

Adairs Limited

Appendix 4E

Preliminary final report

52 weeks ending 2 July 2017

1. Details of the reporting period and the prior corresponding period

Current Period: 4 July 2016 to 2 July 2017 (52 weeks)
 Prior corresponding period: 29 June 2015 to 3 July 2016 (53 weeks)

2. Results for announcement to the market

Comparison to previous corresponding period	Increase/(Decrease)	Change %	\$'000
Revenue from continuing operations	Increase	4.65%	264,964
Profit after tax from continuing operations attributable to members	Decrease	22.65%	21,017
Net profit after tax for the period attributable to members	Decrease	22.65%	21,017

Dividends/distributions	Amount per ordinary share	Franked Amount per ordinary share
2017 Interim dividend	3.5 cents	3.5 cents
2017 Final dividend (resolved, not yet provided for at 2 July 2017)	4.5 cents	4.5 cents

Record date for determining entitlements to the dividend:	14th September 2017
Payment date of Final dividend	28th September 2017

2.6 Brief explanation of the figures reported above

The figures above represent the statutory results of the company.

The explanation following includes references to pro-forma results to exclude the impact of the 53rd week in the 2016 financial year together with costs associated with the IPO. The Directors believe the presentation of non-IFRS financial measures such as pro-forma results and Earnings Before Interest and Tax (EBIT), are useful for the users of this financial report as they provide additional and relevant information that reflect the underlying financial performance of the business. Non-IFRS financial measures contained within this report are not subject to audit or review.

Statutory Continuing Operations	2017 \$'000	2016 \$'000
Profit/ (Loss) after income tax from continuing operations	21,017	27,172
Add back:		
Finance expenses	1,946	2,006
Interest revenue	(55)	(81)
Income tax (benefit)/expense	7,904	11,651
EBIT from continuing operations ⁽¹⁾	<u>30,812</u>	<u>40,748</u>

- (1) EBIT is used as a measure of financial performance by excluding certain variables that affect operating profits but which may not be directly related to all financial aspects of the operations of the group. EBIT is not a measure of operating income, operating performance or liquidity under A-IFRS. Other companies may calculate EBIT in a different manner to us.

The table below reconciles the statutory result to the pro-forma result for FY17 and FY16. The pro-forma FY16 result is adjusted for the EBIT effect of the 53rd week in order to provide a like for like comparison.

	Consolidated 2017 \$'000	2016 \$'000
EBIT from continuing operations	30,812	40,748
Add Transaction Costs	-	101
Less 53 week EBIT	-	(1,618)
Pro-forma EBIT	<u>30,812</u>	<u>39,231</u>

* Please refer to the attached directors' report within the financial report for details of the adjustments.

	2017 \$'000	2016 ¹ \$'000	% Change
Revenue	264,964	247,426	+7.09%
Gross Profit	156,801	151,015	+3.83%
Earnings Before Interest and Tax ("EBIT")	30,812	39,231	-21.46%

^{1.} 2016 represents pro-forma results reflecting a 52 week period.

For further explanation please refer to the attached financial statements and Investor Presentation accompanying this preliminary final report.

3. Income Statement

Please refer to the attached financial statements for the 52 weeks ended 2 July 2017.

4. Balance Sheet

Please refer to the attached financial statements for the 52 weeks ended 2 July 2017.

5. Cash Flow Statement

Please refer to the attached financial statements for the 52 weeks ended 2 July 2017.

6. Dividend Details

Please refer to note 22 of the attached financial statements for details of dividends paid in the financial year ended 2 July 2017.

7. Dividend or distribution reinvestment plan details

Not applicable

8. Statement of Changes in Equity

Please refer to the attached financial statements for the 52 weeks ended 2 July 2017.

9. Net tangible asset backing per ordinary security as at 2 July 2017

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security ⁽¹⁾	-\$0.05	-\$0.07

⁽¹⁾ The net tangible asset backing calculation has been updated to exclude net deferred tax balances.

10. Control gained or lost over entities in the financial year

Not applicable.

11. Details of aggregate share of profits (losses) of associates and joint venture entities

Not applicable

12. Other significant information

Refer to the commentary in section 2.6

13. Foreign Entities

All entities comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

14. Commentary

For further explanation please refer to the Investor Presentation accompanying this preliminary final report.

15. Audited Report

The report should be read in conjunction with the attached audited financial statements for the 52 weeks ended 2 July 2017. The audit opinion is unqualified.