ADAIRS LIMITED

ABN 50 147 375 451

INTERIM FINANCIAL REPORT

FOR THE

26 WEEKS ENDED

27 December 2015

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CORPORATE INFORMATION

ABN 50 147 375 451

Directors
Michael Butler
David Maclean
Michael Cherubino
Trent Peterson
Kate Spargo
David Briskin

Company Secretary
Mark Ronan

Registered office
2 International Court
Scoresby
Victoria, 3179
Australia

Principal place of business
2 International Court
Scoresby
Victoria, 3179
Australia
Phone: 1800 990 475

Share register
Link Market Services
Locked Bag A14
Sydney South NSW 1235
Phone: 1300 554 474

Auditors
Ernst & Young

Solicitors
Herbert Smith Freehills

Bankers
Commonwealth Bank

DIRECTORS' REPORT

Your directors submit their report on the consolidated entity (referred to hereafter as "Adairs", "the Group" "Company") for the 26 weeks half year ended 27 December 2015.

DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Michael Butler
David Maclean
Michael Cherubino
Trent Peterson
Kate Spargo
David Briskin

Principal Activities

During the period, the principal continuing activities of the Company consisted of the retailing of homewares and home furnishings in Australia.

Dividends

On 26 February 2016 the Directors of Adairs Limited declared an interim dividend on ordinary shares in respect of the 27 December 2015 financials. The total amount of the dividend is $8.3m which represents a fully franked dividend of $0.05 per share. The dividend has not been provided for in the 27 December 2015 half year financial statements.

	Cents	$000
Interim dividends recommended:	0.05	8,294

Operating and Financial Review

The company has delivered a solid first half NPAT with growth from continued operations of $5.3 million up 38.4% on the last year first half result (on a pro-forma basis). Sales revenue for the first half was $117.8 million, up 21.5% on last year first half result of $97.0 million. The growth was attributed to comparable company stores growth of 15.4% and net five additional stores.

The sales increase was supported by a strong GM rate of 62.9%, up marginally (0.2%) on last year however represents a 22.0% increase in GM dollars.

Operating expenses (pro-forma) as a percentage of sales decreased 1.4% to 43.8% compared to 45.2% last year first half.

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 370C of the Corporations Act 2001 is set out on page 8.

Significant events after the reporting date

There were no changes in the state of affairs of the business during the half year ended 27 December 2015.

Indemnification of Auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Rounding

The amounts contained in the Directors' report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors.

On behalf of the Board

Michael Butler
Independent Chairman
Non-Executive Director

David MacLean
Managing Director and Chief Executive Officer

Melbourne
26 February 2016

Ernst & Young
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Independent auditor's report to the members of Adairs Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Adairs Limited, which comprises the condensed statement of financial position as at 27 December 2015, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the 26 weeks then ended, 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 for the 26 weeks ended or from time to time during the half-year.

Directors' responsibility for the 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 controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the half-year financial statements comply with International Financial Reporting Standards.

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 27 December 2015 and its performance for the 26 weeks then ended; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Adairs Limited and the entities it controlled for the 26 weeks ended, 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 have given to the directors of the company a written Auditor's Independence Declaration.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that:

a. the half-year financial report of Adairs Limited is not in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 27 December 2015 and of its performance for the 26 weeks ended on that date; and

   ii. complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

b. the half-year financial report also complies with International Financial Reporting Standards as disclosed. See format on our prior works.

Ernst & Young

Ernst & Young

Ashley Butler
Partner

Melbourne
26 February 2016

Building a better
working world

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Auditor's Independence Declaration to the Directors of Adairs Limited

As lead auditor for the review of Adairs Limited for the half-year ended 27 December 2015, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Adairs Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Ashley Butler
Partner
26 February 2016

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Adairs Limited, we state that:

In the opinion of the directors:

(a) the financial statements and notes of Adairs Limited for the 26 weeks ended 27 December 2015 are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 27 December 2015 and of its performance for the 26 weeks ended on that date; and

(ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Michael Butler
Independent Chairman
Non-Executive Director

David MacLean
Managing Director and Chief Executive Officer

Melbourne
26 February 2016

INTERIM CONSOLIDATED INCOME STATEMENT

FOR THE 26 WEEKS ENDED 27 DECEMBER 2015

	Note	26 weeks ended 27 December 2015 $'000	26 weeks ended 28 December 2014 $'000
Continuing Operations			
Revenues from sale of goods	4(a)	**117,821**	**96,975**
Cost of sales		(43,663)	(36,175)
Gross Profit		**74,158**	**60,800**
Other income	4(a)	149	473
Depreciation and amortisation expenses		(2,593)	(2,184)
Finance expenses	5(a)	(938)	(8,362)
Salaries and employee benefits expense	5(b)	(28,276)	(23,288)
Asset, property and maintenance expenses		(173)	(138)
Occupancy expenses		(15,726)	(14,117)
Advertising expenses		(2,474)	(2,316)
Other expenses from ordinary activities	5(c)	(5,036)	(4,114)
Transaction expenses		(93)	-
Profit before income tax		**18,998**	**6,754**
Income tax expense		(5,744)	(2,694)
Profit after income tax from continuing operations		**13,254**	**4,060**
Profit after tax from discontinued operations	13	-	3,709
Profit for the period		**13,254**	**7,769**
Earnings per Share			
Basic, profit for the period attributable to ordinary equity holders of the Parent	14	8 cents	22 cents
Earnings per share for continuing operations:			
Basic, profit from continuing operations attributable to ordinary equity attributable to ordinary equity holders of the Parent	14	8 cents	12 cents

INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE 26 WEEKS ENDED 27 DECEMBER 2015

	Note	26 weeks ended 27 December 2015 $'000	26 weeks ended 28 December 2014 $'000
Profit for the period		13,254	7,769
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Other comprehensive income from continuing operations			
Net movement of cash flow hedges		(361)	1,995
Income tax relating to the components of other comprehensive income		108	(598)
Other comprehensive income from discontinued operations			
Net movement of cash flow hedges		-	416
Income tax relating to the components of other comprehensive income		-	(125)
Other comprehensive income for the period, net of tax		**(253)**	**1,688**
Total comprehensive income for the period		**13,001**	**9,457**

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 27 DECEMBER 2015

	Note	27 December 2015 $'000	28 June 2015 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	7,848	9,437
Trade and other receivables		6,187	4,790
Inventories	9	29,664	23,244
Derivative financial instruments		391	753
TOTAL CURRENT ASSETS		**44,090**	**38,224**
NON CURRENT ASSETS			
Property, plant and equipment		13,912	10,944
Intangibles		101,027	101,041
Deferred tax assets		6,809	7,190
TOTAL NON CURRENT ASSETS		**121,748**	**119,175**
TOTAL ASSETS		**165,838**	**157,399**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		19,965	23,718
Interest bearing loans and borrowings	10	(121)	(121)
Current tax liabilities		5,010	6,531
Provisions		3,400	3,523
TOTAL CURRENT LIABILITIES		**28,254**	**33,651**
NON CURRENT LIABILITIES			
Deferred tax liabilities		194	326
Interest bearing loans and borrowings	10	41,860	41,800
Provisions		4,577	3,670
TOTAL NON CURRENT LIABILITIES		**46,631**	**45,796**
TOTAL LIABILITIES		**74,885**	**79,447**
NET ASSETS		**90,953**	**77,952**
EQUITY			
Contributed equity		68,349	68,349
Cash flow hedge reserves		274	527
Retained earnings		22,330	9,076
TOTAL EQUITY		**90,953**	**77,952**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 26 WEEKS ENDED 27 DECEMBER 2015

	Ordinary shares $'000	Cash flow hedge reserve $'000	Retained earnings $'000	Total $'000
At 29 June 2015	**68,349**	**527**	**9,076**	**77,952**
Profit for the period	-	-	13,254	13,254
Other comprehensive income	-	(253)	-	(253)
Total comprehensive income for the period	**-**	**(253)**	**13,254**	**13,001**
At 27 December 2015	**68,349**	**274**	**22,330**	**90,953**

	Ordinary shares $'000	Cash flow hedge reserve $'000	Retained earnings $'000	Total $'000
At 30 June 2014	**34,718**	**(1,149)**	**8,331**	**41,900**
Profit for the period	-	-	4,060	4,060
Profit from discontinued operations	-	-	3,709	3,709
Other comprehensive income	-	1,397	-	1,397
Other comprehensive income from discontinued operations	-	291	-	291
Total comprehensive income for the period	**-**	**1,688**	**7,769**	**9,457**
At 28 December 2014	**34,718**	**539**	**16,100**	**51,357**

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 26 WEEKS ENDED 27 DECEMBER 2015

	Note	26 weeks ended 27 December 2015 $'000	26 weeks ended 28 December 2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		128,282	106,403
Payments to suppliers and employees (inclusive of GST)		(109,349)	(87,956)
Interest received		22	334
Income tax paid		(6,907)	(13)
Interest paid		(885)	(17,244)
IPO Transaction costs paid		(7,205)	-
Net cash flows from operating activities		3,958	1,524
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(5,547)	(2,639)
Net cash flows used in investing activities		(5,547)	(2,639)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		-	(4,005)
Net cash flows used in financing activities		-	(4,005)
Net decrease in cash and cash equivalents		(1,589)	(5,120)
Cash and cash equivalents at beginning of the period		9,437	20,647
CASH AND CASH EQUIVALENTS AT END OF PERIOD	8	**7,848**	**15,527**

NOTE 1. CORPORATE INFORMATION

The interim condensed consolidated financial statements of Adairs Limited and its subsidiaries (collectively, the Group) for the 26 weeks ended 27 December 2015 were authorised for issue in accordance with a resolution of the directors on 26 February 2016.

Adairs Limited (the Company or the parent) is a for profit Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The Group is principally engaged in of retail operations comprising Manchester, Homewares and Home Décor market segments within Australia. The Group's principal place of business is 2 International Court, Scoresby, Australia.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The general purpose condensed financial report for the period ended 27 December 2015 has been prepared in accordance with AASB 134 "Interim Financial Reporting" and the *Corporations Act 2001*.

This financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide a full understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half year financial report be read in conjunction with the annual report for the 52 weeks ended 28 June 2015 and considered together with any public announcements made by Adairs Limited since that date in accordance with the continuous disclosure obligations of the ASX listing rules.

The financial report has also been prepared on a historical cost basis, except for derivative financial instruments which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

(b) Significant accounting policies

Apart from the changes in accounting policies noted below, the accounting policies and methods of computation are the same as those adopted in the most recent financial report.

(c) Changes in accounting policy, accounting standards and interpretations

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the 52 weeks ended 28 June 2015, except as follows:

(i) New and amended standards and interpretations

The Group has adopted all the new and amended Australian Accounting Standards and AASB Interpretations that apply for the first time from 29 June 2015, as noted below:

(a) AASB 2014-1 Part A - Amendments to Australian Accounting Standards - Annual Improvements 2010 - 2012 and 2011 - 2013 Cycle

This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle.

Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items:

- AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of *'performance condition'* and *'service condition'*

- AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137.

- AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- AASB 116 and AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts.

- AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.

(d) Basis of consolidation

The interim condensed consolidated financial reports comprise the financial statements of Adairs Limited and its subsidiaries for the 26 weeks ended 27 December 2015.

(e) Comparatives

The current reporting period 29 June 2015 to 27 December 2015 represents 26 weeks and the comparative period is 30 June 2014 to 28 December 2014, also representing 26 weeks. To conform to the current year disclosure there has been an amendment to reclassify other expenses to advertising costs for the amount of $216,000.

NOTE 3. SEGMENT REPORTING

For management purposes, the Group is organised into business units based on its various store formats, however is aggregated as one reportable segment, being home furnishings.

Operating segments are identified on the basis of internal reports to senior management about components of the Company that are regularly reviewed by the directors and senior management who have been identified as the chief operating decision makers, in order to allocate resources to the segment and to assess its performance and for which discrete financial information is available.

Information reported to the directors and senior management for the purposes of resource allocation and assessment of performance is specifically focused on core products and services offered in specific store formats, which when aggregated, forms one reportable operating segment.

The Company's store formats (operating segments) exhibit similar long-term financial performance and economic characteristics, which include:
(a) The nature of the products and services - all store formats provide home furnishings to its customer base;
(b) The nature of the production processes - all store formats utilise common design processes and source from the same or similar suppliers;
(c) The type or class of customer for their products and services - all store formats possess an interchangeable customer base;
(d) The methods used to distribute their products or provide their services - all store formats have product fulfilled from the same two DCs and methodologies; and
(e) No store format has different regulatory or consumer legislation requirements from another.

Group financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to store formats.

The Company operates in one geographical segment: Australia

NOTE 4. REVENUES

		26 weeks ended 27 December 2015 $'000	26 weeks ended 28 December 2014 $'000
(a)	**Revenue from sale of goods**		
	Sales revenue		
	Sale of Goods	117,821	96,975
	Other income		
	Rental income	-	-
	Interest income	24	334
	Other	125	139
		149	473

NOTE 5. EXPENSES

		26 weeks ended 27 December 2015 $'000	26 weeks ended 28 December 2014 $'000
(a)	**Finance expenses**		
	Interest paid/payable to banks and other financial institutions	938	2,054
	Redeemable Preference Shares interest payable/paid	-	6,274
	Unwinding of provisions	-	34
		938	8,362
(b)	**Salaries and employee benefits expense**		
	Wages and salaries	24,450	19,838
	Defined contribution superannuation expense	2,044	1,757
	Bonus/Incentives	1,782	1,693
		28,276	23,288
(c)	**Other expenses from ordinary activities**		
	Bank fees	748	634
	Professional fees	349	402
	Storage costs	190	206
	Postage and stationary	1,507	938
	Travelling expenses	339	246
	IT expenses	453	350
	Communication	359	301
	Other	1,091	1,037
		5,036	4,114

NOTE 6. DIVIDENDS PAID

No dividends were paid during the period.

The proposed interim dividend for 27 December 2015 is 5 cents per share. This has not been provided for in the financial results.

NOTE 7. IMPAIRMENT TESTING

Intangible assets – Goodwill and Brand names

After initial recognition, goodwill and indefinite-life brand names acquired in a business combination are measured at cost less any accumulated impairment losses. Goodwill and brand names are not amortised but are subject to impairment testing on an annual basis or whenever there is an indication of impairment. Goodwill and brand names were subject to a full annual impairment test as at 28 June 2015. A review of indicators of impairment relating to goodwill and brand names were performed as at 27 December 2015. As a result of this review, no indicators of impairment were identified that would require a full impairment test to be performed as at 27 December 2015. The financial statements for the 52 weeks ended 28 June 2015 detail the most recent annual impairment tests undertaken for both brand names and goodwill. The Group's impairment tests for goodwill and brand names are based on value in use calculations. The key assumptions used to determine the recoverable amounts for the cash-generating units to which brand names and goodwill relate, are disclosed in the annual financial statements.

Property, plant and equipment

A review of indicators of impairment relating to Property, plant and equipment were performed as at 27 December 2015. As a result of this review, no indicators of impairment were identified that would require a full impairment test to be performed as at 27 December 2015.

NOTE 8. CASH AND CASH EQUIVALENTS

	27 December 2015 $'000	28 June 2015 $'000
Cash at bank	7,749	9,351
Cash on hand	99	86
	7,848	9,437

NOTE 9. INVENTORIES

During 27 December 2015, $43,000 (28 June 2015: $146,000) was recognized as an expense for inventories carried at net realisable value. This is recognized in cost of sales.

NOTE 10. INTEREST-BEARING LOANS AND BORROWINGS

	Interest rate %	Maturity	27 December 2015 $'000	28 June 2015 $'000
Current				
Capitalised borrowing cost			(121)	(121)
Total current			(121)	(121)
Non-current				
Bank Loan - Facility A	BBSW +2.05	01/07/2018	42,000	42,000
Capitalised borrowing cost			(140)	(200)
Total non-current			41,860	41,800
Current			(121)	(121)
Non-current			41,860	41,800
Total interest-bearing loans and borrowings			41,739	41,679

NOTE 10. INTEREST-BEARING LOANS AND BORROWINGS (continued)

	27 December 2015 $'000	28 June 2015 $'000
(a) Financing facilities available		
At reporting date, the following non-shareholder financing facilities had been negotiated with the bank and were available:		
Facilities available at reporting date:	49,750	54,660
Facilities used at reporting date:	(42,000)	(42,000)
Facilities unused at reporting date:	7,750	12,660

NOTE 11. COMMITMENTS AND CONTINGENCIES

	27 December 2015 $'000	28 June 2015 $'000
Leases		
Non-cancellable operating lease commitments not provided for in the accounts		
- not later than one year	23,209	19,664
- later than one year and not later than five years	54,024	40,120
- later than five years	3,897	4,036
	81,130	63,820

The Group has entered into operating leases for rental of shop premises and distribution centres. These leases have an average life of between 3 and 7 years with renewal options included in the contracts. There are no restrictions placed upon the lessee by entering lease agreement.

NOTE 12. DERIVATIVE FINANCIAL INSTRUMENTS

Forward currency contracts - cash flow hedges

The Group buys inventories that are purchased in US Dollars. In order to protect against exchange rate movements and to manage the inventory purchases process, the Group has entered into forward exchange contracts to purchase USD. These contracts are hedging committed purchases and they are timed to mature when payments are scheduled to be made. These derivatives have met the requirements to qualify for hedge accounting with movements recorded in other comprehensive income accordingly.

Fair value of financial assets and liabilities

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The fair value of forward currency contracts are measured at fair value using the Level 2 method.

Forward currency contracts are measured based on observable spot exchange rates, the yield curves of the US Dollars as well as the currency basis spread between the currencies.

NOTE 13. DISCONTINUED OPERATIONS

In October 2014, the board and shareholders decided to review the potential divestment of dusk Australasia Pty Ltd, and related refinancing of the Group. dusk Australasia and its subsidiaries had no operational integration or shared tangible assets with other members of the Group, and accordingly the divestment was a financial transaction and had no operational implications for continuing operations. As a result of this review, the divestment of dusk was completed on 23 February 2015 and as at 28 June 2015 its operations were classified as discontinued. The results of dusk Australasia Pty Ltd for the six months ended are presented below:

The results for dusk Australasia Pty Ltd to 28 December 2014 are presented below:

	28 Dec 2014 $'000
Revenue	41,631
Expenses	(36,323)
Operating income	***5,308***
Finance costs	(11)
Profit before tax from discontinued operations	***5,297***
Income tax expense	(1,588)
Profit after tax from discontinued operations	**3,709**

The major classes of assets and liabilities of dusk Australasia Pty Ltd classified as held for distribution to equity holders of the Parent as at 28 December 2014 are as follows:

	28 Dec 2014 $'000
Assets	
Cash and short term deposits	11,437
Debtors	1,011
Inventories	9,112
Property, plant and equipment	5,904
Deferred tax assets	1,551
Derivative Financial Instruments	256
Intangible Assets	11,689
Total Assets held for distribution	**40,960**
Liabilities	
Trade and other Payables	7,640
Provisions	3,007
Deferred Tax Liabilities	125
Total Liabilities held for distribution	**10,772**
Included in Other Comprehensive Income	
Available for sale reserve	416
Deferred tax on available for sale reserve	(125)
Reserve of discontinued operations	**291**

The net cash flows incurred by Dusk Australasia Pty Ltd are as follows:

Operating	9,650
Investing	(1,893)
Financing	-
Net Cash inflow	**7,757**

NOTE 14. EARNINGS PER SHARE

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the period.

No dilutive equity instruments are on issue as at 27 December 2015 (2014: nil). As a result, dilutive EPS equals basic EPS.

The following reflects the income and share data used in the basic and diluted EPS computations:

	26 weeks ended 27 December 2015 $'000	26 weeks ended 28 December 2014 $'000
Profit attributable to ordinary equity holders of the Parent:		
Continuing operations	13,254	4,060
Discontinued operations	-	3,709
Profit attributable to ordinary equity holders of the Parent for basic earnings	**13,254**	**7,769**
Interest on convertible preference shares	-	6,274
Profit attributable to ordinary equity holders of the Parent adjusted for the effect of dilution	**13,254**	**14,043**

	27 December 2015 '000	28 December 2014 '000
Weighted average number of ordinary shares for basic EPS[1]	165,875	34,718

[1]The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

To calculate the EPS amounts for discontinued operations (Note 13), the weighted average number of ordinary shares for both basic and diluted EPS is as per the table above. The following table provides the profit/(loss) amount used:

	26 weeks ended 27 December 2015 $'000	26 weeks ended 28 December 2014 $'000
Profit/(loss) attributable to ordinary equity holders of the Parent from a discontinued operations for basic and diluted EPS calculations	-	3,709

NOTE 15. EVENTS AFTER THE BALANCE SHEET DATE

No matters or circumstances have arisen since the balance date which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in the future financial period.