



Adairs Limited

Appendix 4E

Preliminary final report

53 weeks ending 3 July 2016

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

Current Period: 29 June 2015 to 3 July 2016 (53 weeks)
Prior corresponding period: 30 June 2014 to 28 June 2015 (52 weeks)

2. Results for announcement to the market

Comparison to previous corresponding period	Increase/(Decrease)	Change %	\$'000
Revenue from continuing operations	Increase	20.06%	253,182
Profit after tax from continuing operations attributable to members	Increase	823.59%	27,172
Net profit after tax for the period attributable to members	Increase	3,547.25%	27,172

Dividends/distributions	Amount per ordinary share	Franked Amount per ordinary share
2016 Interim dividend	5 cents	5 cents
2016 Final dividend (resolved, not yet provided for at 3 July 2016)	6.5 cents	6.5 cents

Record date for determining entitlements to the dividend:	14th September 2016
Payment date of Final dividend	28th September 2016

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 Adairs corporate and capital structure following the divestment of Dusk, refinancing of the Company's debt facilities and the costs associated with the IPO as disclosed in the Company's prospectus dated 29th May 2015. 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 and can be directly compared to the forecasts given in the Prospectus. Non-IFRS financial measures contained within this report are not subject to audit or review.

Statutory Continuing Operations	2016 \$'000	2015 \$'000
Profit/ (Loss) after income tax from continuing operations	27,172	2,942
Add back:		
Finance expenses	2,006	14,267
Interest revenue	(81)	(446)
Income tax (benefit)/expense	11,651	1,675
EBIT from continuing operations ⁽¹⁾	<u>40,748</u>	<u>18,438</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 from continuing operations to the pro-forma result for FY2016 and FY2015. This illustrates the full year results from continuing operations had the operating structure that is in place following completion of the IPO, been in place since 1 July 2014. Additionally, as FY16 included a 53rd week we have pro-forma the EBIT effect of this week in order to illustrate a like for like comparison.

	Consolidated 2016 \$'000	2015 \$'000
EBIT from continuing operations	40,748	18,438
Add Transaction Costs	101	14,727
Less Other Operating adjustments	-	(28)
Less 53 week EBIT	(1,618)	-
Pro-forma EBIT	<u>39,231</u>	<u>33,137</u>

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

The table below details the pro forma 2016 results compared to the pro forma 2015 results from continuing operations:

	2016 \$'000	2015 \$'000	% Change
Revenue	247,426	210,878	+17.33%
Gross Profit	151,015	130,698	+15.55%
Earnings Before Interest and Tax ("EBIT")	39,231	33,137	+18.39%

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 53 weeks ended 3 July 2016.

4. Balance Sheet

Please refer to the attached financial statements for the 53 weeks ended 3 July 2016.

5. Cash Flow Statement

Please refer to the attached financial statements for the 53 weeks ended 3 July 2016.

6. Dividend Details

Please refer to note 23 of the attached financial statements for details of dividends paid in the financial year ended 3 July 2016.

7. Dividend or distribution reinvestment plan details

Not applicable

8. Statement of Changes in Equity

Please refer to the attached financial statements for the 53 weeks ended 3 July 2016.

9. Net tangible asset backing per ordinary security as at 3 July 2016

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	-\$0.03	-\$0.15

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 53 weeks ended 3 July 2016. The audit opinion is unqualified.