

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

**FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2015**

This half-year financial report is to be  
read in conjunction with the financial  
report for the year ended  
30 June 2015.

**AUSTRALIAN UNITED RETAILERS LIMITED**  
**FINANCIAL REPORT FOR THE HALF-YEAR ENDED**  
**31 DECEMBER 2015**

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**DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

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 2015 and independent auditor's review report thereon. This financial report has been prepared in accordance with AASB 134 *Interim Financial Reporting*.

**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>
Neil Osborne	
Deborah Smith	Retired as Director 17 November 2015
Fred Fairthorne	
Allan Burge	
Malcolm Ward	
David Williamson	
Sien Van Nguyen	
Paul Job	
Rick Wight	

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 \$1,174,000 (31 December 2014: profit \$1,257,000).

The continuing operations (Member business) produced a profit before income tax of \$1,719,000 for the half-year, being an increase from the \$1,609,000 profit before income tax recorded in the same period last year.

The discontinued operations (Retail Stores business), recorded no activity for the half-year.

**Significant changes in state of affairs**

There were no significant changes in the nature of the activities of the consolidated entity during the half-year.

**DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

**After Balance Date Events**

On the 9<sup>th</sup> of March 2016, the Board declared a Dividend of 3 cents per share which is payable in May 2016. The total amount payable to shareholders is \$347,000. No other matters or circumstances 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 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 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.....

N OSBORNE

Dated this 9<sup>th</sup> day of March 2016

**AUSTRALIAN UNITED RETAILERS LIMITED**  
**AUDITOR'S INDEPENDENCE DECLARATION**  
**TO THE DIRECTORS OF AUSTRALIAN UNITED RETAILERS LIMITED**

In relation to the independent auditor's review for the period ended 31 December 2015, 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.

This declaration is in respect of Australian United Retailers Limited and the entities it controlled during the period.



K L BYRNE  
Partner



PITCHER PARTNERS  
Melbourne

9 March 2016

**CONDENSED CONSOLIDATED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Note	Half-year	
		2015 \$'000	2014 \$'000
<b>Revenue and other income</b>		26,293	26,747
		<u>26,293</u>	<u>26,747</u>
<b>Less: Expenses</b>			
Employee benefits		(6,179)	(5,832)
Occupancy expenses		(387)	(645)
Depreciation and amortisation		(42)	(197)
Costs of member services		(4,229)	(4,222)
Distribution to members		(9,485)	(9,365)
Finance costs		-	(3)
Marketing, merchandising and administrative costs		(4,252)	(4,874)
		<u>(24,574)</u>	<u>(25,138)</u>
<b>Profit before income tax expense</b>		<b>1,719</b>	<b>1,609</b>
Income tax expense		(545)	(352)
<b>Net profit from continuing operations</b>		<b>1,174</b>	<b>1,257</b>
		<u>1,174</u>	<u>1,257</u>
<b>Net profit for the half-year</b>		<b>1,174</b>	<b>1,257</b>

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED  
STATEMENT OF COMPREHENSIVE INCOME (Continued)  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Half-year	
	2015	2014
	\$'000	\$'000
Profit for the half-year	1,174	1,257
Other Comprehensive Income	-	-
<b>Total Comprehensive income for the half year</b>	<b><u>1,174</u></b>	<b><u>1,257</u></b>
<b>Profit is attributable to:</b>		
Members of the parent	<u>1,174</u>	<u>1,257</u>
<b>Total comprehensive Income attributable to:</b>		
Members of the parent	<u>1,174</u>	<u>1,257</u>
<b>Total comprehensive Income attributable to members of the parent arises from:</b>		
Continuing operations	<u>1,174</u>	<u>1,257</u>
	<u>1,174</u>	<u>1,257</u>
<b>Earnings per share from continuing operations attributable to equity holders of the parent entity</b>		
Basic earnings per share	10.16	10.86
Diluted earnings per share	10.16	10.86
<b>Earnings per share attributable to equity holders of the parent entity</b>		
Basic earnings per share	10.16	10.86
Diluted earnings per share	10.16	10.86

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015**

	<b>31 Dec 2015</b>	<b>30 June 2015</b>
<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	3,028	1,996
Trade and other receivables	14,009	10,851
Other assets	59	24
<b>TOTAL CURRENT ASSETS</b>	<b>17,096</b>	<b>12,872</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	299	282
Deferred tax asset	2,526	3,071
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,825</b>	<b>3,353</b>
<b>TOTAL ASSETS</b>	<b>19,921</b>	<b>16,225</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	16,665	13,594
Provisions	2,028	2,597
<b>TOTAL CURRENT LIABILITIES</b>	<b>18,693</b>	<b>16,191</b>
<b>NON-CURRENT LIABILITIES</b>		
Provisions	232	212
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>232</b>	<b>212</b>
<b>TOTAL LIABILITIES</b>	<b>18,925</b>	<b>16,403</b>
<b>NET ASSETS / (LIABILITIES)</b>	<b>996</b>	<b>(178)</b>
<b>EQUITY</b>		
Contributed equity	10,119	10,119
Accumulated losses	(12,188)	(12,188)
Accumulated profits reserve	3,065	1,891
<b>TOTAL EQUITY</b>	<b>996</b>	<b>(178)</b>

The accompanying notes form part of these financial statements.



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

<b>Consolidated</b>	<b>Contributed Equity</b>	<b>Accumulated Losses</b>	<b>Accumulated Profits Reserve</b>	<b>Total Equity</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance as at 1 July 2014	10,119	(12,188)	-	(2,069)
Total comprehensive income for the half-year	-	-	1,257	1,257
<b>Balance as at 31 December 2014</b>	<b>10,119</b>	<b>(12,188)</b>	<b>1,257</b>	<b>(812)</b>

<b>Consolidated</b>	<b>Contributed Equity</b>	<b>Accumulated Losses</b>	<b>Accumulated Profits Reserve</b>	<b>Total Equity</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance as at 1 July 2015	10,119	(12,188)	1,891	(178)
Total comprehensive income for the half-year	-	-	1,174	1,174
<b>Balance as at 31 December 2015</b>	<b>10,119</b>	<b>(12,188)</b>	<b>3,065</b>	<b>996</b>

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Half-year	
	2015	2014
	\$'000	\$'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from customers	24,458	25,502
Payments to suppliers and employees	(23,395)	(23,705)
Interest received	26	13
<b>Net cash provided by operating activities</b>	<b>1,089</b>	<b>1,810</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payment for property, plant and equipment	(57)	(33)
<b>Net cash used in investing activities</b>	<b>(57)</b>	<b>(33)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Equipment loan payments	-	(111)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(111)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,032</b>	<b>1,666</b>
Cash and cash equivalents at beginning of half-year	1,996	342
<b>Cash and cash equivalents at end of the half-year</b>	<b>3,028</b>	<b>2,008</b>

Amounts reported as comparative information have changed as a result of being reclassified to conform with current period financial statement presentations

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2015**

**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 2015 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*.

Australian United Retailers Limited is a for-profit entity for the purpose of preparing the financial statements.

The half-year financial report was authorised for issue by the directors on 9 March 2016.

**(a) Basis of preparation**

This condensed consolidated half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting*, as appropriate for profit entities, and the *Corporations Act 2001*. Compliance with AASB 134, as appropriate for for-profit entities, ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

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 2015 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 \$1,174,000 (31 December 2014: \$1,257,000), a net surplus of assets totalling \$996,000 (30 June 2015: net deficiency of assets totalling \$178,000) and a current working capital deficit of \$1,597,000 (30 June 2015: current working capital deficit of \$3,319,000).

The Directors believe that with the divestment program having been completed and maintenance of normal trading volumes the on-going trading activities of the core business are expected to enable the consolidated entity to meet its obligations as and when they fall due.

As at 31 December 2015, the consolidated entity has a bank loan facility of \$300,000 with its Bankers. The bank loan facility 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.

**(c) Rounding of amounts**

The Consolidation Entity has applied the relief available under ASIC Class Order CO 98/100 and accordingly, amounts in the consolidated financial statements and Director's report have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

**(d) Comparatives**

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

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**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2015**

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

**(e) Accounting standards and interpretations issued but not Operative at 31 December 2015**

The following standards and interpretations have been issued at the reporting date but are not yet effective. The directors' assessment of the impact of these standards and interpretations is set out below.

AASB 9 *Financial Instruments* improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. When adopted, the standard could change the classification and measurement of financial assets. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income for equity investments that are not held for trading. For financial liabilities, the new requirements only affect the accounting for those that are designated at fair value through profit and loss. Therefore, there will be no impact in the consolidated entity's accounting for financial liabilities.

New general hedge accounting requirements were incorporated into AASB 9. The new model aligns hedge accounting more closely with risk management, and will be easier to apply and reduce the costs of implementation. However, the new model requires extended disclosure.

The standard is not applicable until 1 January 2018 but is available for early adoption. The consolidated entity has yet to assess the impact of AASB 9. The consolidated entity has decided not to early adopt AASB 9 at 31 December 2015.

(ii) AASB 15 *Revenue from Contracts with Customers* introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods and services. AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple element arrangements.

The standard is not applicable until 1 January 2018 but is available for early adoption. The consolidated entity has yet to assess the impact of AASB 15. The consolidated entity has decided not to early adopt AASB 15 at 31 December 2015.

**NOTE 2: SEGMENT INFORMATION**

**(a) Description of segments**

The consolidated entity has one reportable segment as described below:

Segment 1: The provision of retail support services to its members solely in Australia, reported as continuing operations throughout this report.

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

**Acquisitions and disposals**

During the six months ended 31 December 2015 the consolidated entity acquired assets with a cost of \$57,000. No assets were acquired through business combinations during the half-year ended 31 December 2015. During the six months ended 31 December 2014 the consolidated entity acquired assets with a cost of \$33,000. No assets were acquired through business combinations during the half-year ended 31 December 2014.

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2015**

**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 (2015: \$329,000).

**NOTE 5: DISCONTINUED OPERATIONS**

**(i) Financial performance information**

There was no activity recorded for the discontinued operations in the half year ended 31 December 2015 or the half year ended 31 December 2014.

	<b>Half-year</b>	
	<b>2015</b>	<b>2014</b>
<b>(ii) Cash flow information</b>	<b>\$'000</b>	<b>\$'000</b>
Net cash used in operating activities	-	(1,231)
Net cash used in investing activities	-	-
Net cash provided by financing activities	-	<u>1,231</u>
Net cash flow	<u>-</u>	<u>-</u>

There was no cash flow activity recorded for the discontinued operations in the half year ended 31 December 2015. Net cash provided by financing activities in the half year ended 31 December 2014 of \$1,231,000 relates to cash received from the parent entity to fund the divestment program.

**NOTE 6: RELATED PARTY DISCLOSURES**

During the half-year ended 31 December 2015, there were no related party transactions which are material to the understanding of the financial report.

**NOTE 7: 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.

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2015**

**NOTE 8: CONTINGENT LIABILITIES**

**(a) Operating lease commitments**

The consolidated entity has certain operating lease obligations, which were disclosed at 30 June 2015.

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

	<b>31 Dec 2015</b>	<b>30 June 2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Payable		
- not later than one year	1,196	1,195
- later than one year and not later than five years	3,688	4,035
- later than five years	1,522	1,725
	6,406	6,955

The consolidated entity has non-cancellable leases with terms ranging from one year to ten 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% where applicable.

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.

Comparative amounts relating to the financial year end 30 June 2015 have been amended retrospectively, as it was noted CPI had incorrectly been applied to an operating lease, as well as GST included for property leases.

**(b) 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 2015 or in the period since balance date.

**(c) 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 \$3.1 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.

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2015**

**NOTE 9: Subsequent Events**

On the 9<sup>th</sup> of March 2016, the Board declared a Dividend of 3 cents per share which is payable in May 2016. The total amount payable to shareholders is \$347,000.

Except for the matter noted above, there have been no matter or circumstances, which has arisen since 31 December 2015 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 31 December 2015, of the consolidated entity, or
- (b) the results of those operations, or
- (c) the state of affairs, in the years subsequent to 31 December 2015, of the consolidated entity.

**DIRECTORS' DECLARATION**

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The directors declare that the financial statements and notes set out on pages 6 to 17 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 2015 and of its performance for the half-year ended on that date.

In the directors' opinion, there are reasonable grounds to believe that Australian United Retailers Limited will be able to pay its debts as and when they become due and payable.

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



.....  
**N OSBORNE**

Director

Melbourne

Date 9 March 2016



**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 2015, 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 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 consolidated entity's financial position as at 31 December 2015 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 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



K L BYRNE  
Partner

9 March 2016



PITCHER PARTNERS  
Melbourne