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

FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2011.

AUSTRALIAN UNITED RETAILERS LIMITED
FINANCIAL REPORT FOR THE HALF-YEAR ENDED
31 DECEMBER 2011

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DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

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 2011 and independent auditor's review report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors Names

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

Name	Period of directorship
John Bridgfoot	
Jack Scanlan	
Deborah Smith	
Wayne Pattison	Resigned 22 November 2011
Neil Osborne	
Janette Kendall	Resigned 22 November 2011
Fred Fairthorne	
Allan Burge	
Malcolm Ward	
David Williamson	
Sien Van Nguyen	Appointed 22 November 2011

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

Significant changes in state of affairs

During the half-year, two corporate owned stores were closed and progress was made on the sale of the remaining corporate owned store. No other significant change in the nature of the activities of the consolidated entity occurred during the half-year.

DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

Review of Operations

The consolidated profit of the group for the half-year after providing for income tax amounted to $609,000 (2010: loss $2,867,000).

The continuing operations (Member business) produced a profit of $2,338,000 for the half-year, being a solid improvement from the $1,795,000 profit recorded in the same period last year.

The discontinued operations (Retail Stores business), recorded a loss of $1,729,000 for the half-year reflecting the closure of two of the remaining three stores from 30 June 2011. The discontinued operations generated a loss of $4,662,000 in the same period last year.

After Balance Date Events

In the period subsequent to balance date the consolidated entity has secured an extension of its existing $1 Million banking facility. There have been no other matters or circumstances which have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

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.

Rounding of amounts to nearest thousand dollars

The amounts contained in the report and in the financial report have been rounded to the nearest thousand dollars (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors:

Director……………………………………………………………………………………………………

J BRIDGFOOT

Dated this 14th day of March 2012

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 independent review for the half-year ended 31 December 2011, to the best of my knowledge and belief there have been:

i) No contraventions of the auditor independence requirements of the *Corporations Act 2001; and*

ii) No contraventions of any applicable code of professional conduct.

N R BULL
Partner

PITCHER PARTNERS
Melbourne

14 March 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

		Half-year	
		2011	**2010**
	Note	**$'000**	**$'000**
Revenue			
Sales revenue		-	123
Other income		29,945	29,941
		29,945	30,064
Less: Expenses			
Cost of sales		50	(187)
Employee benefits		(6,539)	(6,906)
Occupancy expenses		(389)	(362)
Depreciation and amortisation		(166)	(202)
Costs of member services		(4,131)	(3,671)
Distribution to members		(12,239)	(12,289)
Finance costs		(5)	(10)
Administrative costs		(4,188)	(4,642)
		(27,607)	(28,269)
Profit before income tax expense		2,338	1,795
Income tax expense		-	-
Profit from continuing operations		**2,338**	**1,795**
Loss from discontinued operations	7	(1,729)	(4,662)
Profit/(Loss) for the half-year		**609**	**(2,867)**

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME (Continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Half-year	
	2011	**2010**
	$'000	**$'000**
Profit/(Loss) for the half-year	609	(2,867)
Other Comprehensive Income	-	-
Total Comprehensive income for the half year	**609**	**(2,867)**
Profit/(Loss) is attributable to:		
Members of the parent	609	(2,867)
Total comprehensive Income/(loss) attributable to:		
Members of the parent	609	(2,867)
Earnings per share from continuing operations attributable to equity holders of the parent entity		
Basic earnings per share	20.23	15.53
Diluted earnings per share	20.23	15.53
Loss per share from discontinued operations attributable to equity holders of the parent entity		
Basic loss per share	(14.96)	(40.33)
Diluted loss per share	(14.96)	(40.33)
Earnings per share attributable to equity holders of the parent entity		
Basic earnings/(loss) per share	5.27	(24.80)
Diluted earnings/(loss) per share	5.27	(24.80)

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Note	31 Dec 2011 $'000	30 June 2011 $'000
CURRENT ASSETS			
Cash and cash equivalents		4,086	3,643
Trade and other receivables		15,483	15,533
Inventories		100	607
Other assets		76	77
TOTAL CURRENT ASSETS		**19,745**	**19,860**
NON-CURRENT ASSETS			
Property, plant and equipment		1,210	724
TOTAL NON-CURRENT ASSETS		**1,210**	**724**
TOTAL ASSETS		**20,955**	**20,584**
CURRENT LIABILITIES			
Trade and other payables		22,319	23,937
Borrowings		277	161
Provisions		3,156	2,340
TOTAL CURRENT LIABILITIES		**25,752**	**26,438**
NON-CURRENT LIABILITIES			
Borrowings		422	-
Provisions		184	158
TOTAL NON-CURRENT LIABILITIES		**606**	**158**
TOTAL LIABILITIES		**26,358**	**26,596**
NET ASSET DEFICIENCY		**(5,403)**	**(6,012)**
EQUITY			
Contributed capital	6	10,119	10,119
Accumulated losses		(15,522)	(16,131)
TOTAL EQUITY		**(5,403)**	**(6,012)**

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

Consolidated	Contributed Equity $'000	Accumulated Losses $'000	Total Equity $'000
Balance as at 1 July 2010	10,119	(32,808)	(22,689)
Total comprehensive loss for the half-year	-	(2,867)	(2,867)
Transactions with owners in their capacity as owners: Contributions	-	-	-
Balance as at 31 December 2010	**10,119**	**(35,675)**	**(25,556)**

Consolidated	Contributed equity $'000	Accumulated Losses $'000	Total Equity $'000
Balance as at 1 July 2011	10,119	(16,131)	(6,012)
Total comprehensive profit for the half-year	-	609	609
Transactions with owners in their capacity as owners: Contributions	-	-	-
Balance as at 31 December 2011	**10,119**	**(15,522)**	**(5,403)**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Half-year	
	2011	**2010**
	$'000	**$'000**
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	34,126	68,055
Payments to suppliers and employees	(33,846)	(81,069)
Interest received	85	110
Net cash (used in)/provided by operating activities	**365**	**(12,904)**
CASH FLOW FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment	(653)	(64)
Proceeds from store divestments	192	14,396
Net cash provided by/(used in) investing activities	**(461)**	**14,332**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings	611	-
Repayment of borrowings	-	(3,000)
Equipment loan payments	(72)	(66)
Net cash (used in)/provided by financing activities	**539**	**(3,066)**
Net (decrease)/increase in cash and cash equivalents	443	(1,638)
Cash and cash equivalents at beginning of half-year	3,643	5,932
Cash and cash equivalents at end of the half-year	**4,086**	**4,294**

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 2011 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 on 14 March 2012.

(a) Basis of preparation

This financial report is a general purpose half-year financial report which 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 consistent with those of the annual financial report for the year ended 30 June 2011 and the corresponding half-year.

(b) Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The consolidated entity reported a profit for the half-year of $609,000 (31 December 2010: $2,867,000 loss), a net deficiency of assets totalling $5,403,000 (30 June 2011: net deficiency of assets totalling $6,012,000) and a current working capital deficit of $6,007,000 (30 June 2011: current working capital deficit of $6,578,000).

The Directors believe that, with the completion of the divestment program, and based on achieving the forecasted cash flows including continuous cost containment and monitoring of discretionary spending, the on-going trading activities of the core business are expected to return the consolidated entity back to a positive net asset position.

FoodWorks Retail Pty Ltd is a wholly owned subsidiary of Australian United Retailers Limited and entered into a Second Amendment and Restatement Deed with CSA Retail (Finance) Pty Ltd on 28 June 2011 with respect to its short term and long term credit facilities which resulted in the forgiveness of all amounts owing under both the Transitional Funding Facility and the Deferred Credit Facility.

The potential restrictions contained in the Second Amendment and Restatement Deed includes certain conditions which if triggered will result in the re-instatement of the Transitional Funding Facility Reinstatement Amount. This re-instatement would equate to $7.1 Million plus interest accruing on the facility up to the date that the triggering event occurs.

The trigger events are:

(i) If before the end of June 2021, a change in control of the Parent Entity occurs, or

(ii) If before the end of June 2016, a capital raise which exceeds $6.4 million occurs.

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (Continued)

(b) Going Concern (Continued)

The consolidated entity has an undrawn bank loan facility of $1,000,000 with its Bankers.

The bank loan facility has been amended in the period subsequent to balance date to expire in March 2013 but can be cancelled by the relevant Bank at short notice. The Directors believe that the Bank will continue to make the loan facility available for the duration of the loan period which will enable the business to continue to operate normally.

Should the restrictions contained in the Second Amendment and Restatement Deed be triggered or should the bank withdraw the bank loan facility, or the trading forecasts for the continuing operations not be achieved, the consolidated 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 amount 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 amount 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.

NOTE 2: SIGNIFICANT ITEMS

	Half-year	
	2011	**2010**
	$’000	**$’000**
Gain on disposal of retail stores are included within the results of the FoodWorks Retail business segment (reported as discontinued operations)	192	6,209
Divestment related costs associated with FoodWorks Retail (reported as discontinued operations)	(913)	(1,818)

NOTE 3: SEGMENT INFORMATION

(a) Description of segments

The consolidated entity has two reportable segments as described below:

Segment 1: The provision of retail support services to its members solely in Australia are reported as continuing operations throughout this report.
Segment 2: The retail stores segment which operates supermarkets solely in Australia are reported as discontinued operations throughout this report. At 31 December 2011 one store continues to operate within this segment.

(b) Segment information

31 December 2011	**Segment 1**	**Segment 2**	**Total**
	$'000	**$'000**	**$'000**
Segment revenue			
Total segment revenue	29,996	3,310	33,306
Inter-segment revenue	(51)	-	(51)
Segment revenue from external source	29,945	3,310	33,255
Segment result			
Total segment result	2,338	(1,729)	609
Inter-segment eliminations	(51)	51	-
Segment result from external source	2,287	(1,678)	609
Total Segment Assets	20,616	339	20,955

31 December 2010	**Segment 1**	**Segment 2**	**Total**
	$'000	**$'000**	**$'000**
Segment revenue			
Total segment revenue	28,885	40,580	69,465
Inter-segment revenue	1,179	(1,549)	(370)
Segment revenue from external source	30,064	39,031	69,095
Segment result			
Total segment result	1,795	(4,662)	(2,867)
Inter-segment eliminations	680	(680)	-
Segment result from external source	2,475	(5,342)	(2,867)
Total Segment Assets	19,508	5,656	25,164

NOTE 4: PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the six months ended 31 December 2011 the Group acquired assets with a cost of $41,550 and leasehold assets of $610,517. No assets were acquired through business combinations during the half-year ended 31 December 2011. During the six months ended 31 December 2010 the Group acquired assets with a cost of $64,000. No assets were acquired through business combinations during the half-year ended 31 December 2010.

All assets that were disposed of as part of the FoodWorks Retail business (reported as discontinued operations) were fully impaired ($Nil carrying value), resulting in a gain on disposal of $192,800 after income tax (six months ended 31 December 2010: 6,209,000).

NOTE 5: BORROWINGS

As at 31 December 2011 the consolidated entity had an undrawn bank loan facility of $1M. In the period subsequent to balance date the consolidated entity has secured an extension of the relevant facility which will now expire in March 2013.

There are no existing credit facilities with CSA Retail (Finance) Pty Ltd as at 31 December 2011. The Second Amendment and Restatement Deed entered into on 28 June 2011 with CSA Retail (Finance) Pty Ltd includes the following conditions which if triggered will result in the re-instatement of the Transitional Funding Facility Reinstatement Amount which equates to $7,100,000 plus interest accruing on the facility up to the date that the triggering event occurs.

The trigger events are:

(i) If before the end of June 2021 , a change in control of the Parent Entity occurs, or

(ii) If before the end of June 2016, a capital raise which exceeds $6.4 million occurs.

No such trigger events have transpired in the half year ended 31 December 2011 or in the period since balance date.

NOTE 6: SHARE CAPITAL

		31 Dec 2011 $'000	30 June 2011 $'000
Issued and paid up capital			
11,560,447: (June 2011 : 11,560,449) Class A redeemable preference shares	(a)	10,119	10,119
		10,119	10,119

(a) Class A redeemable preference shares

	No.	No.
At the beginning of the reporting period	11,560,449	11,560,475
Shares issued during the period	48	73
Shares bought back during the period	(50)	(99)
At reporting date	11,560,447	11,560,449

Class A redeemable preference shares issued during the half-year ended 31 December 2011 were at an issue price of $1 per share.

NOTE 7: DISCONTINUED OPERATION

(a) The three remaining corporate stores purchased from Coles all contribute to the results of the discontinued operations as included in the consolidated financial statements.

During the half-year two of the three stores that remained at 30 June 2011 were closed.

(b) The results of the discontinued operation before the elimination of transactions with the continuing operations for the half year are presented below:

	31Dec 2011 $'000	31 Dec 2010 $'000
(i) Financial performance information		
Revenue	3,310	40,580
Expenses	4,318	(49,633)
Operating loss before income tax	(1,008)	(9,053)
Income tax benefit	-	-
Operating loss after income tax of discontinued operations	(1,008)	(9,053)
Gain on store divestments before income tax	192	6,209
Store divestment expenses before income tax	(913)	(1,818)
Income tax expense	-	-
Gain/(Loss) on store divestments after income tax	(721)	4,391
Loss from discontinued operations	(1,729)	(4,662)
(ii) Cash flow information		
Net cash used in operating activities	(96)	(14,202)
Net cash provided by investing activities	192	14,368
Net cash used in financing activities	-	(3,000)
Net cash flow	96	(2,834)
(iii) Carrying amount of assets and liabilities		
Assets		
Cash	237	1,195
Inventories	100	2,737
Receivables	2	1,333
Non-current assets classified as held for sale	-	249
Other assets	-	142
Assets directly associated with discontinued operations	339	5,656
Liabilities		
Payables	(17,148)	(13,212)
Provisions	(70)	(1,106)
Interest bearing liabilities	-	(23,848)
Liabilities directly associated with discounted operations	(17,218)	(38,166)
Net liabilities attributable to discontinued operations	(16,879)	(32,510)

NOTE 7: DISCONTINUED OPERATION (Continued)

	31 Dec 2011 $'000	31 Dec 2010 $'000
(iv) Details of Discontinued operation disposed		
Cash	192	14,396
Fair value of contingent consideration	-	-
Total Disposal Consideration	192	14,396
Less; Net assets disposed of	-	8,187
Gain on disposal of discontinued operation before tax	192	6,209
Income tax expense	-	-
Profit from disposal of discontinued operations	192	6,209

NOTE 8: BUSINESS COMBINATIONS

There were no acquisitions of businesses during the half-year ended 31 December 2011 (six months ended 31 December 2010: $Nil).

Transaction costs

No transaction costs were incurred in relation to business acquisitions during the half-year ended 31 December 2011. (six months ended 31 December 2010: $Nil).

Disposals

During the half-year ended 31 December 2011 the Group did not dispose of any entities. During the half year ended 31 December 2010, the Group disposed of FW Viva 9 Pty Ltd. The transaction resulted in a profit on sale of $69,000. This profit is included within the results of the discontinued operation for the half-year ended 31 December 2010.

NOTE 9: RELATED PARTY DISCLOSURES

During the half-year ended 31 December 2011, there were no related party transactions which are material to the understanding of the financial report.

NOTE 10: CONTINGENT LIABILITIES

(a) Equipment Loan

The consolidated entity has certain equipment loan obligations which were disclosed at 30 June 2011. During the half year ended 31 December 2011, the consolidated entity entered into a new loan for certain equipment which has resulted in an increase in the level of equipment loan obligations as outlined below.

(a) Equipment Loan	**31 Dec 2011 $'000**	**30 June 2011 $'000**
Payable		
- not later than one year	314	167
- later than one year and not later than five years	452	-
- later than five years	-	-
Minimum equipment loan payments	766	167
Less future finance charges	(67)	(6)
Total equipment loan liability	699	161
Represented by:		
Current liability	277	161
Non-current liability	422	-
	699	161

(b) Operating lease commitments

The consolidated entity has certain operating lease obligations which were disclosed at 30 June 2011. The renewal of certain leases has resulted in an increase in the level of lease obligations as outlined below.

The level of non-cancellable operating leases contracted for but not capitalised in the financial statements:

	31 Dec 2011 $'000	**30 June 2011 $'000**
Payable		
- not later than one year	3,041	3,228
- later than one year and not later than five years	12,485	9,517
- later than five years	7,062	8,120
	22,588	20,865

The consolidated entity and parent entity have non-cancellable property leases with terms ranging from one year to fifteen years, with rent payable a month in advance. Contingent rental provisions have been calculated based on annual rental increases of between 3.25% and 4.00% per annum.

Non-property operating leases have an average lease term of 3 years. Assets that are the subject of operating leases include motor vehicles and items of small machinery and office equipment.

NOTE 10: CONTINGENT LIABILITIES (continued)

(c) Reinstatement of Transitional Funding Facility

The Second Amendment and Restatement Deed with CSA Retail (Finance) Pty Ltd includes conditions which, if triggered, will result in the re-instatement of the Transitional Funding Facility Reinstatement Amount which equates to $7.1m plus interest accruing on the facility up to the date that the triggering event occurs.

The trigger events are:
(i) If before the end of June 2021, a change in control of the Parent Entity occurs, or
(ii) If before the end of June 2016, a capital raise which exceeds $6.4 million occurs.

No such trigger events have transpired in the half year ended 31 December 2011 or in the period since balance date.

(d) Guarantees

The consolidated entity has certain guarantee obligations which were disclosed at 30 June 2011. There have been no significant changes to those obligations since 30 June 2011.

NOTE 11: SUBSEQUENT EVENTS

In the period subsequent to balance date the consolidated entity has secured an extension of its existing $1 Million banking facility. There have been no other events that would have a material effect on the consolidated entity's Financial Report at 31 December 2011.

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 6 to 19 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 2011 and of its performance for the half-year ended on that date.

In the directors' opinion, having regard to those matters discussed in note 1(b) in relation to the going concern basis on which the accounts are prepared, 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.

……………………………………………………
J BRIDGFOOT
Director
Melbourne
Date 14 March 2012

**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

We have reviewed the accompanying half-year financial report of Australian United Retailers Ltd and controlled entities, which comprises the condensed consolidated statement of financial position as at 31 December 2011, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a Financial Report 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 2011 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 2011 and of their performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB *134 Interim Financial Reporting* and *Corporations Regulations 2001.*

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1 (b) Going Concern in the financial report which indicates that the consolidated entity incurred a net profit of $609,000 (31 December 2010: net loss $2,867,000). As at that date, the consolidated entity's current liabilities exceeded current assets by $6,007,000 (30 June 2011: $6,578,000) and total liabilities exceed total assets by $5,403,000 (30 June 2011: $6,012,000). These conditions, along with other matters set forth in Note 1(b) Going Concern, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

N R BULL
Partner

PITCHER PARTNERS
Melbourne

14 March 2012