant and equipment</b>		
At cost	2,959,065	163,897
Less accumulated depreciation	<u>(105,593)</u>	<u>(52,102)</u>
	2,853,472	111,795
<b>Motor vehicles</b>		
At cost	10,609	10,609
Less accumulated depreciation	<u>(3,978)</u>	<u>(2,785)</u>
	6,631	7,824
<b>Computer equipment</b>		
At cost	1,914,760	906,878
Less accumulated depreciation	<u>(805,219)</u>	<u>(692,550)</u>
	1,109,541	214,328
<b>Furniture, fixtures and fittings</b>		
At cost	3,870,412	62,596
Less accumulated depreciation	<u>(98,997)</u>	<u>(40,974)</u>
	3,771,415	21,622
<b>Total plant and equipment</b>	<b><u>7,741,059</u></b>	<b><u>355,569</u></b>
<b>Total property, plant and equipment</b>	<b><u>9,193,147</u></b>	<b><u>794,734</u></b>



**AUSTRALIAN UNITED RETAILERS LIMITED AND CONTROLLED ENTITIES**

**ABN: 93 077 879 782**

**NOTE 4: PROPERTY, PLANT AND EQUIPMENT (cont)**

**(a) Movement in carrying amounts**

	<b>Leasehold improvements</b>	<b>Plant and equipment</b>	<b>Computer equipment</b>	<b>Motor vehicles</b>	<b>Furniture, fixtures and fittings</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Carrying amount at 1 July 2008	590,055	139,625	270,270	10,211	22,938	1,033,099
Additions	19,110	3,455	88,219	-	5,698	116,482
Disposals	-	-	(729)	(249)	-	(978)
Depreciation charge for the half year	(170,000)	(31,285)	(143,432)	(2,138)	(7,014)	(353,869)
Carrying amount at 30 June 2009	439,165	111,795	214,328	7,824	21,622	794,734

	<b>Leasehold improvements</b>	<b>Plant and equipment</b>	<b>Computer equipment</b>	<b>Motor vehicles</b>	<b>Furniture, fixtures and fittings</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Carrying amount at 1 July 2009	439,165	111,795	214,328	7,824	21,622	794,734
Additions	1,119,492	2,795,168	1,007,881	-	3,807,816	8,730,357
Disposals						
Depreciation charge for the half year	(106,569)	(53,491)	(112,668)	(1,193)	(58,023)	(331,944)
Carrying amount at 31 December 2009	1,452,088	2,853,472	1,109,541	6,631	3,771,415	9,193,147

**AUSTRALIAN UNITED RETAILERS LIMITED AND CONTROLLED ENTITIES**

**ABN: 93 077 879 782**

**NOTE 5: TRADE AND OTHER PAYABLES**

	<b>31 Dec 2009</b>	<b>30 June 2009</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Trade payables	20,664,707	10,946,551
Sundry payables and accrued expenses	6,613,658	3,624,620
	<u>27,278,365</u>	<u>14,571,171</u>

**NOTE 6: BORROWINGS**

**Current liabilities**

**Secured**

Equipment loan	132,408	127,683
Transitional funding facility	3,267,797	-
	<u>3,400,205</u>	<u>127,683</u>

**Non - Current liabilities**

**Secured**

Equipment loan	230,358	297,764
Deferred funding facility	13,618,399	-
	<u>13,848,757</u>	<u>297,764</u>

**AUSTRALIAN UNITED RETAILERS LIMITED AND CONTROLLED ENTITIES**

**ABN: 93 077 879 782**

**NOTE 7: SHARE CAPITAL**

	<b>31 Dec 2009 \$</b>	<b>30 June 2009 \$</b>
Issued and paid up capital		
Nil : (June 2009 : 1,285,790) Class C Redeemable preference shares (a)	-	577,837
11,560,489 : (June 2009 : 10,274,698) Class A Redeemable preference shares (b)	10,118,858	8,704,504
	<u>10,118,858</u>	<u>9,282,341</u>
 (a) Class C Redeemable Preference Shares		
At the beginning of the reporting period	577,837	7,437,170
Instalments received during the period		
Second instalment received	347,916	281,084
Third instalment received	488,600	1,563,399
Shares transferred to A Class	(1,414,353)	(8,703,816)
At reporting date	<u>-</u>	<u>577,837</u>
	No.	No.
At the beginning of reporting period	1,285,790	11,559,800
Shares transferred to A Class	(1,285,790)	(10,274,010)
At reporting date	<u>-</u>	<u>1,285,790</u>
 (b) Class A Redeemable preference shares		
At the beginning of the reporting period	8,704,504	708
Shares transferred from C Class	1,414,353	8,703,816
Shares issued during the period	61	92
Shares bought back during the period	(60)	(112)
At reporting date	<u>10,118,858</u>	<u>8,704,504</u>
	No.	No.
At the beginning of the reporting period	10,274,698	708
Shares transferred from C Class	1,285,790	10,274,010
Shares issued during the period	61	92
Shares bought back during the period	(60)	(112)
At reporting date	<u>11,560,489</u>	<u>10,274,698</u>

**AUSTRALIAN UNITED RETAILERS LIMITED AND CONTROLLED ENTITIES**

**ABN: 93 077 879 782**

**NOTE 8: SEGMENT INFORMATION**

**(a) Description of segments**

The Group has 2 reportable segments as described below:

- Segment 1: The continued provision of marketing services to members
- Segment 2: The retail operation of corporately owned supermarkets

**(b) Segment information**

<b>Half-year 2009</b>	<b>Marketing services to members \$</b>	<b>Supermarket retail operations \$</b>	<b>Total \$</b>
<b>Segment revenue</b>			
Supplier income	26,950,539	1,199,766	28,150,305
Sales income	738,425	22,117,130	22,855,555
Other income	1,339,693	76,637	1,416,330
Interest income	78,525	13,930	92,455
Total segment revenue	29,107,182	23,407,463	52,514,645
Inter-segment revenue	(182,957)	(1,199,766)	(1,382,723)
<b>Revenue from external source</b>	<b>28,924,225</b>	<b>22,207,697</b>	<b>51,131,922</b>
<b>Segment expenses</b>			
Cost of sales	(517,634)	(19,368,508)	(19,886,142)
Member services expenses	(3,887,511)	-	(3,887,511)
Distribution to members	(11,884,952)	-	(11,884,952)
Direct expenses	-	(2,932,851)	(2,932,851)
Merchandising expenses	(3,525,910)	(2,342)	(3,528,252)
Marketing expenses	(1,241,103)	(24,247)	(1,265,350)
Business development expenses	(1,390,403)	-	(1,390,403)
Administrative expenses	(3,243,904)	(3,577,704)	(6,821,608)
Information technology expenses	(582,137)	(55,314)	(637,451)
Retail operations expenses	(1,038,760)	-	(1,038,760)
Human resources expenses	(138,248)	-	(138,248)
Store rebranding costs	(116,401)	-	(116,401)
Store transition expenses	-	(2,610,582)	(2,610,582)
Depreciation and amortisation	(174,990)	(225,285)	(400,275)
Finance costs	(14,563)	(370,808)	(385,371)
Total segment expenses	(27,756,516)	(29,167,641)	(56,924,157)
Intersegment eliminations	-	1,382,723	1,382,723
<b>Segment expense from external source</b>	<b>(27,756,516)</b>	<b>(27,784,918)</b>	<b>(55,541,434)</b>
<b>Segment result before income tax</b>	<b>1,167,709</b>	<b>(5,577,221)</b>	<b>(4,409,512)</b>
Income tax (expense)/benefit	(132,463)	752,923	620,460
<b>Segment result after income tax</b>	<b>1,035,246</b>	<b>(4,824,298)</b>	<b>(3,789,052)</b>
Net intersegment eliminations	(182,957)	182,957	-
<b>Segment result from external source</b>	<b>852,289</b>	<b>(4,641,341)</b>	<b>(3,789,052)</b>



**AUSTRALIAN UNITED RETAILERS LIMITED AND CONTROLLED ENTITIES**

**ABN: 93 077 879 782**

**NOTE 8: SEGMENT INFORMATION (cont'd)**

**(b) Segment information (cont'd)**

<b>Half-year 2008</b>	<b>Marketing services to members \$</b>	<b>Supermarket retail operations \$</b>	<b>Total \$</b>
<b>Segment revenue</b>			
Supplier income	26,747,976	-	26,747,976
Sales income	94,912	-	94,912
Other income	377,825	-	377,825
Interest income	150,381	-	150,381
Total segment revenue	27,371,093	-	27,371,093
Inter-segment revenue	-	-	-
<b>Revenue from external source</b>	<b>27,371,094</b>	<b>-</b>	<b>27,371,094</b>
Cost of sales	(84,022)	-	(84,022)
Distribution to members	(11,475,561)	-	(11,475,561)
Member services expenses	(3,833,018)	-	(3,833,018)
Merchandising expenses	(3,368,841)	-	(3,368,841)
Marketing expenses	(1,588,617)	-	(1,588,617)
Business development expenses	(1,744,346)	-	(1,744,346)
Administrative expenses	(3,817,613)	-	(3,817,613)
Information technology expenses	(572,606)	-	(572,606)
Retail operations expenses	(1,137,333)	-	(1,137,333)
Human resources expenses	(163,702)	-	(163,702)
Store rebranding costs	(420,014)	-	(420,014)
Depreciation	(179,321)	-	(179,321)
Finance costs	(19,831)	-	(19,831)
Total segment expenses	(28,404,825)	-	(28,404,825)
Intersegment eliminations	-	-	-
<b>Segment expense from external source</b>	<b>(28,404,825)</b>	<b>-</b>	<b>(28,404,825)</b>
<b>Segment result before income tax from external source</b>	<b>(1,033,731)</b>	<b>-</b>	<b>(1,033,731)</b>
Income tax expense	(335,578)	-	(335,578)
<b>Segment result after income tax from external source</b>	<b>(1,369,309)</b>	<b>-</b>	<b>(1,369,309)</b>



**AUSTRALIAN UNITED RETAILERS LIMITED AND CONTROLLED ENTITIES**

**ABN: 93 077 879 782**

**NOTE 8: SEGMENT INFORMATION (cont'd)**

**(b) Segment information (cont'd)**

<b>Half-year 2009</b>	<b>Marketing services to members \$</b>	<b>Supermarket retail operations \$</b>	<b>Total \$</b>
<b>Total segment assets</b>	24,156,501	28,369,751	52,526,252
Intersegment eliminations	(2,720,469)	(1,183,609)	(3,904,078)
<b>Total assets from external source</b>	<b>21,436,032</b>	<b>27,186,142</b>	<b>48,622,174</b>
<b>Total segment liabilities</b>	(19,612,956)	(33,377,006)	(52,989,962)
Intersegment eliminations	1,005,353	2,898,725	3,904,078
<b>Total liabilities from external source</b>	<b>(18,607,603)</b>	<b>(30,478,281)</b>	<b>(49,085,884)</b>
<b>Half-year 2008</b>			
<b>Total segment assets</b>	19,987,938	-	19,987,938
Intersegment eliminations	-	-	-
<b>Total assets from external source</b>	<b>19,987,938</b>	<b>-</b>	<b>19,987,938</b>
<b>Total segment liabilities</b>	(17,499,113)	-	(17,499,113)
Intersegment eliminations	-	-	-
<b>Total liabilities from external source</b>	<b>(17,499,113)</b>	<b>-</b>	<b>(17,499,113)</b>

**AUSTRALIAN UNITED RETAILERS LIMITED AND CONTROLLED ENTITIES****ABN: 93 077 879 782****NOTE 9: CHANGES IN THE COMPOSITION OF THE ENTITY*****Acquisition of subsidiaries***

On 22 June 2009, a 100% owned subsidiary FoodWorks Retail Pty Ltd was incorporated.

In the 6 months to 31 December 2009 FoodWorks Retail Pty Ltd has acquired 9 legal entities from Wesfarmers, FW Viva 1 Pty Ltd, FW Viva 5 Pty Ltd, FW Viva 8 Pty Ltd, FW Viva 9 Pty Ltd, FW Viva 10 Pty Ltd, FW Viva 11 Pty Ltd, FW Viva 13 Pty Ltd, FW Viva 17 Pty Ltd and FW Retail Holdings Pty Ltd.

The entities were acquired to facilitate the purchase of 18 formerly owned Coles supermarkets, three with adjoining liquor outlets in the 6 month period to 31 December 2009.

The acquisitions were staggered throughout the reporting period and as such the group is unable to quantify what the revenue and operating results of the combined entity would be as though all acquisitions were completed on 1 July 2009.

There were no acquisitions in the prior year.

	<b>31 Dec 09</b>
	<b>\$</b>
<b>Foodworks Retail Pty Ltd</b>	
<b>Total acquisition cost</b>	<b><u>2,053,541</u></b>
<b>Net assets acquired</b>	<b>Fair Value</b>
Assets	
- Cash float	64,888
- Property, plant and equipment	850,000
- Inventory	1,442,660
- Deferred tax asset	159,814
Total assets acquired	<u>2,517,362</u>
Liabilities	
- Provisions	(532,715)
Total liabilities acquired	<u>(532,715)</u>
<b>Net assets acquired</b>	<b><u>1,984,647</u></b>
<b>Goodwill on acquisition</b>	<b><u>68,894</u></b>

**AUSTRALIAN UNITED RETAILERS LIMITED AND CONTROLLED ENTITIES****ABN: 93 077 879 782****NOTE 9: CHANGES IN THE COMPOSITION OF THE ENTITY (cont'd)**

	<b>31 Dec 09</b>
	<b>\$</b>
<b>FW Viva 8 Pty Ltd</b>	
Date acquired: 1 October 2009	
<b>Total acquisition cost</b>	<b><u>885,605</u></b>
<b>Net assets acquired</b>	<b>Fair Value</b>
Assets	
- Cash float	29,162
- Property, plant and equipment	526,000
- Inventory	443,821
- Deferred tax asset	48,590
Total assets acquired	<u>1,047,573</u>
Liabilities	
- Provisions	<u>(161,968)</u>
Total liabilities acquired	<u>(161,968)</u>
<b>Net assets acquired</b>	<b><u>885,605</u></b>
<b>Goodwill on acquisition</b>	<b><u>-</u></b>

**AUSTRALIAN UNITED RETAILERS LIMITED AND CONTROLLED ENTITIES**  
**ABN: 93 077 879 782**

**NOTE 9: CHANGES IN THE COMPOSITION OF THE ENTITY (cont'd)**

	<b>31 Dec 09</b>
	<b>\$</b>
<b>FW Viva 5 Pty Ltd</b>	
Date acquired: 7 October 2009	
<b>Total acquisition cost</b>	<b><u>868,447</u></b>
<b>Net assets acquired</b>	<b>Fair Value</b>
Assets	
- Cash float	18,700
- Property, plant and equipment	432,000
- Inventory	514,168
- Deferred tax asset	<u>41,323</u>
Total assets acquired	1,006,191
Liabilities	
- Provisions	<u>(137,744)</u>
Total liabilities acquired	(137,744)
<b>Net assets acquired</b>	<b><u>868,447</u></b>
<b>Goodwill on acquisition</b>	<b><u>-</u></b>

**AUSTRALIAN UNITED RETAILERS LIMITED AND CONTROLLED ENTITIES****ABN: 93 077 879 782****NOTE 9: CHANGES IN THE COMPOSITION OF THE ENTITY (cont'd)**

	<b>31 Dec 09</b>
	<b>\$</b>
<b>FW Viva 9 Pty Ltd</b>	
Date acquired: 14 October 2009	
<b>Total acquisition cost</b>	<b><u>544,827</u></b>
<b>Net assets acquired</b>	<b>Fair Value</b>
Assets	
- Cash float	29,662
- Property, plant and equipment	-
- Inventory	581,230
- Deferred tax asset	<u>33,503</u>
Total assets acquired	644,395
Liabilities	
- Provisions	<u>(111,675)</u>
Total liabilities acquired	(111,675)
<b>Net assets acquired</b>	<b><u>532,720</u></b>
<b>Goodwill on acquisition</b>	<b><u>12,107</u></b>



**AUSTRALIAN UNITED RETAILERS LIMITED AND CONTROLLED ENTITIES**  
**ABN: 93 077 879 782**

**NOTE 9: CHANGES IN THE COMPOSITION OF THE ENTITY (cont'd)**

	<b>31 Dec 09</b>
	<b>\$</b>
<b>FW Viva 10 Pty Ltd</b>	
Date acquired: 21 October 2009	
<b>Total acquisition cost</b>	<b><u>787,282</u></b>
<b>Net assets acquired</b>	<b>Fair Value</b>
Assets	
- Cash float	33,500
- Property, plant and equipment	133,000
- Inventory	649,576
- Deferred tax asset	<u>34,221</u>
Total assets acquired	850,297
Liabilities	
- Provisions	<u>(114,071)</u>
Total liabilities acquired	(114,071)
<b>Net assets acquired</b>	<b><u>736,226</u></b>
<b>Goodwill on acquisition</b>	<b><u>51,056</u></b>

**AUSTRALIAN UNITED RETAILERS LIMITED AND CONTROLLED ENTITIES****ABN: 93 077 879 782****NOTE 9: CHANGES IN THE COMPOSITION OF THE ENTITY (cont'd)**

	<b>31 Dec 09</b>
	<b>\$</b>
<b>FW Viva 11 Pty Ltd</b>	
Date acquired: 26 October 2009	
<b>Total acquisition cost</b>	<b><u>891,895</u></b>
<b>Net assets acquired</b>	<b>Fair Value</b>
Assets	
- Cash float	29,662
- Property, plant and equipment	519,000
- Inventory	339,350
- Deferred tax asset	17,078
Total assets acquired	<u>905,090</u>
Liabilities	
- Provisions	<u>(56,928)</u>
Total liabilities acquired	<u>(56,928)</u>
<b>Net assets acquired</b>	<b><u>848,162</u></b>
<b>Goodwill on acquisition</b>	<b><u>43,733</u></b>

**AUSTRALIAN UNITED RETAILERS LIMITED AND CONTROLLED ENTITIES****ABN: 93 077 879 782****NOTE 9: CHANGES IN THE COMPOSITION OF THE ENTITY (cont'd)**

	<b>31 Dec 09</b>
	<b>\$</b>
<b>FW Viva 1 Pty Ltd</b>	
Date acquired: 6 November 2009	
<b>Total acquisition cost</b>	<b><u>294,079</u></b>
<b>Net assets acquired</b>	<b>Fair Value</b>
Assets	
- Cash float	19,400
- Property, plant and equipment	-
- Inventory	342,648
- Deferred tax asset	<u>20,754</u>
Total assets acquired	382,802
Liabilities	
- Provisions	<u>(69,180)</u>
Total liabilities acquired	(69,180)
<b>Net assets acquired</b>	<b><u>313,622</u></b>
<b>Bargain purchase gain</b>	<b><u>(19,543)</u></b>

**AUSTRALIAN UNITED RETAILERS LIMITED AND CONTROLLED ENTITIES****ABN: 93 077 879 782****NOTE 9: CHANGES IN THE COMPOSITION OF THE ENTITY (cont'd)**

	<b>31 Dec 09</b>
	<b>\$</b>
<b>FW Viva 13 Pty Ltd</b>	
Date acquired: 10 November 2009	
<b>Total acquisition cost</b>	<b><u>765,132</u></b>
<b>Net assets acquired</b>	<b>Fair Value</b>
Assets	
- Cash float	27,921
- Property, plant and equipment	323,000
- Inventory	451,950
- Deferred tax asset	33,096
Total assets acquired	<u>835,967</u>
Liabilities	
- Provisions	<u>(110,319)</u>
Total liabilities acquired	<u>(110,319)</u>
<b>Net assets acquired</b>	<b><u>725,648</u></b>
<b>Goodwill on acquisition</b>	<b><u>39,484</u></b>

**AUSTRALIAN UNITED RETAILERS LIMITED AND CONTROLLED ENTITIES****ABN: 93 077 879 782****NOTE 9: CHANGES IN THE COMPOSITION OF THE ENTITY (cont'd)**

	<b>31 Dec 09</b>
	<b>\$</b>
<b>FW Retail Holdings Pty Ltd</b>	
Date acquired: 25 November 2009	
<b>Total acquisition cost</b>	<b><u>3,752,077</u></b>
<b>Net assets acquired</b>	<b>Fair Value</b>
Assets	
- Cash float	90,261
- Property, plant and equipment	1,995,000
- Inventory	1,939,663
- Deferred tax asset	186,061
Total assets acquired	<u>4,210,985</u>
Liabilities	
- Provisions	<u>(620,202)</u>
Total liabilities acquired	<u>(620,202)</u>
<b>Net assets acquired</b>	<b><u>3,590,783</u></b>
<b>Goodwill on acquisition</b>	<b><u>161,294</u></b>



**AUSTRALIAN UNITED RETAILERS LIMITED AND CONTROLLED ENTITIES****ABN: 93 077 879 782****NOTE 9: CHANGES IN THE COMPOSITION OF THE ENTITY (cont'd)**

	<b>31 Dec 09</b>
	<b>\$</b>
<b>FW Viva 17 Pty Ltd</b>	
Date acquired: 25 November 2009	
<b>Total acquisition cost</b>	<b><u>3,358,199</u></b>
<b>Net assets acquired</b>	<b>Fair Value</b>
Assets	
- Cash float	101,244
- Property, plant and equipment	1,816,000
- Inventory	1,765,052
- Deferred tax asset	187,741
Total assets acquired	<u>3,870,037</u>
Liabilities	
- Provisions	<u>(625,804)</u>
Total liabilities acquired	<u>(625,804)</u>
<b>Net assets acquired</b>	<b><u>3,244,233</u></b>
<b>Bargain purchase gain</b>	(a) <b>(56,269)</b>
<b>Goodwill on acquisition</b>	(a) <b><u>170,235</u></b>

(a) Four supermarket stores were acquired in FW Viva 17 Pty Ltd. 3 stores resulted in goodwill on acquisition for a total of \$170,235. The fourth store resulted in a bargain gain on acquisition of \$56,269.

**NOTE 10: SUBSEQUENT EVENTS**

After balance date the amendment of existing debt facilities in favour of a subsidiary, FoodWorks Retail Pty Ltd, has occurred to confirm changes to debt covenants and repayment of debt.

**AUSTRALIAN UNITED RETAILERS LIMITED AND CONTROLLED ENTITIES**

**ABN: 93 077 879 782**

**DIRECTORS' DECLARATION**

The directors declare that the financial statements and notes set out on pages 6 to 28 in accordance with the *Corporations Act 2001*:

- (a) Comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and
- (b) Give a true and fair view of the financial position of the consolidated entity as at 31 December 2009 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 Limited 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.



**John Bridgfoot**  
Director



**Peter Noble**  
Director

Melbourne

15 March 2010

**AUSTRALIAN UNITED RETAILERS LTD  
ABN 93 077 879 782  
AND CONTROLLED ENTITIES**

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

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Australian United Retailers Ltd and controlled entities, which comprises the condensed consolidated balance sheet as at 31 December 2009, and the condensed consolidated statement of comprehensive income, 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 2009 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*.





**AUSTRALIAN UNITED RETAILERS LTD  
ABN 93 077 879 782  
AND CONTROLLED ENTITIES**

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

*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 2009 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*.

*Material Uncertainty Regarding Going Concern*

Without qualification to the opinion expressed above, attention is drawn to the following matter. As indicated at note 1(c), the amendment of the existing debt facilities in favour of a subsidiary, FoodWorks Retail Pty Ltd, have occurred and the company is dependent on the following to continue to trade as a going concern:

- 1. current ability to achieve forecasted operating results; and
- 2. Rationalising operations in the newly acquired entities including the anticipated sale of a number of stores.

The financial report has been prepared on a going concern basis as the directors believe that the economic entity will continue to pay its debts as and when they fall due.

K L BYRNE  
Partner

PITCHER PARTNERS  
Melbourne

15 March 2010