

**AUSTRALIAN UNITED RETAILERS LTD
AND CONTROLLED ENTITIES**

ABN: 93 077 879 782

**FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2019**

This half-year financial report is to be read in conjunction
with the financial report for the year ended 30 June 2019.

AUSTRALIAN UNITED RETAILERS LTD AND CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF YEAR ENDED
31 DECEMBER 2019

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DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

The directors present their report together with the condensed financial report of the Consolidated Entity consisting of Australian United Retailers Ltd and the entities it controlled (Consolidated Entity) for the half-year ended 31 December 2019 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 consolidated loss of the Consolidated Entity for the half-year after providing for income tax amounted to \$417,000 (31 December 2018 : loss \$891,000).

The loss before income tax for the half-year was \$593,000 (31 December 2018 : loss \$1,274,000)

On 5 June 2018 the owner of a head lease store failed to rectify a breach of their lease obligations with Australian United Retailers Limited. As a result, the Consolidated Entity took ownership of the assets of the Retail Outlet. On 27 March 2019 the store was sold and a new sub-lease executed.

Legal fees and other costs from the above store that are included in the Consolidated losses for the half year amounted to \$110,000 (31 December 2018 : loss \$1,596,000).

Member stores are continuing to secure supply from sources other than under our Metcash supply arrangements. The reduction in revenues from this source were offset by increases in trading arrangements with other suppliers. The costs of operating the support office were tightly controlled and improved from the comparable prior period.

Our Member based business continues to be focused on the delivery of a robust support function whilst maintaining a level of profitability which will allow the business to grow and achieve its longer term corporate objectives. These objectives include driving the sales and profitability of our Member's stores.

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.

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).

A handwritten signature in dark ink, appearing to be 'N. Osborne', written over a light grey grid background.

.....
Director N. Osborne

Melbourne

Dated this 11th Day of March 2020

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

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

**TO THE DIRECTORS OF
AUSTRALIAN UNITED RETAILERS LTD AND CONTROLLED ENTITIES**

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 year ended 31 December 2019 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



Partner: Drew Townsend

Date:

CONDENSED CONSOLIDATED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

		Half Year	
	Note	2019	2018
		\$'000	\$'000
Revenue and other income			
Supplier & member income	2	22,448	22,318
Interest income	2	88	33
Sales income	2	39,642	2,453
Other income	2	2,855	2,957
		65,033	27,762
Less: expenses			
Distribution to members		(9,068)	(8,530)
Cost of members services		(4,538)	(6,360)
Cost of sales		(39,642)	(2,021)
Merchandising expenses		(1,260)	(1,327)
Marketing expenses		(923)	(1,016)
Business development expenses		(285)	(250)
Administrative expenses		(8,970)	(9,355)
Depreciation and amortisation		(940)	(176)
		(65,626)	(29,036)
(Loss)/profit before income tax		(593)	(1,274)
Income tax benefit/(expense)		176	383
(Loss)/profit for the half year		(417)	(891)
Other comprehensive income		-	-
Total comprehensive income		(417)	(891)
(Loss)/profit is attributable to:			
Members of the parent		(417)	(891)
Total comprehensive income attributable to:			
Members of the parent		(417)	(891)

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

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	31 Dec 2019 \$'000	31 Jun 2019 \$'000
Current assets			
Cash and cash equivalents		809	2,684
Trade and other receivables		14,895	12,489
Other current assets		798	1,133
Total current assets		<u>16,503</u>	<u>16,306</u>
Non-current assets			
Property, plant and equipment		4,137	4,311
Right to use assets		598	-
Deferred tax asset		1,882	1,672
Other non-current assets		1,653	86
Total non-current assets		<u>8,269</u>	<u>6,069</u>
Total assets		<u><u>24,772</u></u>	<u><u>22,375</u></u>
Current liabilities			
Trade and other payables		15,837	14,585
Lease liability		1,055	-
Provisions	5	2,807	3,659
Current tax liability		-	274
Total current liabilities		<u>19,698</u>	<u>18,518</u>
Non-current liabilities			
Lease liability		2,040	-
Provisions	5	511	836
Total non-current liabilities		<u>2,551</u>	<u>836</u>
Total liabilities		<u><u>22,249</u></u>	<u><u>19,354</u></u>
Net assets		<u><u>2,523</u></u>	<u><u>3,021</u></u>
Equity			
Share capital		9,890	9,890
Accumulated losses		(13,046)	(12,628)
Accumulated profits reserve		5,679	5,759
Total equity		<u><u>2,523</u></u>	<u><u>3,021</u></u>

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

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Consolidated Entity	Note	Contributed equity \$'000	Accumulated Profits \$'000	Accumulated Losses \$'000	Total Equity \$'000
Balance as at 1 July 2018		9,890	6,098	(12,188)	3,800
Loss for the year		-	-	(891)	(891)
Total comprehensive income for the year		0	0	(891)	(891)
Buy-backs		-	-	-	-
Dividend paid		-	-	(339)	(339)
Balance as at 31 December 2018		9,890	6,098	(13,418)	2,570
Balance as at 1 July 2019		9,890	5,759	(12,628)	3,021
Loss for the year		-	-	(417)	(417)
Total comprehensive income for the year		-	-	(417)	(417)
AASB16 Opening Balance	11		(80)	-	(80)
Dividend paid		-	-	-	-
Balance as at 31 December 2019		9,890	5,679	(13,046)	2,523

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

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$'000	2018 \$'000
Cash flow from operating activities			
Cash receipts in the course of operations		65,893	27,531
Cash payments in the course of operations		(66,566)	(25,754)
Income tax paid		(274)	-
Interest Received		6	-
Interest paid		(3)	-
Net cash received in operating activities		<u>(944)</u>	<u>1,777</u>
Cash flow from investment activities			
Payments for purchases of property, plant and equipment		(467)	(1,290)
Principal received from Finance Leased Assets		220	-
Interest received from Finance Leased Assets		82	33
Net cash used in investing activities		<u>(165)</u>	<u>(1,257)</u>
Cash flow from financing activities			
Share buy-backs		-	-
Dividends paid	6a	-	(339)
Principal paid for Finance Leased Liabilities		(620)	-
Interest Paid for Finance Leased Liabilities		(146)	-
Net cash used in financing activities		<u>(766)</u>	<u>(339)</u>
Net (decrease)/increase in cash held		(1,875)	181
Cash and cash equivalents at beginning of half year		2,684	3,875
Cash and cash equivalents at end of the half year		<u>809</u>	<u>4,056</u>

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

**NOTES TO THE CONDENSED CONSOLIDATED HALF YEAR FINANCIAL
STATEMENTS 31 DECEMBER 2019**

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 2019 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 controlled entities 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 1, 1601 Malvern Road, Malvern VIC 3146. 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 controlled entities 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 11 March 2020.

(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 loss for the year after income tax of \$417,000 (31 December 2018 : loss \$891,000), a net surplus of assets totalling \$2,489,000 (30 June 2019 : \$3,021,000) and a current working capital deficit of \$2,495,000 (30 June 2019: \$2,212,000 deficit).

As at 30 June 2019, the Consolidated Entity has an undrawn bank loan facility of \$1,000,000 with its bankers. The facility decreases by \$58,500 per month until 31 May 2020 and by \$56,500 for the month of June 2020, where after the facility will be \$300,000. The loan facility expires on 30 June 2020 but it is expected the bank will renew the facility at that time to \$300,000 for a further twelve months to 30 June 2021.

(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.

The main source of other income is funds raised to offset the cost of functions held for our member stores.

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.
- Rent revenue from operating leases is recognised on a straight-line basis over the term of the lease.
- 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 2019

The Consolidated Entity has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2018, including AASB 9 *Financial Instruments* (AASB 9) and AASB 15 *Revenue from Contracts with Customers* (AASB 15) and AASB16 *Leases* (AASB16).

AASB 9 replaces AASB 139: *Financial Instruments: Recognition and Measurement*. The key changes introduced by AASB 9 in relation to the accounting treatment for financial instruments include:

- simplifying the general classifications of financial assets into those measured at amortised cost and those measured at fair value;
- permitting entities to irrevocably elect, on initial recognition, for gains and losses on equity instruments not held for trading to be presented in other comprehensive income (OCI);
- simplifying the requirements for embedded derivatives, including removing the requirement to separate and measure embedded derivatives at fair value, in relation to embedded derivatives associated with financial assets measured at amortised cost;
- requiring entities that elect to measure financial liabilities at fair value, to present the portion of the change in fair value arising from changes in the entity's own credit risk in OCI, except when it would create an 'accounting mismatch';
- introducing a new model for hedge accounting that permits greater flexibility in the ability to hedge risk, particularly with respect to non-financial items; and
- Introducing a new 'expected credit loss' impairment model (replacing the 'incurred loss' impairment model of previous accounting standard).

In accordance with the transition requirements of AASB 9, the Consolidated Entity has elected to apply AASB 9 retrospectively to each prior reporting period presented in the financial statements, with the cumulative impact, if any, of initially applying the new standard recognised as at the beginning of the earliest prior period presented (i.e., as at 1 July 2018). The Consolidated Entity has also applied consequential amendments to AASB 7 *Financial Instruments: Disclosure*, the disclosure of information about the Consolidated Entity's financial instruments for the current financial year, and the comparative reporting period.

The application of AASB 9 has not materially impacted the classification and measurement of the Consolidated Entity's financial assets and financial liabilities.

AASB 15 provides (other than in relation to some specific exceptions, such as lease contracts and insurance contracts) a single source of accounting requirements for all contracts with customers, thereby replacing all current accounting pronouncements on revenue. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under the previous accounting standard, AASB 118 *Revenue*, revenue from the sale of goods was recognised when the significant risks and rewards of ownership of the goods transferred to the buyer, and revenue from the rendering of services was recognised by reference to the stage of completion of the transaction at the end of the reporting period.

In accordance with the transition requirements of AASB 15, the Consolidated Entity has elected to apply AASB 15 retrospectively to each prior reporting period presented in the financial statements, with the cumulative impact, if any, of initially applying the new standard recognised as at the beginning of the earliest prior period presented (i.e., as at 1 July 2017).

The application of AASB 15 has not materially impacted the recognition and measurement of the Consolidated Entity's revenue from contracts with customers.

AASB 16 replaced AASB 117: Leases and introduces a single lessee accounting model that requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:
- investment property, the lessee applies the fair value model in AASB 140: Investment Property to the right-of-use asset; or
- property, plant or equipment, the lessee can elect to apply the revaluation model in AASB 116: Property, Plant and Equipment to all of the right-of-use assets that relate to that class of property,
- lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, under AASB 16 a lessor would continue to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset and would account for each type of lease in a manner consistent with the current approach under AASB 117.

The Consolidated Entity has applied AASB 16 in the financial year beginning 1 July 2019. The Consolidated Entity has now completed its assessment of all leases that will be subject to AASB 16 and elected transition to the new standard using the modified retrospective approach.

NOTE 2: REVENUE AND OTHER INCOME

	Half Year	
	2019	2018
	\$'000	\$'000
<i>Operating activities</i>		
Supplier & member income	22,446	22,108
Rent from member stores	2	210
Sales of goods	39,642	2,453
	<u>62,090</u>	<u>24,771</u>
<i>Other income</i>		
Interest	88	33
Other revenue	2,855	2,957
Total revenue & other income	<u>65,033</u>	<u>27,762</u>

NOTE 3: PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the six months ended 31 December 2019 the Consolidated Entity acquired assets with a cost of \$467,070. No assets were acquired through business combinations during the half-year ended 31 December 2019. During the six months ended 31 December 2018 the Consolidated Entity acquired assets with a cost of \$1,290,077. No assets were acquired through business combinations during the half-year ended 31 December 2018.

NOTE 4: BORROWINGS

(a) Items pledged as security:

The National Australia Bank has provided a guarantee & indemnified certain AURL's lease agreement obligations up to a value of \$270,000 (2018: \$270,000).

(b) Loan Facility:

As at 30 June 2019, the Consolidated Entity has an undrawn bank loan facility of \$1,000,000 with its bankers. The facility decreases by \$58,500 per month until 31 May 2020 and by \$56,500 for the month of June 2020, where after the facility will be \$300,000. The loan facility expires on 30 June 2020 but it is expected the bank will renew the facility at that time to \$300,000 for a further twelve months to 30 June 2021.

NOTE 5: PROVISIONS

	31-Dec 2019 \$'000	30-Jun 2018 \$'000
Current		
Employee benefits	2,658	3,346
Onerous lease liability	149	313
	<u>2,807</u>	<u>3,659</u>
Non-Current		
Employee benefits	156	156
Onerous lease liability	355	680
	<u>511</u>	<u>836</u>
Total		
Aggregate employee benefits liability	2,813	3,502
Aggregate onerous lease liability	505	993
	<u>3,318</u>	<u>4,495</u>

NOTE 6: DIVIDENDS

	Half Year 2019 \$'000	2018 \$'000
(a) Dividends paid or declared		
No dividends were paid during the reporting period (2018: \$0.03) fully franked at 30%	-	339
	<u>-</u>	<u>339</u>
(b) Dividends declared after the reporting period and not recognised		
Since the end of the reporting period the directors have not declared any dividends (2018: \$0.00) fully franked at 30%	-	-
	<u>-</u>	<u>-</u>

	Half Year	
	2019	2018
	\$'000	\$'000
NOTE 6: DIVIDENDS (Cont'd.)		
(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:	1,092	702

NOTE 7: RELATED PARTY DISCLOSURES

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

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

Reinstatement of Transitional Funding Facility

The Second Amendment and Restatement Deed with CSA Retail (Finance) Pty Ltd includes a trigger event which states that if before the end of June 2021, a change in control of the Parent Entity occurs, it will result in the re-instatement of the Transitional Funding Facility Reinstatement Amount which equates to \$7.1million plus interest accruing on the facility up to the date that the triggering event occurs.

NOTE 10: SUBSEQUENT EVENTS

There has been no matter or circumstance, which has arisen since 31 December 2019 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 31 December 2019, of the Consolidated Entity, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 31 December 2019, of the Consolidated Entity.

NOTE 11: AASB OPENING BALANCE

The company has transitioned to AASB 16 and has had the following opening balance adjustments:

	Half Year	
	2019	2018
	\$'000	\$'000
Buildings	72	-
Photocopiers	1	-
Motor Vehicles	7	-
	80	-

DIRECTORS DECLARATION

The directors declare that:

1. In the directors' opinion, the financial statements and notes thereto, as set out on pages 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 2019 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 2019.

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



.....

N. Osborne

Director

Melbourne

Date 11th March 2020

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

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Australian United Retailers Ltd and Controlled Entities (the Group), which comprises the condensed statement of financial position as at 31 December 2019, 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 2019 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 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*. 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 Entities, 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 Entities 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 2019 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**



Partner: Drew Townsend

Date: