

Released 14 March 2013

## **Shareholder Update**

### **Australian United Retailers Limited (AURL)**

AURL has today reported a consolidated profit of \$0.2 million for the half year ended 31 December 2012.

This result includes a profit from the member based business (Continuing Operations) of \$1.9 million for the half-year whilst the retail stores business (Discontinued Operations) recorded a loss of \$1.7 million reflecting the sale of the last trading corporate owned store and an increase in the allowance made for costs associated with completing the divestment program.

The divestment program now has only three sites requiring on-going effort to eliminate risk of further losses from the retail stores business. We have provided for the costs we expect to incur in order to divest of these stores, however the final timing of finding alternative use strategies is difficult to project.

Despite the expected continuation of highly competitive market conditions, the business remains on track to deliver a consolidated profit in the range of \$1.0 million to \$2.0 million for the year ended 30 June 2013.

AURL's CEO, Mr Rick Wight said "the focus on providing highly competitive promotional programs coupled with strong levels of financial and operational support has enabled our stores to continue to record positive like for like sales growth for the half-year".

The Board remains optimistic that the member based business is capable of a sustainable level of profitability to create an environment able to support dividend payment in the future.

**-ENDS-**

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

**FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2012**

This half-year financial report is to be  
read in conjunction with the financial  
report for the year ended  
30 June 2012.

**AUSTRALIAN UNITED RETAILERS LIMITED  
FINANCIAL REPORT FOR THE HALF-YEAR ENDED  
31 DECEMBER 2012**

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**DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

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 2012 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:

<b><u>Name</u></b>	<b><u>Period of directorship</u></b>
John Bridgfoot	
Neil Osborne	
Jack Scanlan	Retired on 27 November 2012
Deborah Smith	
Fred Fairthorne	
Allan Burge	
Malcolm Ward	
David Williamson	
Sien Van Nguyen	
Paul Job	Appointed 27 November 2012
John Florey	Appointed 27 November 2012

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 profit of the group for the half-year after providing for income tax amounted to \$171,000 (31 December 2011: profit \$609,000).

The continuing operations (Member business) produced a profit of \$1,923,000 for the half-year, being a reduction from the \$2,338,000 profit recorded in the same period last year. The decline is attributed to additional investment in marketing and promotional activities.

The discontinued operations (Retail Stores business), recorded a loss of \$1,752,000 for the half-year reflecting the sale of the last trading corporate owned store and the allowance made for additional costs associated with the divestment program since 30 June 2012. The discontinued operations generated a loss of \$1,729,000 in the same period last year.

**Significant changes in state of affairs**

During the half-year, one corporate owned store was sold and progress was made on the conversion to an alternative use or the re-letting of the remaining corporate owned stores. 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 2012**

**After Balance Date Events**

There have been no matters or circumstances which have arisen since the end of the financial period 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 14<sup>th</sup> day of March 2013

## AUDITORS INDEPENDENCE DECLARATION

To the directors of Australian United Retailers Limited

In relation to the independent auditor's review report for the half-year ended 31 December 2012, 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

14 March 2013



PITCHER PARTNERS

Melbourne

**CONDENSED CONSOLIDATED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

		<b>Half-year</b>	
	<b>Note</b>	<b>2012 \$'000</b>	<b>2011 \$'000</b>
<b>Revenue</b>		29,624	29,945
		<u>29,624</u>	<u>29,945</u>
<b>Less: Expenses</b>			
Cost of sales		-	50
Employee benefits		(5,990)	(6,539)
Occupancy expenses		(487)	(389)
Depreciation and amortisation		(207)	(166)
Costs of member services		(4,408)	(4,131)
Distribution to members		(11,705)	(12,239)
Finance costs		(17)	(5)
Marketing, merchandising and administrative costs		(4,887)	(4,188)
		<u>(27,701)</u>	<u>(27,607)</u>
<b>Profit before income tax expense</b>		1,923	2,338
Income tax expense		-	-
<b>Profit from continuing operations</b>		<u><b>1,923</b></u>	<u><b>2,338</b></u>
Loss from discontinued operations	6	(1,752)	(1,729)
<b>Profit for the half-year</b>		<u><b>171</b></u>	<u><b>609</b></u>

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED  
STATEMENT OF COMPREHENSIVE INCOME (Continued)  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	<b>Half-year</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit for the half-year	171	609
Other Comprehensive Income	-	-
<b>Total Comprehensive income for the half year</b>	<b>171</b>	<b>609</b>
<b>Profit is attributable to:</b>		
Members of the parent	171	609
<b>Total comprehensive Income attributable to:</b>		
Members of the parent	171	609
<b>Earnings per share from continuing operations attributable to equity holders of the parent entity</b>		
Basic earnings per share	16.63	20.23
Diluted earnings per share	16.63	20.23
<b>Loss per share from discontinued operations attributable to equity holders of the parent entity</b>		
Basic loss per share	(15.15)	(14.96)
Diluted loss per share	(15.15)	(14.96)
<b>Earnings per share attributable to equity holders of the parent entity</b>		
Basic earnings per share	1.48	5.27
Diluted earnings per share	1.48	5.27



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2012**

		<b>31 Dec 2012 \$'000</b>	<b>30 June 2012 \$'000</b>
	<b>Note</b>		
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,216	1,865
Trade and other receivables		13,445	14,377
Other assets		112	70
<b>TOTAL CURRENT ASSETS</b>		<b>14,773</b>	<b>16,312</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		826	1,011
<b>TOTAL NON-CURRENT ASSETS</b>		<b>826</b>	<b>1,011</b>
<b>TOTAL ASSETS</b>		<b>15,599</b>	<b>17,323</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	5	18,968	21,113
Borrowings		203	209
Provisions		2,683	2,338
<b>TOTAL CURRENT LIABILITIES</b>		<b>21,854</b>	<b>23,660</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings		218	322
Provisions		216	201
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>434</b>	<b>523</b>
<b>TOTAL LIABILITIES</b>		<b>22,288</b>	<b>24,183</b>
<b>NET ASSET DEFICIENCY</b>		<b>(6,689)</b>	<b>(6,860)</b>
<b>EQUITY</b>			
Contributed capital		10,119	10,119
Accumulated losses		(16,808)	(16,979)
<b>TOTAL EQUITY</b>		<b>(6,689)</b>	<b>(6,860)</b>

**CONDENSED CONSOLIDATED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

<b>Consolidated</b>	<b>Contributed Equity \$'000</b>	<b>Accumulated Losses \$'000</b>	<b>Total Equity \$'000</b>
Balance as at 1 July 2011	10,119	(16,131)	(6,012)
Total comprehensive income for the half-year	-	609	609
<b>Balance as at 31 December 2011</b>	<b>10,119</b>	<b>(15,522)</b>	<b>(5,403)</b>
<b>Consolidated</b>	<b>Contributed equity \$'000</b>	<b>Accumulated Losses \$'000</b>	<b>Total Equity \$'000</b>
Balance as at 1 July 2012	10,119	(16,979)	(6,860)
Total comprehensive income for the half-year	-	171	171
<b>Balance as at 31 December 2012</b>	<b>10,119</b>	<b>(16,808)</b>	<b>(6,689)</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	<b>Half-year</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from customers	33,101	34,126
Payments to suppliers and employees	(33,122)	(33,846)
Interest received	21	85
<b>Net cash provided by operating activities</b>	<b>-</b>	<b>365</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payment for property, plant and equipment	(21)	(653)
(Payments)/Proceeds from store divestments	(502)	192
<b>Net cash used in investing activities</b>	<b>(523)</b>	<b>(461)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	-	611
Equipment loan payments	(126)	(72)
<b>Net cash (used in)/provided by financing activities</b>	<b>(126)</b>	<b>539</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(649)</b>	<b>443</b>
Cash and cash equivalents at beginning of half-year	1,865	3643
<b>Cash and cash equivalents at end of the half-year</b>	<b>1,216</b>	<b>4,086</b>

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2012**

**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 2012 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 2013.

**(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 2012 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 \$171,000 (31 December 2011: \$609,000 profit), a net deficiency of assets totalling \$6,689,000 (30 June 2012: net deficiency of assets totalling \$6,860,000) and a current working capital deficit of \$7,081,000 (30 June 2012: current working capital deficit of \$7,348,000).

The Directors believe that, with the completion of the divestment program, and based on achieving the forecasted cash flows including maintenance of trading volumes, continuous cost containment and monitoring of discretionary spending, the on-going trading activities of the core business are expected to enable the consolidated entity to meet its forecast performance and ensure the ability to meet its obligations as and when they fall due.

As at 31 December 2012, the consolidated entity has an undrawn bank loan facility of \$1,000,000 with its Bankers.

The bank loan facility is due to expire in April 2014 but can be cancelled by the relevant Bank at short notice as per normal banking terms and conditions. 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 consolidated entity not achieve profitable trading and positive cashflows from the continuing operations, or the bank withdraw the bank loan facility, 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 report. 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.

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2012**

**NOTE 2: SIGNIFICANT ITEMS**

	<b>Half-year</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Gain on disposal of retail stores are included within the results of the FoodWorks Retail business segment (reported as discontinued operations)	28	192
Divestment related costs associated with FoodWorks Retail (reported as discontinued operations)	(1,306)	(913)

**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, reported as continuing operations throughout this report.

Segment 2: The retail stores segment which operates supermarkets solely in Australia, reported as discontinued operations throughout this report.

***(b) Segment information***

<b>31 December 2012</b>	<b>Segment 1</b>	<b>Segment 2</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Segment revenue</b>			
Total segment revenue	29,633	1,013	30,646
Inter-segment revenue	(9)	-	(9)
<b>Segment revenue from external source</b>	<u>29,624</u>	<u>1,013</u>	<u>30,637</u>
<b>Segment result</b>			
Total segment result	1,914	(1,743)	171
Inter-segment eliminations	9	(9)	-
<b>Segment result from external source</b>	<u>1,923</u>	<u>(1,752)</u>	<u>171</u>
<b>Total Segment Assets</b>	<u>15,592</u>	<u>7</u>	<u>15,599</u>

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2012**

**(b) Segment information (continued)**

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

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

**Acquisitions and disposals**

During the six months ended 31 December 2012 the Group acquired assets with a cost of \$21,000. No assets were acquired through business combinations during the half-year ended 31 December 2012. During the six months ended 31 December 2011 the Group acquired assets with a cost of \$42,000 and leasehold assets of \$611,000. No assets were acquired through business combinations during the half-year ended 31 December 2011.

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 \$28,000 after income tax (six months ended 31 December 2011: \$192,800).

**NOTE 5: TRADE AND OTHER PAYABLES**

	<b>31 Dec 2012 \$'000</b>	<b>30 June 2012 \$'000</b>
Current	\$'000	\$'000
Trade payables	11,341	12,432
Divestment closure costs payable	2,245	2,706
Sundry payables and accrued expenses	<u>5,382</u>	<u>5,975</u>
	<u>18,968</u>	<u>21,113</u>

The Directors believe that, with the completion of the divestment program, and based on achieving the forecasted cash flows including maintenance of trading volumes, continuous cost containment and monitoring of discretionary spending, the on-going trading activities of the core business are expected to enable the consolidated entity to meet its forecast performance and ensure the ability to meet its obligations as and when they fall due.

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2012**

**NOTE 6: DISCONTINUED OPERATION**

(a) During the half-year the last trading corporate store that existed at 30 June 2012 was sold. Three corporate owned store sites remain which are expected to be converted to either an alternative use or re-let in due course.

The three remaining corporate store sites all contribute to the results of the discontinued operations as included in the consolidated financial statements.

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

	<b>31Dec 2012</b>	<b>31 Dec 2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(i) Financial performance information</b>		
Revenue	1,013	3,310
Expenses	<u>(1,487)</u>	<u>(4,318)</u>
Operating loss before income tax	(474)	(1,008)
Income tax benefit	<u>-</u>	<u>-</u>
Operating loss after income tax of discontinued operations	(474)	(1,008)
Gain on store divestments before income tax	28	192
Store divestment expenses before income tax	(1,306)	(913)
Income tax expense	<u>-</u>	<u>-</u>
Loss on store divestments after income tax	(1,278)	(721)
Loss from discontinued operations	<u><u>(1,752)</u></u>	<u><u>(1,729)</u></u>
<b>(ii) Cash flow information</b>		
Net cash used in operating activities	(1,898)	(3,286)
Net cash(used in)/provided by investing activities	(502)	192
Net cash provided by financing activities	<u>2,236</u>	<u>3,190</u>
Net cash flow	<u><u>(164)</u></u>	<u><u>96</u></u>

Net cash provided by financing activities in the current half- year of \$2,236,000 relates to cash received from the parent entity to fund the divestment program.

**(iii) Details of Discontinued operation disposed**

Cash	28	192
Less: net assets disposed of	<u>-</u>	<u>-</u>
Gain on disposal of discontinued operation before tax	28	192
Income tax expense	<u>-</u>	<u>-</u>
Profit from disposal of discontinued operations	<u><u>28</u></u>	<u><u>192</u></u>

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**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2012**

**NOTE 7: RELATED PARTY DISCLOSURES**

During the half-year ended 31 December 2012, there were no related party transactions which are material to the understanding of the financial report.

**NOTE 8: CONTINGENT LIABILITIES**

**(a) Equipment Loan**

The consolidated entity has certain equipment loan obligations which were disclosed at 30 June 2012. There have been no significant changes to those obligations since 30 June 2012.

**(b) Operating lease commitments**

The consolidated entity has certain operating lease obligations which were disclosed at 30 June 2012. The disposal of a corporate store has resulted in a decrease 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:

	<b>31 Dec 2012</b>	<b>30 June 2012</b>
Payable	<b>\$'000</b>	<b>\$'000</b>
- not later than one year	2,285	2,764
- later than one year and not later than five years	7,647	8,666
- later than five years	<u>6,346</u>	<u>7,409</u>
	<u><u>16,278</u></u>	<u><u>18,839</u></u>

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

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.

Included in closure costs accrual at 31 December 2012 is \$1,850,000 of non-cancellable operating leases (June 2012: \$1,776,000).

**(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 \$7.1 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.

No such trigger events have transpired in the half year ended 31 December 2012 or in the period since balance date.



**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2012**

**(d) Guarantees**

Australian United Retailers Limited agreed to act as guarantor for the lease obligations of one of the former corporate owned stores.

This guarantee means that Australian United Retailers Limited may become responsible for the lease obligations of the new owner in the event of default. The guarantee relates to the period of the current lease which expires in 2024. The maximum amount payable under the guarantee is \$4.4 million.

Australian United Retailers Limited has a guarantee from one of the Directors of the new owner as to the performance of the new owner.

**NOTE9 : Subsequent Events**

In the period subsequent to balance date there have been no other events that would have a material effect on the consolidated entity's Financial Report at 31 December 2012.

## **DIRECTORS' DECLARATION**

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The directors declare that the financial statements and notes set out on pages 6 to 16 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 2012 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 2013

**AUSTRALIAN UNITED RETAILERS LIMITED  
ABN 93 077 879 782**

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

We have reviewed the accompanying half-year financial report of Australian United Retailers and its controlled entities, which comprises the condensed consolidated statement of financial position as at 31 December 2012, 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 2012 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 and its control entities, 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 LIMITED  
ABN 93 077 879 782**

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

*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 and its control entities 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 2012 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*.

*Emphasis of Matter*

Without modifying our opinion, we draw attention to Note 1(b) Going Concern in the financial report which indicates that the consolidated entity incurred a net profit of \$171,000 (31 December 2011: net profit \$609,000). As at that date, the consolidated entity's current liabilities exceeded current assets by \$7,081,000 (30 June 2012: \$7,348,000) and total liabilities exceed total assets by \$6,689,000 (30 June 2012: \$6,860,000). 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

14 March 2013



PITCHER PARTNERS  
Melbourne