

**AUSTRALIAN UNITED RETAILERS LTD  
AND CONTROLLED ENTITY**

**ABN: 93 077 879 782**

**FINANCIAL REPORT  
FOR THE HALF YEAR ENDED  
31 DECEMBER 2020**

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2020.

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

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**FINANCIAL REPORT FOR THE HALF YEAR ENDED**

**31 DECEMBER 2020**

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**AUSTRALIAN UNITED RETAILERS LTD AND CONTROLLED ENTITY**  
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**DIRECTORS REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

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The directors present their report together with the condensed financial report of the Consolidated Entity consisting of Australian United Retailers Ltd and the entity it controlled (Consolidated Entity) for the half-year ended 31 December 2020 and independent auditor's review report thereon. This financial report has been prepared in accordance with AASB 134 *Interim Financial Reporting*.

**Directors**

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

**Name**

Neil Osborne  
Fred Fairthorne  
Rod McPhee  
Sien Van Nguyen  
Malcolm Ward  
Rick Wight  
David Williamson

The directors have been in office since the start of the year to the date of this report unless Otherwise stated.

**Review of operations**

The profit of the Consolidated Entity for the half-year after providing for income tax amounted to \$1,180,000 (31 December 2019: loss \$417,000).

The profit before income tax for the half-year was \$1,696,000 (31 December 2019: loss \$593,000).

The Consolidated profit for the half-year includes cost of \$89,313 (31 December 2019: \$110,000) relating to legal and other costs for the recovery of losses incurred as a result of the breach by former owner of a corporate head lease store.

The member stores experienced an uplift in sales from late March 2020 to 31 December 2020 reflecting the change in consumer behaviour related to COVID-19 restrictions. This had a positive impact on the income of the Consolidated Entity that was marginally offset by incremental costs to support Members in managing health and safety risks.

The costs of operating the support office were tightly controlled and substantially reduced due to savings resulting from staff working from home.

The Consolidated Entity has as one of its primary objectives, the increase in profitability of its Member's stores. It continues to be focused on the delivery of a robust support function whilst maintaining a level of profitability which allows the business to grow and achieve its longer-term corporate objectives.

**Significant changes in the state of affairs**

In the opinion of the Directors there were no significant changes in the state of affairs of the Consolidated Entity that occurred during the half-year other than those included in this Directors' Report.

**AUSTRALIAN UNITED RETAILERS LTD AND CONTROLLED ENTITY**  
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**After balance date events**

No matters or circumstances 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 Independence Declaration**

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

**Rounding of amounts**

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the directors' report and in the financial report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

Signed in accordance with a resolution of the directors.

*Neil Osborne*

.....  
Director N. Osborne  
*Melbourne*

Dated this 17th Day of March 2021

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

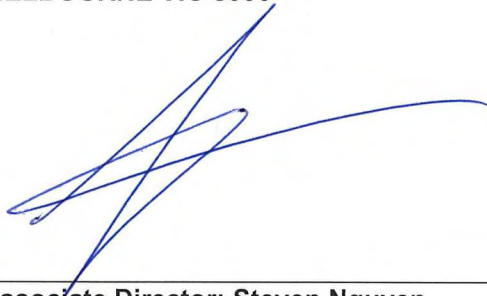
**AUDITOR'S INDEPENDENCE DECLARATION UNDER  
SECTION 307C OF THE CORPORATIONS ACT 2001**

**TO THE DIRECTORS OF  
AUSTRALIAN UNITED RETAILERS LIMITED AND CONTROLLED ENTITY**

In accordance with the requirements of section 307C of the Corporations Act 2011, I declare that, to the best of my knowledge and belief, for the half year ended 31 December 2020 there have been:

- (i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.

**Hall Chadwick Melbourne Audit  
Chartered Accountants  
Level 14, 440 Collins Street  
MELBOURNE VIC 3000**



**Associate Director: Steven Nguyen**

**Date: 17<sup>th</sup> March 2021**

**CONDENSED CONSOLIDATED  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

		<b>Half Year</b>	
	<b>Note</b>	<b>Dec 2020 \$'000</b>	<b>Dec 2019 \$'000</b>
<b>Revenue and other income</b>			
Supplier & member income	2	24,428	22,448
Interest income	2	72	88
Sales income	2	46,736	39,642
Other income	2	184	2,855
		<u>71,420</u>	<u>65,033</u>
<b>Less: expenses</b>			
Distribution to members		(9,126)	(9,068)
Cost of members services		(2,064)	(4,538)
Cost of sales		(46,736)	(39,642)
Merchandising expenses		(1,284)	(1,260)
Marketing expenses		(741)	(923)
Retail services expenses		(199)	(285)
Administrative expenses		(8,576)	(8,970)
Depreciation and amortisation		(998)	(940)
		<u>(69,724)</u>	<u>(65,626)</u>
<b>Profit/(loss) before income tax</b>		<u>1,696</u>	<u>(593)</u>
Income tax (expense)/benefit		(516)	176
<b>Profit/(loss) for the half year</b>		<u><b>1,180</b></u>	<u><b>(417)</b></u>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<u><b>1,180</b></u>	<u><b>(417)</b></u>
<b>Profit/(loss) is attributable to:</b>			
Members of the parent		<u><b>1,180</b></u>	<u><b>(417)</b></u>
<b>Total comprehensive income attributable to:</b>			
Members of the parent		<u><b>1,180</b></u>	<u><b>(417)</b></u>

The above statement should be read in conjunction with the accompanying notes

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

	Note	31 Dec 2020 \$'000	30 Jun 2020 \$'000
<b>Current assets</b>			
Cash and cash equivalents		6,621	4,182
Trade and other receivables		16,019	13,303
Other current assets		1,002	681
Inventories		6	9
<b>Total current assets</b>		<b>23,648</b>	<b>18,175</b>
<b>Non-current assets</b>			
Property, plant and equipment		2,883	3,556
Right to use assets		2,736	3,013
Deferred tax asset		1,700	1,766
Other non-current assets		1,178	1,481
<b>Total non-current assets</b>		<b>8,497</b>	<b>9,816</b>
<b>Total assets</b>		<b>32,145</b>	<b>27,991</b>
<b>Current liabilities</b>			
Trade and other payables		19,577	15,695
Provisions	5	3,137	3,493
Lease liability current		1,260	1,261
Loans and borrowings		120	120
Current tax liability		450	-
<b>Total current liabilities</b>		<b>24,544</b>	<b>20,569</b>
<b>Non-current liabilities</b>			
Provisions	5	323	382
Lease liability non-current		3,473	4,027
Loans and borrowings		10	60
<b>Total non-current liabilities</b>		<b>3,806</b>	<b>4,469</b>
<b>Total liabilities</b>		<b>28,350</b>	<b>25,038</b>
<b>Net assets</b>		<b>3,795</b>	<b>2,953</b>
<b>Equity</b>			
Share capital		9,890	9,890
Accumulated losses		(12,628)	(12,628)
Accumulated profits reserve		6,533	5,691
<b>Total equity</b>		<b>3,795</b>	<b>2,953</b>

The above statement should be read in conjunction with the accompanying notes

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

Consolidated Entity	Note	Contributed equity \$'000	Accumulated Profits \$'000	Accumulated Losses \$'000	Total Equity \$'000
<b>Balance as at 1 July 2019</b>		9,890	5,759	(12,628)	3,021
Loss for the half year		-	-	(417)	(417)
<b>Total comprehensive income for the year</b>		-	-	(417)	(417)
AASB 16 Opening Balance		-	(80)	-	(80)
Dividend paid		-	-	-	-
<b>Balance as at 31 December 2019</b>		<b>9,890</b>	<b>5,679</b>	<b>(13,045)</b>	<b>2,524</b>
<b>Balance as at 1 July 2020</b>		9,890	5,691	(12,628)	2,953
Profit for the half year		-	1,180	-	1,180
<b>Total comprehensive income for the year</b>		-	<b>1,180</b>	-	<b>1,180</b>
Dividend Declared		-	(338)	-	(338)
<b>Balance as at 31 December 2020</b>		<b>9,890</b>	<b>6,533</b>	<b>(12,628)</b>	<b>3,795</b>

The above statement should be read in conjunction with the accompanying notes



**AUSTRALIAN UNITED RETAILERS LTD AND CONTROLLED ENTITY**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

	Note	Dec 2020 \$'000	Dec 2019 \$'000
<b>Cash flow from operating activities</b>			
Cash receipts in the course of operations		76,533	65,893
Cash payments in the course of operations		(73,174)	(66,566)
Income tax paid		-	(274)
Interest Received		7	6
Interest paid		(3)	(3)
<b>Net cash received/(used) in operating activities</b>		<u>3,363</u>	<u>(944)</u>
<b>Cash flow from investment activities</b>			
Payments for purchases of property, plant and equipment		(48)	(467)
Principal received from finance leased assets		237	220
Interest received from finance leased assets		65	82
<b>Net cash received/ (used) in investing activities</b>		<u>254</u>	<u>(165)</u>
<b>Cash flow from financing activities</b>			
Dividends paid	6a	(338)	-
Repayment of bank loans		(50)	-
Principal paid for finance leased liabilities		(615)	(620)
Interest Paid for finance leased liabilities		(175)	(146)
<b>Net cash used in financing activities</b>		<u>(1,178)</u>	<u>(766)</u>
Net increase/(decrease) in cash held		2,439	(1,875)
Cash and cash equivalents at beginning of half year		4,182	2,684
<b>Cash and cash equivalents at end of the half year</b>		<u><u>6,621</u></u>	<u><u>809</u></u>

The above statement should be read in conjunction with the accompanying notes.

**NOTES TO THE CONDENSED CONSOLIDATED HALF YEAR FINANCIAL  
STATEMENTS 31 DECEMBER 2020**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

This condensed consolidated 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 2020 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.

**(a) Reporting Entity**

This condensed consolidated half-year financial report covers Australian United Retailers Limited and its controlled entity as a Consolidated Entity. Australian United Retailers Limited is a company limited by shares, incorporated and domiciled in Australia. The address of Australian United Retailers Limited's registered office and principal place of business is Level 9, 30 Convention Centre Place, South Wharf, Victoria. Australian United Retailers limited is a for-profit entity for the purpose of preparing the financial statements.

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

This condensed consolidated half-year financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The condensed consolidated half-year financial report covers Australian United Retailers Ltd and its controlled entity as a Consolidated Entity. Australian United Retailers Ltd is a company limited by shares, incorporated and domiciled in Australia. Australian United Retailers Ltd is a for-profit entity for the purpose of preparing the financial report.

The condensed consolidated half-year financial report was authorised for issue by the directors on 17 March 2021.

**(c) 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 year after income tax of \$1,181,000 (31 December 2019 : loss \$417,000), a net surplus of assets totalling \$3,795,000 (30 June 2020 : \$2,953,000) and a current working capital deficit of \$896,000 (30 June 2020: \$2,394,000 deficit).

As at 31 December 2020, the Consolidated Entity has an undrawn bank loan facility of \$300,000 with its bankers. The loan facility expires on 30 June 2021 but it is expected the bank will renew the facility at that time for a further twelve months to 30 June 2022.

**(d) Revenue**

Revenue arises mainly from rebates received from suppliers, who supply product into branded and non-branded member stores and from member services income received from these stores, as well as other minor sources of revenue.

Revenue from suppliers is in the form of contract income and non-contract income. Contract income arises from contracts with suppliers whereby rebates are received for orders placed by a store on the supplier. Non-contract income is income received from multiple suppliers. The amounts of the non-contract rebates received vary from one supplier to another and also varies with different products purchased.

Revenue from member services comprises fees for services provided to members, income received on behalf of members stores and members fees. Members fees are recoverable under the Unity Agreements signed by member stores and AURL.

To determine whether to recognise revenue the following principles apply:

- Supplier and member income is recognised when the right to receive the revenue has been established.
- Interest revenue is measured in accordance with the effective interest method.
- The Consolidated Entity derives revenue from the sale of consumables. Revenue is recognised as, or when, goods are transferred to the customer, and is measured at an amount that reflects the consideration to which the Consolidated Entity expects to be entitled in exchange for the goods.
- Other revenue is recognised when the right to receive the revenue has been established.
- All revenue is stated net of the amount of goods and services tax (GST).

**(e) Comparatives**

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

**(f) Rounding of amounts**

The parent entity and the Consolidated Entity have applied the relief available under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and accordingly, the amounts in the consolidated financial statements and in the directors' report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar (where indicated).

**(g) New and revised accounting standards effective at 31 December 2020**

There were no new or revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to the operations of the Consolidated Entity for the current half year, that were not in effect at 30 June 2020.

**NOTE 2: REVENUE AND OTHER INCOME**

	Half Year	
	Dec	Dec
	2020	2019
	\$'000	\$'000
<i>Operating activities</i>		
Supplier & member income	24,427	22,446
Rent from member stores	1	2
Sales of goods	46,736	39,642
	<u>71,164</u>	<u>62,090</u>
Interest	72	88
Other revenue	184	2,855
Total revenue & other income	<u>71,420</u>	<u>65,033</u>

**NOTE 3: PROPERTY, PLANT AND EQUIPMENT**

**Acquisitions and disposals**

During the six months ended 31 December 2020 the Consolidated Entity acquired assets with a cost of \$47,924 (31 December 2019 \$467,070). No assets were acquired through business combinations during the half-year ended 31 December 2020 or 31 December 2019.

**NOTE 4: BORROWINGS**

**(a) Items pledged as security:**

The National Australia Bank has provided a bank guarantee & indemnified certain AURL's lease agreement obligations up to a value of \$425,292 (2019: \$270,000). The bank holds a term deposit in the amount of \$200,000 (2019 : \$ Nil) as security for it's bank guarantee.

**(b) Loan Facility:**

As at 30 June 2020, the Consolidated Entity has an undrawn bank loan facility of \$300,000 with its bankers. The loan facility expires on 30 June 2021 but it is expected the bank will renew the facility at that time for a further twelve months to 30 June 2022.

**AUSTRALIAN UNITED RETAILERS LTD AND CONTROLLED ENTITY**  
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<b>NOTE 5: PROVISIONS</b>	<b>31-Dec 2020 \$'000</b>	<b>30-Jun 2020 \$'000</b>
<b>Current</b>		
Employee benefits	2,988	3,344
Onerous lease liability	149	149
	<u>3,137</u>	<u>3,493</u>
<b>Non-Current</b>		
Employee benefits	112	96
Onerous lease liability	211	286
	<u>323</u>	<u>382</u>
<b>Total</b>		
Aggregate employee benefits liability	3,100	2,813
Aggregate onerous lease liability	360	505
	<u>3,460</u>	<u>3,318</u>

**NOTE 6: DIVIDENDS**

**(a) Dividends paid or declared**

Fully franked dividends declared during the reporting period at 30%

338	-
<u>338</u>	<u>-</u>

**(b) Dividends declared after the reporting period and not recognised**

All dividends declared since the end of the reporting period have been recognised

-	-
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**(c) Franking account**

Balance of franking account on a tax paid basis at financial year-end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent years:

1,019	1092
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**NOTE 7: RELATED PARTY DISCLOSURES**

During the half-year ended 31 December 2020, there were no related party transactions which are material to the understanding of the financial report (31 December 2019 : Nil)

**NOTE 8: FAIR VALUE MEASUREMENT**

The net fair value of financial assets and financial liabilities approximates their carrying amounts as described in the consolidated statement of financial position, notes and the financial statements.

**NOTE 9: CONTINGENCIES**

On 31 August 2020 TMA Australia Limited terminated their contract with the Consolidated Entity to provide store expense items to Member Stores. Under the terms of this contract, the Consolidated Entity is required to purchase any unsold exclusive lines and other agreed specific goods. It is expected that the cost of this stock will be between \$160,000 to \$250,000. If the Consolidated Entity is forced to acquire this stock, it will endeavour to recover as much value as possible.

**NOTE 10: SUBSEQUENT EVENTS**

There has been no matter or circumstance, which has arisen since 31 December 2020 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 31 December 2020 of the Consolidated Entity, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 31 December 2020, of the Consolidated Entity.

**NOTE 11: AASB OPENING BALANCE**

The company has transitioned to AASB 16 and has had the following opening balance adjustments on 1 July 2019:

	Half Year	
	2020	2019
	\$'000	\$'000
Buildings	-	72
Photocopiers	-	1
Motor Vehicles	-	7
	-	80

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**DIRECTORS DECLARATION**

The directors declare that:

1. In the directors' opinion, the financial statements and notes thereto, as set out on pages 6 to 15 are in accordance with the *Corporations Act 2001*, including:
  - (a) complying with Australian Accounting Standards and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements;
  - (b) as stated in Note 1(a) the consolidated financial statements also comply with International Financial Reporting Standards; and
  - (c) giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2020 and of its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that Australian United Retailers Ltd will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the chief executive officer and head of finance to the directors in accordance with section 295A of the *Corporations Act 2001* for the half year ending 31 December 2020.

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

*Neil Osborne*

.....  
N. Osborne

Director

Melbourne

Date 17th March 2021

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

**INDEPENDENT AUDITOR'S REVIEW REPORT**  
**TO THE DIRECTORS OF AUSTRALIAN UNITED RETAILERS LIMITED AND CONTROLLED**  
**ENTITY**

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

We have reviewed the accompanying half-year financial report of Australian United Retailers Ltd and Controlled Entity (the Group), which comprises the condensed statement of financial position as at 31 December 2020, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and the directors' declaration.

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

The directors of the Group 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 gives a true and fair view and 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2020 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 and Controlled Entity, 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Australian United Retailers Ltd and Controlled Entity, would be in the same terms if given to the directors as at the time of this auditor's report.

### *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 and Controlled Entity is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

**Hall Chadwick Melbourne Audit  
Chartered Accountants  
Level 14, 440 Collins Street  
MELBOURNE VIC 3000**

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke, positioned above a horizontal line.

**Associate Director: Steven Nguyen**

**Date: 17<sup>th</sup> March 2021**