



25 March 2011

**Premier announces Net Profit After Tax of \$39.4 million**

**Directors declare a fully franked dividend of 18 cents per share**

**Mark McInnes appointed to lead Premier's retail businesses**

- **Consolidated net profit after tax (NPAT) of \$39.4 million**
- **Just Group sales flat at 458.4 million<sup>1</sup> and EBITA of \$52.5 million in challenging trading conditions**
- **Just Group Gross Margin increased 260 bps**
- **Directors reaffirm confidence in Premier's businesses, declaring a fully franked 18 cent per share interim dividend**
- **Premier maintains strong cash position**
- **International expansion of Smiggle**
- **Mark McInnes appointed as CEO of Premier Retail from 4 April 2011**

## **Profit Results**

Premier Investments Limited ("Premier") today reported \$39.4 million NPAT for the 26 weeks ended 29 January 2011.

The result was significantly impacted by a disappointing result from Just Group, which contributed EBITA of \$52.5 million.

Just Group's sales were \$458.4 million – flat when compared to the same 26 week period for FY2010 and down 3% on the 27 weeks ended 30 January 2010. Gross margin improved by 260bps to 62.0% despite heavy discounts in the market.

The disappointing sales performance reflects a very challenging retail environment, characterised by weaker apparel industry sales and extensive discounting. The environment worsened towards the end of Q2 with the Queensland and Victorian floods impacting consumer sentiment and retail spending, and causing numerous store closures (80 stores were closed at the height of the crisis).

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<sup>1</sup> When compared to the same 26 week period for FY2010

Within that environment, Premier's unisex brands, Just Jeans and Jay Jays were most affected. In womenswear, the Portmans turnaround progressed well in the face of the challenging environment with sales up 5.3%<sup>2</sup> on the back of a more fashionable range and improved visual merchandising. Jacquie's profit performance improved, but Dotti had a disappointing season, after growing strongly for a number of years.

Peter Alexander and Smiggle delivered the strongest performance of the group's brands, and Premier will continue to invest in their growth.

Outside Just Group, Premier's earnings improved strongly with higher interest on its cash reserves and improved dividends from its investment in Breville Group.

Overall, Premier remains confident in its capacity to manage through the current retail downturn.

### **Smiggle international expansion**

During the half, considerable work was undertaken on the international expansion of one of Premier's strongest performing brands, Smiggle.

After significant market testing and analysis, Premier believes that the brand will resonate strongly in a number of markets.

Smiggle's first store in Singapore will be launched in April/May. Up to 5 stores are expected to open in Singapore within 6 months. Premier is also in the process of evaluating other markets that Smiggle may enter.

### **Interim dividend**

The Directors have declared an interim fully franked interim dividend of 18 cents per share.

The interim dividend will be payable on 6 May 2011. The dividend will be 100% franked. The record date will be 15 April 2011.

Premier continues to focus on managing its capital in the best interests of its shareholders. Any future decisions will take into account this objective.

### **Appointment of CEO Premier Retail**

Premier today also announces the appointment of Mark McInnes to the role of Chief Executive Officer Premier Retail.

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<sup>2</sup> When 1H2010 sales are adjusted to reflect a 26 week half.

Commenting on Mr McInnes' appointment, Premier's Chairman Mr. Solomon Lew said *"We are pleased to bring Mark into the Premier team and I am very much looking forward to working with him both to improve the performance of Just Group, Australia's largest specialty retailer and to grow Premier's retail assets.*

*Mark is one of Australia's most successful retailers and was responsible for transforming David Jones and creating substantial shareholder value. The Premier Board is confident that Mark is the right person to take Premier and Just Group to the next level of performance and growth which will be great for our shareholders and staff".*

Mr McInnes was formerly CEO of David Jones and has almost 30 years of retail experience spanning roles in leadership and management, marketing, sales, buying, merchandising and inventory. He has held senior positions within David Jones, Coles Myer and Black & Decker. He has an MBA from Melbourne University.

Further details regarding Mr McInnes employment contract are appended.

Mr Jason Murray will cease his employment with Just Group today. The Board expresses its appreciation for his contribution and wishes him well for the future.

## **Future Growth and Outlook**

Like other Australian and New Zealand retailers, Premier is operating in an extremely challenging retail and macro-economic environment. As noted, this environment deteriorated through Q2 and there are no current signs of improvement in Q3.

The unprecedented series of natural disasters in Australia, New Zealand and now Japan has impacted consumer sentiment. The Australian political environment is dominated by discussions about cost of living increases, with consumers uncertain as to their spending power. Retailers are also facing significant cost pressures, including dramatic increases in cotton prices. Most recently, the developments in Libya are further dampening consumer sentiment and may translate to significant petrol price increases.

These new challenges have compounded those identified at the time of our full year results and AGM (such as interest rate increases). Accordingly, Premier now expects that Just Group EBITA for FY2011 will be in the range of \$80 million to \$85 million.

Beyond FY2011, Premier remains confident that its retail businesses can produce strong earnings for shareholders under the new leadership of Mr McInnes, including through

- Improvements in all brands with a renewed focus on retail fundamentals

- Investment in online platforms
- Continuing the improvements in Portmans
- International expansion of Smiggle
- Taking advantage of opportunities that may arise in the current retail environment to use Premier's substantial cash reserves

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**Mark McInnes**  
**Summary of Employment Terms and Conditions**

**The key terms and conditions of Mr McInnes' remuneration and contractual entitlements are:**

Mr McInnes will be appointed Chief Executive Officer, Retail of Premier Investments Limited on 4 April 2011. Mr McInnes will relocate to Melbourne to take up the role, which will oversee the growth of Premier Investments retail portfolio and have direct responsibility for the Just Group.

The Chief Executive Officer, Retail remuneration package comprises of fixed annual remuneration of \$2 million per annum.

Mr McInnes will also be eligible to participate in the company's short term incentive plan from the date of appointment. This plan provides for a maximum cash bonus of up to \$2 million per annum, in each of the first three full financial years of the employment, provided performance targets are met.

Mr McInnes will acquire performance rights under the company's long term incentive plan. Mr McInnes will receive rights on commencement equivalent to approximately \$1.2 million per year (depending on share price at the time of testing) in respect of each of the first three years of the employment. While rights for the first three years will be issued on commencement of employment they will be tested for vesting in three annual tranches, at the conclusion of three, four and five years' service respectively.

The company's long term incentive plan reinforces the alignment between shareholder interests and Mr McInnes' remuneration as the rights granted will only vest upon achievement of growth in the company's total shareholder return (**TSR**) relative to comparator companies in the S&P/ASX200 Industrials index (excluding overseas and resources companies) over periods of three, four and five years for each of three tranches respectively. In addition to the TSR performance hurdle, the rights only vest if the percentage growth achieved from an investment in Premier's shares over the relevant testing period is positive (assuming all dividends are reinvested).

The Company must provide 12 months' notice of termination of the employment. However, consistent with all executive contracts, the Company may end the employment immediately in the event of serious misconduct or circumstances which warrant summary dismissal at law.

Mr McInnes must ordinarily provide six months' notice of termination in the first 12 months of employment, and 12 months' notice thereafter.

# Appendix 4D

## Half yearly report

Period ending on the 29 January 2011

### 1. Name of entity

<b>PREMIER INVESTMENTS LIMITED</b> <b>ABN 64 006 727 966</b>
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### 2. Results for announcement to the market

*Extracts from this report for announcement to the market (see note 1).*

\$A'000

2.1 Revenues from ordinary activities	down	1.9%	to	474,781	
2.2 Profit from ordinary activities after tax attributable to members	down	7.1%	to	39,430	
2.3 Net profit for the period attributable to members	down	7.1%	to	39,430	
<b>2.4 Dividends (distributions)</b>	<b>Amount per security</b>	<b>Franked amount per security</b>			
Interim dividend	18.0 cents	18 .0 cents			
Previous corresponding period	38.0 cents	38.0 cents			
2.5 Record date for determining entitlements to the dividend	<table border="1"><tr><td>15 APRIL 2011</td></tr></table>				15 APRIL 2011
15 APRIL 2011					
2.6 Brief explanation of any of the figures reported above necessary to enable the figures to be understood	<p>The current reporting period is for the 26 weeks beginning 1 August 2010 and ending 29 January 2011, whereas the comparative amounts reflect the 27 weeks 29 July 2009 to 30 January 2010. For further explanation please refer to the investor's presentation release accompanying this half year report.</p>				

**If this is a half yearly report it is to be read in conjunction with the most recent annual financial report.**

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<b>3. NTA backing</b>	Current period	Previous corresponding Period
Net tangible asset backing per <sup>+</sup> ordinary security	\$2.42	\$2.19

**4. Control gained over entities having material effect**

Name of entity (or group of entities) NOT APPLICABLE

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was <sup>+</sup> acquired	
Date from which such profit has been calculated	
Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	

**Loss of control of entities having material effect**

Name of entity (or group of entities) Not Applicable

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	\$
Date to which the profit (loss) in item 14.2 has been calculated	
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	\$
Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	\$

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**5. Dividends (in the case of a trust, distributions)**

Date the dividend (distribution) is payable

6 MAY 2011

<sup>+</sup>Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if <sup>+</sup>securities are not <sup>+</sup>CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if <sup>+</sup>securities are <sup>+</sup>CHESS approved)

15 APRIL 2011

**Amount per security**

	Amount per security	Franked amount per security at % tax (see note 4)	Amount per security of foreign source dividend
<b>Interim dividend:</b> Current year	18.0 cents	18.0 cents	Nil
Previous year	38.0 cents	38.0 cents	Nil

**Half yearly report - interim dividend (distribution) on all securities**

	Current period \$A'000	Previous corresponding period - \$A'000
<sup>+</sup> Ordinary securities ( <i>each class separately</i> )	27,906	57,293
Preference <sup>+</sup> securities ( <i>each class separately</i> )	-	-
Other equity instruments ( <i>each class separately</i> )	-	-
<b>Total</b>	<b>27,906</b>	<b>57,293</b>

**6. The <sup>+</sup>dividend or distribution plans shown below are in operation.**

NOT APPLICABLE

The last date(s) for receipt of election notices for the <sup>+</sup>dividend or distribution plans

NOT APPLICABLE

Any other disclosures in relation to dividends (distributions). (*For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting*)

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

<b>Group's share of associates' and joint venture entities':</b>	Current period \$A'000	Previous corresponding period - \$A'000
Profit (loss) from ordinary activities before tax	1,315	495
Income tax on ordinary activities	-	-
<b>Profit (loss) from ordinary activities after tax</b>	1,315	495
Extraordinary items net of tax	-	-
<b>Net profit (loss)</b>	1,315	495
Adjustments	-	-
<b>Share of net profit (loss) of associates and joint venture entities</b>	1,315	495

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**8. Foreign Entities – accounting standards used in compiling the report**

Not applicable

**9. Description of audit dispute or qualification**

Not applicable

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**PREMIER INVESTMENTS LIMITED**  
ABN 64 006 727 966  
**AND CONTROLLED ENTITIES**

**CONDENSED HALF-YEAR REPORT**  
**FOR THE PERIOD 1 AUGUST 2010 TO**  
**29 JANUARY 2011**

This half-year report is to be read in  
conjunction with the financial report  
for the year ended 31 July 2010

**PREMIER INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

**CONDENSED FINANCIAL REPORT  
FOR THE PERIOD ENDED  
29 January 2011**

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## Corporate information

This half year report covers the consolidated entity comprising Premier Investments Limited and its subsidiaries (the Group).

A description of the Group's operations and its principal activities is included in the review of results and operations and principal activities in the directors' report. The directors' report is unaudited and does not form part of the financial report.

### Directors

Solomon Lew	Chairman and Non-executive director
Frank Jones	Deputy Chairman and Non-executive director
Timothy Antonie	Non-executive director
David Crean	Non-executive director
Lindsay Fox	Non-executive director
Henry Lanzer	Non-executive director
Michael McLeod	Non-executive director
Gary Weiss	Non-executive director

### Company Secretary

Kim Davis

### Registered office and principal place of business

101 Collins Street  
Level 53  
Melbourne Victoria 3000  
Telephone: (03) 9650 6500  
Facsimile: (03) 9654 6665

### Company website

[www.premierinvestments.com.au](http://www.premierinvestments.com.au)

### Company email

[info@premierinvestments.com.au](mailto:info@premierinvestments.com.au)

### Share register

Computershare Investor Services Pty. Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford Victoria 3067  
Enquiries within Australia: 1300 850 505  
Enquiries outside Australia: (+61 3) 9415 5000  
Website: [www.computershare.com.au](http://www.computershare.com.au)

### Auditors

Ernst & Young  
8 Exhibition Street  
Melbourne Victoria 3000

### Solicitors

Arnold Bloch Leibler  
Level 21  
333 Collins Street  
Melbourne Victoria 3000

## Directors' Report

The directors present their report together with the condensed financial report of the consolidated entity consisting of Premier Investments Limited and the entities it controlled, for the period 1 August 2010 to 29 January 2011 and independent review report thereon.

### Directors

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

Solomon Lew	Chairman
Frank Jones	Deputy Chairman
Timothy Antonie	Non-executive director
David Crean	Non-executive director
Lindsay Fox	Non-executive director
Henry Lanzer	Non-executive director
Michael McLeod	Non-executive director
Gary Weiss	Non-executive director

### Earnings per Share

	26 WEEKS ENDED 29 JANUARY 2011 CENTS	27 WEEKS ENDED 30 JANUARY 2010 CENTS
Basic earnings per share	25.43	28.53
Diluted earnings per share	25.43	28.53

### Dividends

During the half year the following fully franked dividend was paid and declared:  
2010 Final Dividend 28 cents per share paid 9 November 2010

The directors have recommended the following fully franked dividend:  
2011 Interim Dividend 18 cents per share payable 6 May 2011.

### Operating and financial review

Net profit after income tax for the half-year ended 29 January 2011 was \$39.4 million (2010 half-year: \$42.4 million). The 7.1% decrease in comparable net profit after income tax resulted from the net impact of an improvement in the investment segment offset by a decrease in the profit for the operating retail segment (Just Group Limited).

The operating retail segment reported a 14.6% decrease in profit before income tax reflecting tougher trading conditions in the retail industry and higher interest rates. First half 2010 was a 27 week half whereas first half 2011 was a 26 week period. The additional week in the prior year contributed approximately \$2.4 million of additional EBITA. In July, 2010 the estimated useful lives of fixed assets were revised resulting in a reduction in depreciation expenses. The effect of this change to depreciable lives is to reduce the depreciation expense for the first half 2011 of approximately \$2.4 million.

The investment segment (excluding the inter-group dividend) reported a 17.5% increase in profit before tax.

## **Directors' Report (continued)**

### **Rounding**

The amounts contained in this report and in the financial report have been rounded to the nearest \$'000 (unless otherwise stated) under the option available to the Company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

### **Significant events after the balance date**

On the 24th March 2011 the directors declared an interim ordinary dividend of 18 cents per share fully franked.

The Christchurch earthquake on 22 February 2011 has resulted in damage to and the temporary closure of a number of stores in the region. At the date of this report the financial impact of this event is not yet quantifiable, however all stores and sites are insured and initial indicators are that amounts/losses would be immaterial.

At the date of this report the directors are not aware of any matters or circumstances since 29 January 2011, other than disclosed above, that has significantly affected or may affect the financial statements.

### **Auditors' independence declaration**

Attached on page 19 is a copy of the auditors' declaration provided under section 307C of the Corporations Act 2001 in relation to the review of the half year report for the period 1 August 2010 to 29 January 2011. This auditors' declaration forms part of this directors' report.

Signed in accordance with a resolution of the Board of Directors.

A handwritten signature in blue ink, appearing to read 'S Lew.', is positioned above the printed name of the Chairman.

Solomon Lew  
Chairman  
24<sup>th</sup> March 2011

**Statement of Comprehensive Income  
For the Period 1 August 2010 to 29 January 2011**

CONSOLIDATED			
	NOTES	26 WEEKS ENDED 29 JANUARY 2011 \$'000	27 WEEKS ENDED 30 JANUARY 2010 \$'000
<b>Continuing operations</b>			
Sale of goods	4	464,341	476,417
Other revenue	4	10,440	7,574
<b>Total Revenue</b>		<b>474,781</b>	<b>483,991</b>
Other income	4	3,051	3,685
<b>Total Income</b>		<b>477,832</b>	<b>487,676</b>
Changes in inventories of finished goods, work in progress and raw materials used		(180,135)	(195,625)
Employee expenses		(103,980)	(100,659)
Operating lease rental expense		(88,611)	(82,057)
Depreciation, impairment and amortisation	5	(10,761)	(13,036)
Advertising and direct marketing		(7,063)	(5,975)
Finance costs	5	(4,556)	(3,959)
Other expenses		(27,849)	(25,599)
<b>Total expenses</b>		<b>(422,955)</b>	<b>(426,910)</b>
Share of profit of an associate		1,315	495
Profit from continuing operations before income tax		56,192	61,261
Income tax expense	6	(16,762)	(18,820)
<b>Net profit for the period attributable to owners</b>		<b>39,430</b>	<b>42,441</b>
<b>Other comprehensive income</b>			
Net fair value gains on available-for-sale financial assets		36,129	23,009
Cash flow hedges		(7,464)	(324)
Foreign currency translation		(105)	386
Income tax on items of other comprehensive income		(8,540)	(5,483)
Other comprehensive income for the period, net of tax		20,020	17,588
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS</b>		<b>59,450</b>	<b>60,029</b>
<b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the parent:</b>			
Basic earnings per share (cents per share)		25.43	28.53
Diluted earnings per share (cents per share)		25.43	28.53

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**Statement of Financial Position  
As at 29 January 2011**

CONSOLIDATED

	NOTES	29 JANUARY 2011 \$'000	31 JULY 2010 \$'000
<b>Current assets</b>			
Cash and cash equivalents		301,281	316,644
Trade and other receivables		7,823	8,303
Inventories		72,754	71,739
Derivative financial instruments		-	1,433
Income tax receivable		-	5,047
Other current assets		3,103	3,550
<b>Total current assets</b>		<b>384,961</b>	<b>406,716</b>
<b>Non-current assets</b>			
Trade and other receivables		2,435	2,632
Available-for-sale financial assets		108,896	72,767
Plant and equipment		91,486	91,210
Intangible assets		854,310	854,173
Deferred tax assets		14,464	14,412
Investment in an associate		1,867	799
Derivative financial instruments		-	92
<b>Total non-current assets</b>		<b>1,073,458</b>	<b>1,036,085</b>
<b>TOTAL ASSETS</b>		<b>1,458,419</b>	<b>1,442,801</b>
<b>Current liabilities</b>			
Trade and other payables		49,878	54,412
Interest bearing liabilities		134	155
Derivative financial instruments		7,819	772
Income tax payable		3,229	-
Provisions		14,951	15,639
Other		6,463	24,367
<b>Total current liabilities</b>		<b>82,474</b>	<b>95,345</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities		103,167	100,542
Deferred tax liabilities		30,456	18,924
Provisions		1,180	1,188
Derivative financial instruments		-	4
Other		12,357	14,303
<b>Total non-current liabilities</b>		<b>147,160</b>	<b>134,961</b>
<b>TOTAL LIABILITIES</b>		<b>229,634</b>	<b>230,306</b>
<b>NET ASSETS</b>		<b>1,228,785</b>	<b>1,212,495</b>
<b>EQUITY</b>			
Contributed equity	12	608,615	608,615
Reserves		47,801	27,533
Retained earnings		572,369	576,347
<b>TOTAL EQUITY</b>		<b>1,228,785</b>	<b>1,212,495</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes

**Statement of Cash Flows**  
**For the Period 1 August 2010 to 29 January 2011**

CONSOLIDATED		
	26 WEEKS ENDED 29 JANUARY 2011 \$'000	27 WEEKS ENDED 30 JANUARY 2010 \$'000
	NOTES	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers (inclusive of GST)	516,259	524,817
Payment to suppliers and employees (inclusive of GST)	(458,674)	(456,354)
Income taxes paid	(5,350)	(11,692)
Interest received	7,021	6,440
Dividends received	1,675	484
Borrowing costs paid	(4,104)	(3,482)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>56,827</b>	<b>60,213</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of plant and equipment	-	84
Payment for settlement of Smiggle deferred payable	(18,397)	-
Payment for plant and equipment and leasehold premiums	(13,122)	(16,734)
Payment for trademarks	(162)	(162)
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(31,681)</b>	<b>(16,812)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Equity dividends paid	(43,408)	(26,459)
Proceeds from borrowings	40,500	20,000
Repayment of borrowings	(37,500)	(40,000)
Transaction costs on issue of shares	-	(100)
Payment of finance lease liabilities	(101)	(101)
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>	<b>(40,509)</b>	<b>(46,660)</b>
<b>NET DECREASE IN CASH HELD</b>	<b>(15,363)</b>	<b>(3,259)</b>
Cash at the beginning of the financial period	316,644	328,494
<b>CASH AT THE END OF THE FINANCIAL PERIOD</b>	<b>301,281</b>	<b>325,235</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

**Statement of Changes in Equity**  
**For the period 1 August 2010 to 29 January 2011**

CONSOLIDATED								
	CONTRIBUTED EQUITY \$'000	CAPITAL PROFITS RESERVE \$'000	PERFORMANCE RIGHTS RESERVE \$'000	CASH FLOW HEDGE RESERVE \$'000	FOREIGN CURRENCY TRANSLATION RESERVE \$'000	FAIR VALUE RESERVE \$'000	RETAINED PROFITS \$'000	TOTAL \$'000
<b>At 1 August 2010</b>	608,615	464	211	(139)	228	26,769	576,347	1,212,495
Net profit for the period	-	-	-	-	-	-	39,430	39,430
Other comprehensive income	-	-	-	(5,225)	(105)	25,350	-	20,020
<b>Total comprehensive income for the half-year</b>	-	-	-	(5,225)	(105)	25,350	39,430	59,450
<b>Transactions with owners in their capacity as owners</b>								
Performance rights issue	-	-	248	-	-	-	-	248
Dividends Paid	-	-	-	-	-	-	(43,408)	(43,408)
<b>Balance as at 29 January 2011</b>	608,615	464	459	(5,364)	123	52,119	572,369	1,228,785
<b>At 26 July 2009</b>	549,208	464	22	(1,552)	11	(4,001)	609,875	1,154,027
Net profit for the period	-	-	-	-	-	-	42,441	42,441
Other comprehensive income	-	-	-	(227)	386	17,429	-	17,588
<b>Total comprehensive income for the half-year</b>	-	-	-	(227)	386	17,429	42,441	60,029
<b>Transactions with owners in their capacity as owners</b>								
Shares issued under dividend reinvestment plan	29,295	-	-	-	-	-	-	29,295
Performance rights issue	-	-	166	-	-	-	-	166
Dividends Paid	-	-	-	-	-	-	(55,855)	(55,855)
<b>Balance as at 30 January 2010</b>	578,503	464	188	(1,779)	397	13,428	596,461	1,187,662

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**Notes to the Financial Statements**  
**For the period ended 29 January 2011**

**1. Corporate Information**

The consolidated condensed financial report of Premier Investments Limited for the period ended 29 January 2011 was authorised for issue in accordance with a resolution of the directors on 24 March 2011. Premier Investments Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange (ASX).

**2. Basis of preparation and accounting policies**

*i. Basis of preparation*

The general purpose condensed financial report for the period ended 29 January 2011 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 as full an 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 period ended 31 July 2010 and considered together with any public announcements made by Premier Investments Limited during the period ended 29 January 2011 in accordance with the continuous disclosure obligations of the ASX listing rules.

The financial report has been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale investments, which have been measured at fair value.

The amounts contained in this report have been rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

*ii. 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.

*iii. Changes in accounting policy*

The following amending Standards have been adopted from 1 August 2010. Adoption of these Standards did not have any effect on the financial position or performance of the Group:

- AASB 5 Non-current Assets Held for Sale and Discontinued Operations: Clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in AASB 5. The disclosure requirements of other Accounting Standards only apply if specifically required for such non-current assets or discontinued operations.
- AASB 107 Statement of Cash Flows: States that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities.
- AASB 136 Impairment of Assets: The amendment clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in AASB 8 before aggregation for reporting purposes. The amendment has no impact on the Group as the annual impairment test is performed before aggregation.
- AASB Interpretation 17 Distribution of Non-cash Assets to Owners: This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation has no effect on either the financial position or the performance of the Group.

The Group has not elected to early adopt any new Standards or amendments issued but not yet effective.

**Notes to the Financial Statements**  
**For the period ended 29 January 2011**

**2. Basis of preparation and accounting policies (continued)**

*iv. Basis of consolidation*

The consolidated financial reports comprise the financial statements of Premier Investments Limited and its subsidiaries as at 29 January 2011.

*v. Comparatives*

The current reporting period 1 August 2010 to 29 January 2011 represents 26 weeks and the comparative period is 26 July 2009 to 30 January 2010 representing 27 weeks.

**3. Seasonality of operations**

The financial performance of the consolidated entity is exposed to seasonality in the volume of sales; such that the company's financial performance is historically weighted in favour of the period to 29 January. This seasonality is a reflection of the additional retail sales generated during the Christmas trading period each year.

	CONSOLIDATED	
	26 WEEKS ENDED 29 JANUARY 2011 \$'000	27 WEEKS ENDED 30 JANUARY 2010 \$'000

**4 Revenue**

*REVENUE*

Revenue from sale of goods	458,385	472,693
Revenue from sale of goods to associate	5,956	3,724
<b>Total revenue from sale of goods</b>	<b>464,341</b>	<b>476,417</b>

*OTHER REVENUE*

Membership program fees	201	349
Dividends received – other persons	1,675	484

*Interest*

Other persons	8,443	6,604
Associate	121	137
<b>Total Interest</b>	<b>8,564</b>	<b>6,741</b>

<b>TOTAL OTHER REVENUE</b>	<b>10,440</b>	<b>7,574</b>
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<b>TOTAL REVENUE</b>	<b>474,781</b>	<b>483,991</b>
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*OTHER INCOME*

Amortisation of deferred income	2,568	2,914
Other	483	771

<b>TOTAL OTHER INCOME</b>	<b>3,051</b>	<b>3,685</b>
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<b>TOTAL INCOME</b>	<b>477,832</b>	<b>487,676</b>
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**Notes to the Financial Statements**  
**For the period ended 29 January 2011**

	CONSOLIDATED		
	NOTES	26 WEEKS ENDED 29 JANUARY 2011 \$'000	27 WEEKS ENDED 30 JANUARY 2010 \$'000
<b>5 Expenses</b>			
<b>DEPRECIATION AND IMPAIRMENT OF NON-CURRENT ASSETS</b>			
Depreciation of plant and equipment	8	10,093	12,367
Depreciation of plant and equipment under lease		79	79
Impairment of plant and equipment	11	566	518
<b>TOTAL DEPRECIATION AND IMPAIRMENT OF NON-CURRENT ASSETS</b>		<b>10,738</b>	<b>12,964</b>
<b>AMORTISATION OF NON-CURRENT ASSETS</b>			
Amortisation of leasehold premiums		23	72
<b>TOTAL AMORTISATION OF NON-CURRENT ASSETS</b>		<b>23</b>	<b>72</b>
<b>TOTAL DEPRECIATION, IMPAIRMENT AND AMORTISATION</b>		<b>10,761</b>	<b>13,036</b>
<b>FINANCE COSTS EXPENSED</b>			
Finance charges on capitalised leases		28	36
Interest charges on bank loans and overdraft		4,528	3,600
Provision for discount adjustments on deferred acquisition purchase price		-	323
<b>TOTAL FINANCE COSTS</b>		<b>4,556</b>	<b>3,959</b>
<b>OTHER EXPENSES</b>			
Foreign exchange losses		21	73
Unrealised foreign exchange loss – loan to associate		196	164
Unrealised foreign exchange loss – investment in associate		247	9
Loss on ineffective cash flow hedge		1,106	337
Net loss on disposal of plant and equipment		461	141
<b>DISCLOSURE OF TAX EFFECTS RELATING TO EACH COMPONENT OF OTHER COMPREHENSIVE INCOME</b>			
Disclosing of tax effects relating to each component of other comprehensive income			
Available-for-sale financial assets		10,779	5,581
Loss on cash flow hedges		(2,239)	(98)
<b>INCOME TAX ON ITEMS OF OTHER COMPREHENSIVE INCOME</b>		<b>8,540</b>	<b>5,483</b>

**Notes to the Financial Statements**  
**For the period ended 29 January 2011**

	CONSOLIDATED	
	26 WEEKS ENDED 29 JANUARY 2011 \$'000	27 WEEKS ENDED 30 JANUARY 2010 \$'000

**6 Income Tax**

A reconciliation between tax expense and the product of accounting profit before tax multiplied by the Group's applicable income tax rate is as follows:

Accounting profit before income tax	56,192	61,261
At the Parent Entity's statutory income tax rate of 30%. (2010: 30%)	16,858	18,378
Prior year adjustments	11	458
Expenditure not allowable for income tax purposes	288	198
Income not assessable for income tax purposes	(395)	(149)
Effect of tax concessions	-	(65)
Income tax expense reported in the Statement of Comprehensive Income	16,762	18,820

**7 Segment Information**

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision maker in assessing the performance of the company and in determining the allocation of resources.

The operating segments are identified by management based on the nature of the business conducted. Discrete financial information about each of these operating businesses is reported to the chief operating decision maker on at least a monthly basis.

The reportable segments are based on aggregate operating segments determined by the similarity of the business conducted, as these are the sources of the Group's major risks and have the most effect on the rate of return.

Types of products and services

*Retail*

The retail segment represents the financial performance of a number of speciality retail fashion chains.

*Investment*

The investments segment represents investment in securities for both long-term and short-term gains and dividend income and interest. This includes available for sale financial instruments.

Accounting policies

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 1 to the accounts and in the prior periods except as detailed below:

*Income tax expense*

Income tax expense is calculated based on the segment operating net profit using the Group's effective income tax rate.

It is the Group's policy that if items of revenue and expense are not allocated to operating segments then any associated assets and liabilities are also not allocated to the segments. This is to avoid asymmetrical allocations within segments which management believe would be inconsistent.

Notes to the Financial Statements  
For the period ended 29 January 2011

7 Segment Information (continued)

The following table presents revenue and profit information for reportable segments for the period ended 29 January 2011 and 30 January 2010.

	RETAIL		INVESTMENT		ELIMINATION		TOTAL	
	29 JANUARY 2011 \$'000	30 JANUARY 2010 \$'000	29 JANUARY 2011 \$'000	30 JANUARY 2010 \$'000	29 JANUARY 2011 \$'000	30 JANUARY 2010 \$'000	29 JANUARY 2011 \$'000	30 JANUARY 2010 \$'000
<i>REVENUE</i>								
Sale of goods	464,341	476,417	-	-	-	-	464,341	476,417
Other revenue	458	696	38,950	33,453	(28,968)	(26,575)	10,440	7,574
Other income	3,051	3,685	-	-	-	-	3,051	3,685
Total Segment revenue	467,850	480,798	38,950	33,453	(28,968)	(26,575)	477,832	487,676
Total revenue per the statement of comprehensive income							477,832	487,676
Segment result	48,074	56,279	37,086	31,557	(28,968)	(26,575)	56,192	61,261
Reconciliation of segment net profit after tax to net profit before tax								
Income tax expense							(16,762)	(18,820)
Net profit after tax per the statement of comprehensive income							39,430	42,441
<i>ASSETS AND LIABILITIES</i>								
Segment assets	322,333	327,386	1,183,788	1,160,078	(47,702)	(44,663)	1,458,419	1,442,801
Segment liabilities	207,122	211,660	25,554	18,646	(3,042)	-	229,634	230,306
Capital expenditure	13,284	38,449	-	-	-	-	13,284	38,449

**Notes to the Financial Statements**  
**For the period ended 29 January 2011**

	CONSOLIDATED		
	NOTE	29 JANUARY 2011 \$'000	30 JANUARY 2010 \$'000

**8 Revision of estimates – revision of useful lives of plant and equipment**

During the 2010 financial year the estimated useful lives of in-store assets was revised. The net effect of the changes in the current half year period was a decrease in the depreciation expense of the Group of \$2.4m.

**9 Dividends paid**

a) Dividends declared and paid during the period

Final fully franked dividend for the financial year ended 31 July 2010: 28 cents per share (2010: 38 cents per share)	43,408	55,855
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b) Dividend proposed and not recognised as a liability

Interim fully franked dividend for the period ended 29 January 2011: 18 cents per share (2010: 38.0 cents per share)	27,906	57,293
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**10 Earnings Per Share**

The earnings and weighted average number of ordinary and potential ordinary shares used in the calculations of earnings per share are as follows:

Net profit after tax	39,430	42,441
	Number of shares 000	Number of shares '000
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	155,030	148,713

There have been no other conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report.

**Notes to the Financial Statements**  
**For the period ended 29 January 2011**

**11 Impairment testing**

A review of indicators of impairment surrounding brand names, goodwill and property, plant and equipment conducted at 29 January 2011 resulted in certain impairment testing being performed.

For those assets requiring impairment testing the recoverable amount has been determined using a value in use calculation using projected cash flows based on financial estimates approved by senior management. In performing this assessment management deemed the assumptions disclosed in the 31<sup>st</sup> July 2010 Financial Statements, including a post-tax discount rate of 11.5% to still be appropriate.

As a result of this analysis we identified impairment at 29 January 2011 in respect of certain stores. The associated assets have written down to their recoverable amount, resulting in an impairment charge of \$566,000 (2010:\$518,000). No other impairments were identified as the carrying values of the affected assets were supported by the value in use calculation.

	CONSOLIDATED	
	29 JANUARY 2011 \$'000	31 JULY 2010 \$'000
<b>12 Issued Capital</b>		
Ordinary shares – issued	608,615	608,615
Total contributed equity	608,615	608,615

	NUMBER OF SHARES '000	NUMBER OF SHARES '000
Movements in issued shares during the half year		
Balance at start of the period	155,030	146,995
Shares issued during the year	-	38
Dividend reinvestment plan	-	7,997
Balance at end of the period	155,030	155,030

**13 Earn Out Agreement**

Prior to Premier Investments Limited acquiring Just Group Limited a subsidiary of Just Group Limited had entered into an earn out agreement to acquire a business. Under the terms of the agreement the balance of the acquisition price is based upon the average earnings of the business combination in 2009 and 2010 financial years. During the half-year the Group settled the amount in full, and the provision held at 31 July 2010 has been utilised (\$18.398m).

**14 Commitments and contingencies**

Just Group Limited has bank guarantees totalling \$1,186,060 (2010:\$1,237,402).

Under the terms of the shareholder agreement, Just Kor Fashion Group (Pty) Ltd, the Group's associate operating in South Africa, has the right to call on its shareholders for additional funding of up to ZAR 15.0 million each (approximately AUD \$2.2 million). The consolidated entity has not provided for this obligation in this financial report.

**Notes to the Financial Statements**  
**For the period ended 29 January 2011**

**15 Events after the balance date**

On the 24 March 2011 the directors declared an interim ordinary dividend of 18 cents per share fully franked.

The Queensland floods in January 2011 and the Christchurch earthquake on 22 February 2011 has resulted in damage to and the temporary closure of a number of stores in the regions.

At the date of this report the financial impact of these events is not yet quantifiable, however all stores and sites are insured and initial indicators are that amounts/losses would be immaterial.

## **Directors' Declaration**

In accordance with a resolution of the directors of Premier Investments Limited we state that:

In the opinion of the directors:

(a) The financial statements and notes of the consolidated entity are in accordance with the Corporations

Act 2001, including:

- (i) Giving a true and fair view of the financial position as at 29 January 2011 and the performance for the period ending on that date of the consolidated entity;
- (ii) Comply with Accounting Standard AASB 134 Interim Financial Reporting 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

A handwritten signature in blue ink, appearing to read 'S Lew.', is positioned below the text 'On behalf of the board'.

Solomon Lew

Chairman

24<sup>th</sup> March 2011



In relation to our review of the financial report of Premier Investments Limited for the half-year ended 29 January 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

A handwritten signature in black ink, appearing to read 'Glenn Carmody', written over a rectangular box.

Glenn Carmody  
Partner

Melbourne  
24 March 2011

To the members of Premier Investments Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Premier Investments Limited, which comprises the condensed statement of financial position as at 29 January 2011, 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 other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year 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 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.

### 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 29 January 2011 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 Premier Investments Limited and the entities it controlled during the half-year, 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.

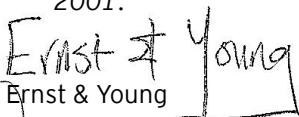
### Independence

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, a copy of which is included in the Directors' 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 Premier Investments Limited 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 29 January 2011 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*.



Glenn Carmody  
Partner  
Melbourne  
24 March 2011